

Unicharm Group
for Sustainability

CSR Activity Report 2019



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We are a supporter of art created by people with disabilities.

Paralym Art aims to help artists with disabilities become financially independent by supporting their business activities.

Cover Title *Saku (Flourish)*

Kazuilo

My style is still a work in progress.

I'm aiming for my own signature style.

Overview of Unicharm Group

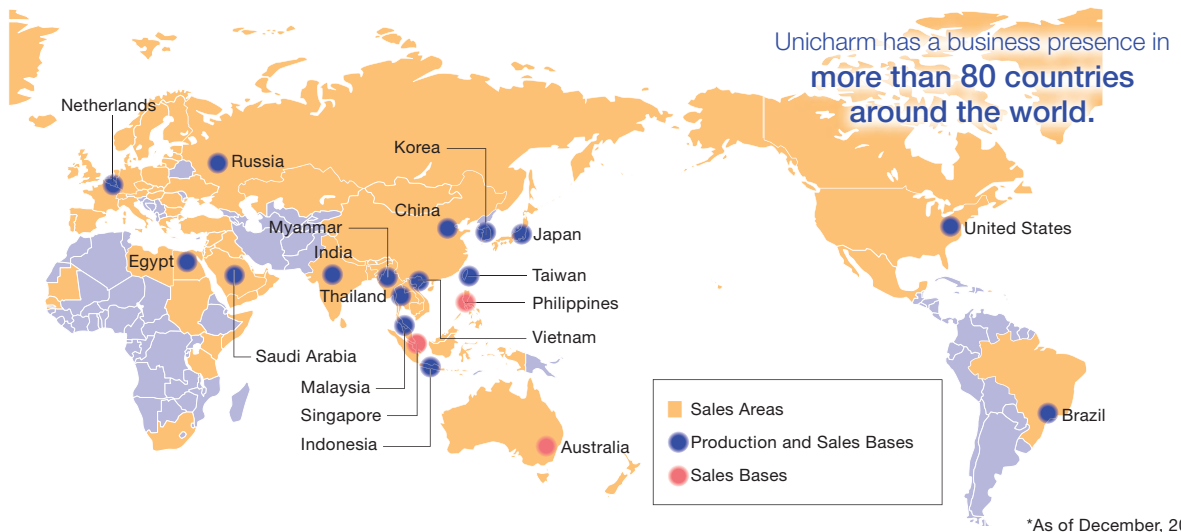
Company profile

| | |
|----------------------------------|--|
| Corporate Name | Unicharm Corporation |
| Date of Establishment | February 10, 1961 |
| Capital | 15,993 million yen (as of December 31, 2018) |
| Number of Shares Issued | 620,834,319 (as of December 31, 2018) |
| Head Office | Sumitomo Fudosan Mita Twin Bldg. West Wing, 3-5-27 Mita, Minato-ku, Tokyo, Japan |
| Registered Company Office | 182 Shimobun, Kinsei-cho, Shikokuchuo-City, Ehime, Japan |
| Number of employees | 15,757 (on a consolidated basis as of December 31, 2017) |
| Listed Exchange | First Section of the Tokyo Stock Exchange |
| Business Lines | Manufacture and sales of: Baby and child care products Feminine care products Health care products Clean & fresh products Pet care products |
| URL | http://www.unicharm.co.jp/ http://www.unicharm.co.jp/english/index.html |

Primary Consolidated Subsidiaries and Affiliates

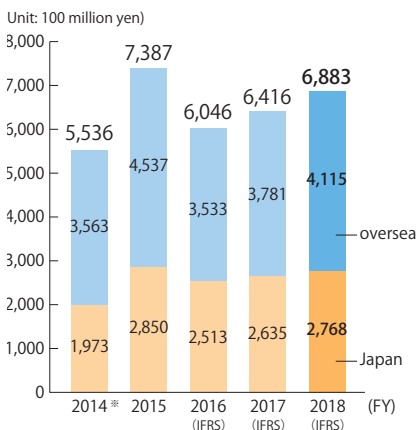
| | |
|-----------------|---|
| Japan | Unicharm Product Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm MÖlnlycke K.K. |
| Overseas | United Charm Co., Ltd. (Taiwan) Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. (Korea) PT Uni-Charm Indonesia (Indonesia) Uni.Charm MÖlnlycke B.V. (Netherlands) Unicharm Consumer Products (China) Co., Ltd. Unicharm Consumer Products (Tianjin) Co., Ltd. Unicharm Gulf Hygienic Industries Ltd. (Saudi Arabia) Unicharm India Private Ltd. (India) Unicharm Australasia Pty Ltd. (Australia) Diana Unicharm Joint Stock Company Vietnam The Hartz Mountain Corporation (United States) |
| Other | 44 companies (as of December 31, 2018) |

Production and Sales Areas

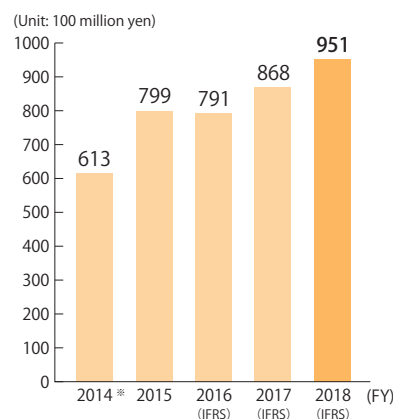


Main Business Indicators

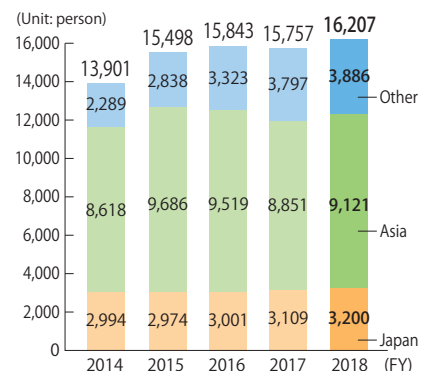
Consolidated net sales



Consolidated operating income



Number of group employees



* FY2014 was an irregular nine-month period due to a change in the company's fiscal year. We have been using International Financial Reporting Standards since FY2017.

Editorial Policy/Contents

Editorial policy

In preparation for the “CSR Activity Report 2019”

This document has been prepared as Unicharm Group’s Corporate Social Responsibility (CSR) report. Unicharm’s CSR is embodied by our corporate philosophy “NOLA & DOLA.” * Here, we will take a closer look at how we are working to achieve NOLA & DOLA through our businesses. This year as well, we will stipulate the progress of our initiatives for CSR key topics and, at the same time, strive to further improve the report from the view-point of ESG information disclosure.

Furthermore, as for our global report, we refer to the UN Global Compact, ISO26000 and GRI Guidelines throughout the whole report.

We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you go through our “Integrated Report 2019” as well as the newly published update summary, and provide whatever any frank opinions and comments you may have.

* NOLA&DOLA: “Necessity of Life with Activities & Dreams of Life with Activities.” From newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams.

Contents

■ Areas Covered

Business operations, CSR vision, activity goals, organizational structure, business performance, accounting data, etc. This report presents details of results for FY2018 as well as the latest information for the early part of FY2019.

■ Organizations

Unicharm Group companies are shown on a consolidated basis. 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, 2018 to December 31, 2018 (including some activities before and after this period as well as future targets)

■ Reference Guidelines

- GRI Sustainability Reporting Standards
- 2018 Environmental Reporting Guidelines of the Ministry of the Environment
- ISO26000
- Sustainable Development Goals (SDGs)
- Committee of Sponsoring Organizations of the Treadway Commission (COSO)

■ Date of issue

May 2019 (the next edition is scheduled for publication in May 2020)

■ Available at

- Sustainability on the Unicharm website

Message from the President

Unicharm's CSR is embodied by its corporate philosophy of NOLA & DOLA



Takahisa Takahara
President and CEO

The evolution of IT and globalization has brought about various changes around the world that have far exceeded our imagination. This means that the new normal of today is characterized by constant change. On the other hand, the world faces a diverse array of social issues as indicated in the Sustainable Development Goals (SDGs) and Paris Agreement, including aging populations and declining birthrates in Japan and other developed countries, worldwide environmental issues, and poverty and health issues in emerging countries. Helping to resolve these issues through our core business from an ESG perspective that values the environment, society and governance in achieving sustainability is the same as fulfilling our corporate philosophy of NOLA & DOLA (Necessity of Life with Activities & Dreams of Life with Activities) which represents our approach to CSR. NOLA & DOLA embodies our vision to help people worldwide lead richer lives by offering a wide range of products for babies through to the elderly that make life easier by supporting the mind and the body. Our mission is to “continually support people’s lives and dignity,” and for this reason one of the most important topics facing Unicharm is finding ways to achieve this mission.

Aiming to realize cohesive societies

Forecasts indicate that 30% of Japan’s population will be 65 years or older by the year 2025. Looking forward, we must realize cohesive societies where all generations live alongside one another, providing support and assistance. The cohesive society we aim to achieve is the social community where everyone, including pets, from babies to the elderly, needs one another despite feeling contradictions at times from conflict, competition and being together. We refer to the power to grow alongside one another by understanding, accepting and stimulating through active communication and respective differing views as “cohesive power.” We also refer to the overall community where this is achieved as a “cohesive society.”

Since entering the business for disposable adult diapers in 1987, Unicharm has continually proposed novel approaches to nursing care. In 2016, we came up with a new dementia prevention program called Social Walking® that promotes interaction with society and since then we expanded the program nationwide in Japan, getting a large number of people involved. In the pet care field, we have begun evaluating the effectiveness of animal therapy aimed at improving people’s quality of life through pets based on research that has shown living with a pet can effectively reduce stress in our lives, improve senior’s mental and physical health and make their life healthier and longer. At the same time, there is growing demand for providing care to aging pets, and as such, we are promoting initiatives aimed at enabling both pet owners and pets to live happily together until the end. Unicharm will continue to provide innovative products and services that support a cohesive society, so that people of all ages and genders, including their pets, can live a healthy and happy life together.

Tackling global issues

Unicharm’s overseas expansion began in 1984 with the establishment of a subsidiary in Taiwan, and today we now sell disposable diapers and feminine care products in roughly 80 countries and regions around the world. We continue to expand our business internationally tailored to the lifestyles and business customs of each country and region, based on our product development capabilities and marketing abilities honed in Japan. In 2006, Unicharm announced its support for the UN Global Compact and since then we have been actively creating sales and manufacturing jobs locally in the countries and regions where we operate. In 2007, we launched Mamy Poko Pants Standard in Indonesia, realizing more affordable disposable diaper by narrowing down the product functions to deliver more hygienic and safer living of child-rearing to countless families who were unable to use disposable diapers until then. We also completed construction of a new factory in Fukuoka Prefecture, Japan, in 2019 to address rising demand from around the world for Japanese made products and to minimize interruptions to business activities in case of a major earthquake or other natural disaster. The entire company is now working toward the start

of operations at this new smart factory that will be environmentally conscious and feature our own technologies and know-how added to cutting edge technologies like AI, IoT and robotics. Furthermore, we are promoting initiatives to address the key environmental issues of building a recycling-oriented society that reduces waste, achieving sustainable procurement that focuses on the effective use of resources and addressing climate change across the entire value chain. With this approach in mind, we established Eco Plan 2020 as a set of medium-term targets that we are now working to achieve. Within this plan, we are focusing in particular on initiatives to recycle used disposable diapers for contributing to a sustainable society and building a recycling-oriented society. In joint research with Hokkaido University, we have established a technology to extract pulp and Super-Absorbent Polymer (SAP) and recycle them as pulp and SAP with the same quality of unused materials. Currently, we are conducting demonstration trials jointly with the City of Shibushi in Kagoshima Prefecture, with the goal of establishing a recycling system that can be adopted by communities both inside and outside Japan. Also, in 2017, we established the Unicharm Group Policy on Human Rights and Sustainable Procurement Guidelines, under which we have begun activities to fulfill our social responsibilities together with business partners. For easing climate change, in June 2018, we became a company with Science Based Targets (SBT) based on the call to action from the Task Force on Climate-related Financial Disclosures (TCFD). Going forward, we will fulfill our corporate responsibility to further actualize plans through Eco Plan 2030.

In 2015, Unicharm transitioned to a company with an Audit & Supervisory Committee in order to reinforce supervisory roles of the Board of Directors toward management and to meet the expectations of stakeholders from a global perspective by improving transparency and efficiency of processes through the greater involvement in management of outside directors. We are now working to further reinforce corporate governance. This involves increasing the objectivity of decision-making processes by appointing outside directors to chair the Nomination Committee and Remuneration Committee, comprised of one representative director, two independent outside directors and one other non-executive director, starting in 2019. We will also review the composition of the board of directors to further isolate supervision and execution, by ensuring that independent outside directors occupy one-third of the seats on the board.

The Unicharm Group is also working to develop and improve its workplace environment. Unicharm declared its commitment to work-style reform, introducing a tele-work program that enables diverse work styles and a second job system that supports the further growth of employees. We are developing an environment where employees are encouraged to be more independent and autonomous to achieve greater productivity and ingenuity. At the same time, we continue to implement the working interval program, no overtime day and premium Fridays for the health and wellbeing of employees. Going forward, we will aim to be a company where each and every employee takes pride in their work, can thrive professionally and remain healthy by achieving well-balanced work styles that reduce working hours while also maintaining employee living standards through the highest wages in the industry and community.

Going forward, we will harness digital technologies and carefully examine changes in perspective of value of consumers to work toward achieving the (UN) Sustainable Development Goals (SDGs) and the cohesive society that Unicharm is committed to achieving, aimed at achieving the targets for 2020 laid out in the 10th medium-term management plan and sustainable growth.

May 2019
Takahisa Takahara
President & CEO



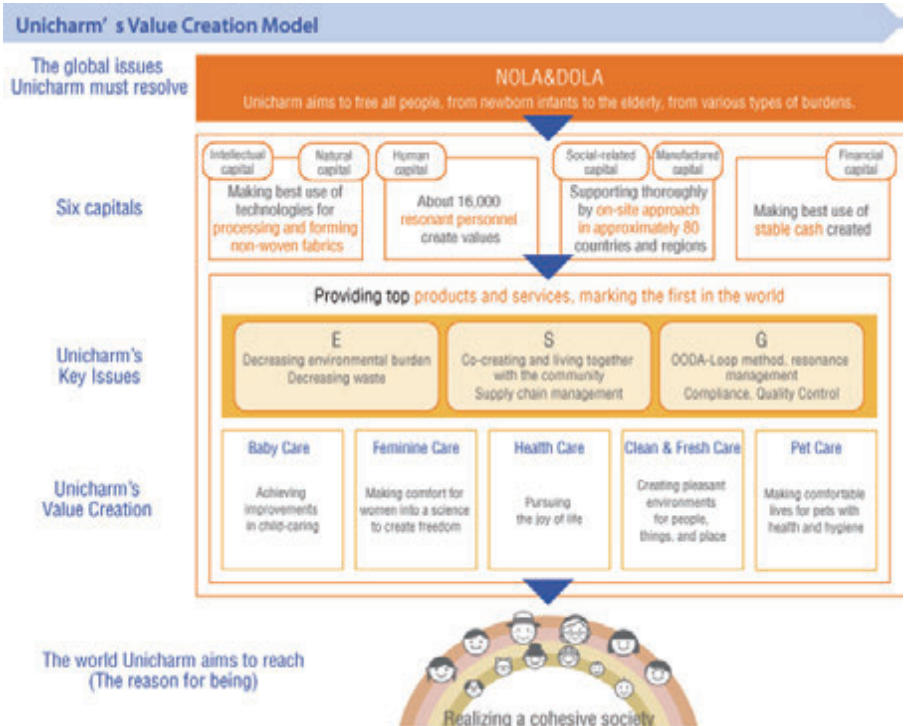
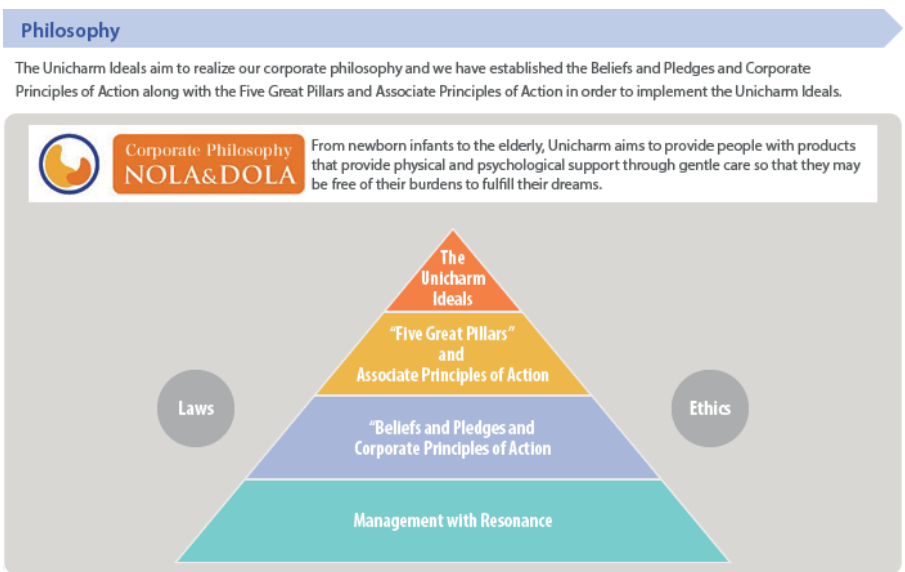
Unicharm Group's CSR

Our basic approach and strategy

Unicharm Group's approach to CSR

Unicharm's corporate philosophy is "NOLA & DOLA" (Necessity of Life with Activities & Dreams of Life with Activities). Our concept of NOLA & DOLA: Necessities of Life with Activities & Dreams of Life with Activities, contains our hope that "from newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams." Our CSR is embodied by our commitment to achieve this aspiration through our business activities and to help resolve social issues in the process. In order to make this aspiration even more effective, Unicharm has established CSR Key Topics and Key Performance Index (KPI).

Unicharm Group's Value Creation Process



■ Environmental themes

| | | | | |
|----------------------|------|---|---|--|
| Stakeholder interest | High | <ul style="list-style-type: none"> • Use of water resources • Wastewater treatment and management • Reduction and recycling of packaging materials | <ul style="list-style-type: none"> • Response to climate change • CO₂ reduction target with suppliers • Correlation with SDGs | <ul style="list-style-type: none"> • Disclosure of environmental targets • Response to increased waste and recycling • Procurement of sustainable materials |
| | High | <ul style="list-style-type: none"> • Proper management of hazardous substances • Emissions of VOC gases • Labeling of carbon footprint | <ul style="list-style-type: none"> • Legally compliant processing of waste • Percentage of environmentally-friendly products • Scenarios for science-based targets | <ul style="list-style-type: none"> • Supplier selection and assessment results • Collaboration with suppliers • Promotion system and governance |
| | High | <ul style="list-style-type: none"> • Environmental impact studies of plant sites • Protection and restoration of IUCN red list species | <ul style="list-style-type: none"> • Emissions of NOx and SOx • Compliance with environmental laws and regulations | <ul style="list-style-type: none"> • Accuracy of non-financial data • Percentage of third party certification • Targets for renewable energy |
| | | Impacts on business | | High |

■ Societal themes

| | | | | |
|----------------------|------|--|--|-------------|
| Stakeholder interest | High | <ul style="list-style-type: none"> • Respect for human rights • Promoting CSR procurement • Respect for diversity • Work-life balance | <ul style="list-style-type: none"> • Improving product quality and ensuring product safety • Appropriate communication with customers • Promotion of universal designs • Protection of customer information and privacy • Lengthening healthy life expectancy • Promotion of active participation of women at work | |
| | High | <ul style="list-style-type: none"> • Contributions to local communities • Establishment and maintenance of positive labor-management relations • Commitment to occupational health and safety | <ul style="list-style-type: none"> • Commitment to anti-corruption • Promotion of fair competition • Appropriate labor conditions and work environment • Human resource development • Protection of intellectual properties | |
| | | Impacts on business | | High |



Dialogue on environmental materiality



Dialogue on establishment of human rights policy

Important CSR themes

1. Lengthening healthy life expectancy
2. Supporting women's independence and improving hygiene
3. Contributing to global environment
4. Contributions to the community and respecting people
5. Strengthening organizational foundation and following fair business practices

In order to make our CSR key topics more effective, we have incorporated the perspective of stakeholders in establishing indicators (KPI).

Through communication with stakeholders

Unicharm obtained an opinion about the Unicharm Group's CSR key topics and indicators (KPI) from Mr. Hidemi Tomita of Lloyd's Register Japan K.K. to receive an objective evaluation from a wide-ranging perspective. We will utilize his observations to improve our initiatives going forward.











Mr. Hidemi Tomita
Director
Lloyd's Register Japan K.K.

The basics that must be performed as a company are covered in Unicharm's CSR key topics and indicators (KPI). However, considering what is important to the company over the medium-to-long term and focusing on issues that are connected to your business could lead to materiality that is unique to Unicharm. When I look at Unicharm's business, resources seem likely to be most important social issues. I think it is because of this awareness that Unicharm has been working on disposable diaper recycling in Shibushi City. Energy consumption KPIs are also important. However, I think that formulating KPIs that are linked to essential initiatives focused on resource circulation will result in topics for resolving social issues that are unique to Unicharm.

The education on the beginning of menstruation that Unicharm provides can be expected to have more impact. I think there are many regions in the world where there is still a lack of understanding about menstruation. Further expanding your education on the beginning of menstruation in such countries and regions and contributing through your business can be expected to create a cycle that leads to more ongoing initiatives. Positioning such symbolic initiatives as having materiality and promoting their activities will move toward aiming at the SDGs. While it is important to do the things that are required as a company in a comprehensive manner, I look forward to initiatives having a social impact that is unique to Unicharm.

■ Unicharm Group's Key Topics and Indicators (KPI)

| Key Topics/ Correlated SDGs Targets | Initiatives | Indicators (KPI) | 2018 targets | 2018 results | 2019 targets | Internal/ external |
|---|--|--|---|--|---|-----------------------|
|   | Responding to a super-aging society | Dementia prevention education | Number of Lifree Social Walking experiential activity participants 700 persons | Number of Lifree Social Walking experiential activity participants 794 persons | Number of Lifely Lifree Social Walking experiential activity participants 1,300 persons | External |
| | | Number of "Mild Incontinence Care and Continence Care" seminar participants (cumulative) | 14,000 persons | 15,824 persons | 18,000 persons | External |
| | Building a cohesive society for people and pets | Animal Therapy - Companion Animal Partnership Program (CAPP) - Support | Verification of results | Verified results at nursing homes for the elderly a total of four times | Verification of results Plan to verify results six times | External |
| | | Education on new approach to care of aging dogs | Education for vets and veterinary nurses | Number of participants in courses for staff at veterinary clinics 80 persons | Number of participants in courses for staff at veterinary clinics 160 persons | External |
| | Supporting rescue dogs and cats | Conceptual design | Finalized partner | Education making use of consumer campaigns, etc. | External | |
|       | Supporting women's independence | Supporting education of first menstruation (Japan and overseas) | 200,000 persons | 288,663 persons | 283,850 persons | External |
| | Maintaining women's health | Breast cancer early detection initiative | Sofy Pink Ribbon activities awareness rate 20% | Sofy Pink Ribbon activities awareness rate 23.7% | Sofy Pink Ribbon activities awareness rate 26% | External |
| | | | Female employee breast cancer screening rate At least 90% | Female employee breast cancer screening rate 94.9% | Female employee breast cancer screening rate At least 95% | Internal |
| | Improving health and sanitation for women and children | Supporting pregnant women | Cooperating in the spread of maternal and child health handbooks in emerging countries | Cooperated in the spread of maternal and child health handbooks in Vietnam and Thailand | Cooperate in the spread of maternal and child health handbooks in emerging countries | External |
| Improving health and sanitation for children | Supporting low-weight new born babies | Improving NICU environment (Japan) | Donated to Tiny Lives Support Project | Donated to Tiny Lives Support Project | External | |
| | | Improving NICU environment (overseas) | Started to use Unicharm's low birth-weight baby diapers in NICUs in seven countries worldwide | Started to use Unicharm's low birth-weight baby diapers in NICUs in nine countries worldwide | External | |

| Key Topics/ Correlated SDGs Targets | Initiatives | Indicators (KPI) | 2018 targets | 2018 results | 2019 targets | Internal/ external | |
|--|--|--|---|---|---|--------------------------|-----------------------|
| Contributing to the global environment  | Eco Plan 2020 | Recycling used disposable diapers | Establishing recycling model | Establishing recycling model | Commencing operation of recycling model | Internal/ External | |
| | | Percentage of paper and pulp suppliers certified by third parties (Japan) | 95% | 95% | 97% | Internal/ External | |
| | | Percentage of paper and pulp suppliers certified by third parties (overseas) | 90% | 90% | 92% | External and internal | |
| | | Percentage of environmental-friendly products (Japan) | 83% | 86% | 93% | Internal/ External | |
| | | Percentage of products with the Eco Charming label (Japan) | 60% | 66% | 60% | Internal/ External | |
| | | Initiatives to environmental impact reduction | Energy consumption (GJ) / Net sales (millions of yen) basic unit | 10.65GJ (IFRS standard) | 10.65GJ (IFRS standard) | 10.60GJ (IFRS standard) | Internal/ External |
| Contributing to the local community and respecting people  | Diversity & inclusion | Employment rate of persons with disabilities | 2.0% | 2.13% | 2.3% | Internal | |
| | | Rehiring rate of retired employees | 80% | 89.4% | 90% | Internal | |
| | | Percentage of female managers (Japan) | 12% | 13.3% | 14% | Internal | |
| | Creating a worker-friendly workplace | Work satisfaction (average score on a scale of 5) | 4.03 | 4.05 | 4.10 | Internal | |
| | | Employee satisfaction (average score on a scale of 5) | 4.10 | 4.10 | 4.15 | Internal | |
| | Maintaining and promoting employee health | Implementation rate of mental health care and lifestyle habit improvement education (for those eligible) | 100% | 100% | 100% | Internal | |
| | Providing ongoing support for disaster areas | Number of participants in Super Cool Biz and Warm Biz | 2,000 persons | 2,705 persons | 2,000 persons | Internal/ External | |
| | Improving health and sanitation | Raising awareness of maintaining sanitation | Providing sanitary products in preparation for disasters Building information site | Providing sanitary products in preparation for disasters Creating information site | Providing sanitary products in preparation for disasters Publishing information site | External | |
| | Strengthening organizational foundation and following fair business practices  | Corporate governance | Number of female officers | - | 0 person | At least 1 person | Internal |
| | | Practicing fair and equitable transactions with suppliers | Implementation rate of supplier evaluations (applicable companies) | 100% | 100% | 100% | External |
| Assuring product safety | | Number of problems with material or product safety | 0 | 0 | 0 | External | |
| Improving customer satisfaction | | Customer satisfaction with customer inquiries | 92.0% | 87.9% | 90% | External | |

Realizing a cohesive society

● Message from Management

Under our corporate philosophy “NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities), Unicharm aims to achieve cohesive societies where all people can shine through independence and mutual aid and we are promoting business activities that help resolve social issues. For this reason, we are now working to create better products and services by honing our proprietary technologies for processing and forming non-woven fabrics and absorbent solutions. There are mounting challenges for society and there is a requirement to overcome these challenges comprehensively to create the next generation. We believe activities which combine economic and social values through the 17 goals and the 169 targets of the Sustainable Development Goals (SDGs) are necessary.

In Japan, Unicharm hosts continence care classes together with local governments and raises awareness about appropriate continence care as an important aspect of nursing care prevention as new initiatives that help to extend healthy life expectancy, given the rate at which Japan is headed toward becoming a super aged society. Additionally, our dementia prevention program called Social Walking® forms part of our joint efforts with communities and local governments to eliminate seniors isolated at home. Internationally, Unicharm helps empower women to play a more integral role in society by introducing and regularly holding first-of-a-kind educational programs on first menstruation in Myanmar and expanding job opportunities for women in Saudi Arabia at our office and factory.

Complementing these initiatives, we established Eco Plan 2020 as a guideline for our medium-term environmental efforts. Under this plan, we have reduced waste, established sustainable procurement of materials, worked to address climate change and recycled used disposable diapers. Also, we established and have begun implementing the Unicharm Group Policy on Human Rights and Sustainable Procurement Guidelines. Going forward, we will expand these efforts in the supply chain to promote ESG-oriented management that aims to realize cohesive societies.



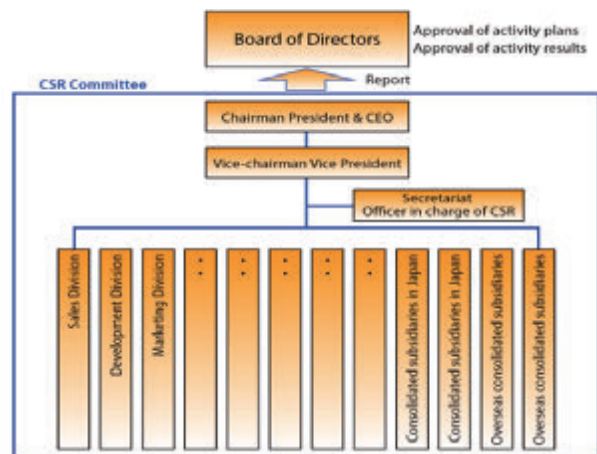
Eiji Ishikawa
 Director & Executive Officer, Vice President CQO (Chief Quality Officer) Unicharm Products Co., Ltd. Representative Director and President Unicharm Corporation

Management structure

CSR promotional structure

Unicharm has established a structure to implement and promote smooth CSR activities in order to meet our stakeholders' expectations. Our “CSR Committee” is a cross-organizational structure for the support of CSR, chaired by our Representative Director and President. The committee meets four times a year to discuss and share information about CSR-related activities, which in turn is utilized in management.

■ Unicharm Group's CSR Promotional Structure



■ Core themes and categories of CSR 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 | |
| E | <ul style="list-style-type: none"> • Climate change / GHG, Energy use management and 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"> • Labor standards / Child labor, Forced labor, Anti-discrimination, Freedom of association, Collective bargaining rights, Minimum wage and Harassment • Health and Safety • Human rights / Due diligence, Children's rights, Child labor, Community employment and Complaint handling • Society / Community investment and Social contribution activities • Responsibilities to customers / Responsible advertising and marketing and Customer satisfaction • Supply chain / Child labor, Forced labor and Antidiscrimination, 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 |
|---|--|

Reference framework for Unicharm's CSR strategy

At Unicharm, we operate our global business activities in awareness of the voices of our stakeholders and by referring to various international guidelines. We support the ten principles of the "UN Global Compact," and have participated in the compact since May 2006.



Communicating with stakeholders

Unicharm pledges to undertake honest and trustworthy corporate activities toward its customers, shareholders, business partners, employees and society under its "Beliefs and Pledges" and Corporate Principles of Action, 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 concerning 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 visit day at factories Internal intranet and company newsletter | Compensation and health Pride and satisfaction toward work Introduction of programs that respect diversity and examples |
| Society | We pledge to contribute to the economic and emotional fulfillment of the entire population and 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 classes, Social Walking program Health and hygiene and local hiring Japan Hygiene Products Industry Association and Japan Anti-Pollinosis Council |

Unicharm's Approach to Resolving Social Issues

Our concept of NOLA & DOLA: Necessities of Life with Activities & Dreams of Life with Activities, contains our hope that “from newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams.”

Our CSR is embodied by our commitment to achieve this aspiration through our business activities and to help resolve social issues in the process.



| | |
|--|----|
| CSR Key Topic 1: Lengthening Healthy Life Expectancy | 14 |
| CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene | 19 |
| CSR Key Topic 3: Contributing to Global Environment | 25 |
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CSR Key Topic 1: Lengthening Healthy Life Expectancy

Our basic approach and strategy

The aging of the population has proceeded more rapidly in Japan than in any other country in the world. In 2007, Japan became a “super-aging society” with over 21% of the population aged 65 or older. Improvements in medicine have led to an increased average life expectancy and a growing focus on “healthy-life expectancy” - the length of time for which people stay physically and mentally healthy and are able to live independently. Everyone wants to be able to maintain their own preferred lifestyle and a high level of well-being as they get older. Unicharm’s mission is to contribute to the extension of healthy-life expectancy by offering support for the maintenance of active lifestyles through the provision of continence care products, including lightweight continence pad, rehabilitation pants, etc.

Contributing to the realization of the SDGs

Unicharm’s activities are in conformity with the United Nations Sustainable Development Goals (SDGs) objectives shown below. In the future, we will continue to leverage our company’s unique strengths to make an even greater contribution towards the solving of the world’s shared problems.



Unicharm Group’s Key Topics and Indicators (KPI)

Social impact

No. of people participating in “Social Walking®”



Background

“Healthy-life expectancy” is the period of time over which people are able to maintain their physical and mental health and independence without needing care as they get older. While the aging of the population has been accelerating, the number of people aged 65 or over who are still working has also been rising and there is growing awareness of the importance of taking steps to maintain one’s health - for example by exercising, etc. - so that people can avoid the need for care as they age and can continue to enjoy an active lifestyle that suits them. Of the various effects of aging (what are sometimes referred to as “geriatric syndrome”), continence problems - including urinary incontinence, etc. - can have a particularly big impact on mental health. People who are worried about urinary incontinence tend to stop going out, may not get enough exercise and may find themselves gradually becoming isolated from society, among other negative effects.

At Unicharm, we are continuing to take measures aimed at making more people aware of how appropriate care can enable them to continue to enjoy an active lifestyle and we are striving to provide even better products, as one of the keys to realizing an extension of healthy-life expectancy.

Our activities

Contributing to lengthening healthy life expectancy with Lifree “Social Walking®”

By the year 2025, the members of the “Baby Boom” generation will be older senior citizens aged 75 or over and one out of every three people in Japan will be aged 65 or over. Medical and care professionals are so worried about this prospect that they refer to the “2025 Crisis.” As Japan becomes a “super-aging society” of a kind that has never been seen in the world before, it is anticipated that dementia will be the single biggest factor necessitating care provision. For dementia prevention, there is widespread agreement that a good approach is to combine the “physiological approach” - which emphasizes regular exercise and a balanced diet - with the “cognitive approach,” which emphasizes maintaining human contact through hobbies, volunteering and involvement in neighborhood activities.

Unicharm contributes to the extension of healthy life expectancy through our continence care products so that senior citizens can still keep going out as much as they want, even if they have continence issues. We have launched the Lifree “Social Walking” initiative, through which participants who are using Unicharm’s continence care products have the opportunity to walk while enjoying social interaction in a purposeful way, thereby fostering exercise and social participation and helping to prevent dementia.

“Social Walking” is a neologism that combines the words “social participation” and “walking” and is a walking program aimed at providing a way of preventing dementia that is easy for anyone to participate in by getting people walking in an enjoyable way. “Social Walking” is a program that seeks to foster social participation through walking, by bringing people into contact with other people and promoting involvement in volunteering activities and local community activities.



In FY2018, working in collaboration with the Japan Nordic Walk League, we held a total of 17 Nordic Walking experience activities, with over 700 people participating. We will continue to implement these activities in FY2019. In addition, in order to promote more widespread adoption of Nordic Walking, we are planning to work with local government authorities throughout Japan on the implementation of a “Social Walking Lecture Program.”

● Holding a Lifree “Social Walking®” experience activity in Kasai Rinkai Park

The 7th Lifree “Social Walking®” activity was held on Sunday November 4th, 2018 at Kasai Rinkai Park and Kasai Ocean Park in Tokyo, with nearly 60 people participating. On the day, Mr. Yoshinori Fujiwara of the Tokyo Metropolitan Institute of Gerontology gave a lecture on the biological mechanisms by which dementia operates and volunteers from NPO Reprints Network - which is mainly engaged in arranging for senior citizens to read picture books aloud to children - got the participants involved in reading aloud. Staff from Unicharm’s Continence Support Research Institute gave a talk about the biological mechanisms behind continence problems and how to prevent and deal with continence problems; they also led the participants in doing some easy pelvic floor muscle (Kegel) exercises. Moving on to the practical part of the activity, instructors from the Japan Nordic Walk League gave the participants guidance on how to walk using walking poles. This full program made “Social Walking®” enjoyable for everyone taking part in the activity. In their responses to the questionnaire survey that was administered after the activity, 93% of participants stated that they were now aware of the need to get out more and walk more in order to help prevent dementia.

Voice from an expert

Contributing to society by volunteering and receiving appreciation for this can also be an effective way of preventing dementia. By expanding the scope of one’s links with society, it is possible to achieve happiness both for oneself and for society. I sincerely hope that people will take advantage of this opportunity to start Social Walking.



Mr. Yoshinori Fujiwara
Research Director
Tokyo Metropolitan Institute of Gerontology

Voice of a Nordic Walking expert

Nordic Walking, which uses poles, is an ideal way of transforming ordinary walking into more effective aerobic exercise. This type of walking expends 1.2 to 1.3 times as much energy as conventional walking. There are branches of the Japan Nordic Walk League all over Japan; anyone interested in trying Nordic Walking should feel free to contact their local branch.



Mr. Tatsufumi Shibata
Instructor, Japan Nordic Walk League

Voices of participants (selected comments)

- “I was a little worried about what I could do to increase my social interaction, but now I am going to explore ways that I can be of use to other people.” (A lady in her 70s)
- “I live nearby, but it was interesting to learn about how to walk better and about the various things to see within the Park.” (A man in his 60s)
- “I am worried about dementia, so I am going to make an effort to go out more with friends to try to slow down the development of dementia symptoms.” (A lady in her 60s)

● **The first “Social Walking®” experience activity organized by a retail enterprise**

In November 2018 in Kakegawa City, Shizuoka Prefecture, the first “Social Walking®” experience activity organized by a retail enterprise was held, by Kyorindo (“Super Drug Store”). A group of 51 Kakegawa residents participated in this “Social Walking®” experience activity, in which they listened to a lecture about dementia prevention, did warm-up exercises that incorporated effective training for easing incontinence symptoms, and then walked in the crisp autumn air using poles and correct walking posture to transform ordinary walking into an effective form of aerobic exercise. After the participants and their family members had enjoyed this activity, they were asked to fill out a questionnaire form; all of the participants reported being very satisfied with the activity.



Voices from participants (selected remarks)

- “I think it would be marvelous if they could hold this type of event on a regular basis, several times a year.” (A 72-year-old man)
- “I feel that it would be great fun to organize this type of activity together with friends.” (A 68-year-old lady)

Voice of a Kyorindo Manager

I am very happy that so many Kakegawa residents - and Kyorindo customers - took part in this “Social Walking®” experience activity organized by Kyorindo, which was the first activity of its kind. Today, many people lack an incentive to exercise and, as a result, hardly take a step outside the house; it would be wonderful if participating in, and enjoying, this activity was the key to getting some of these people to start exercising regularly. In the future, I hope that we will be able to continue our involvement with this kind of healthy exercise event, so that we can contribute towards maintaining and enhancing the health of people in our local community.

(Risa Aiba, Sports Program, Health and Medical Care Network Promotion Office, Kyorindo)

Improving Lifree Pants to make them “easier to take off”

The basic concept of care provision has been changing, away from the type of care where care recipients have to rely fully on others to do everything for them, towards a new style of care where people do as much as possible for themselves, so that they are able to live a more independent lifestyle that suits their needs.

In the past, we have made several improvements to our Lifree Pants focused on the process of putting the pants on, with pant designs that are easy for people to put on without needing assistance, and which make sure that the pants fit snugly without gaps. However, consumer observation and research has shown us that people often need help with taking the pants off.

Taking the pants off can be quite stressful, because senior citizens may have difficulty bending over to remove the pants, they may be worried about falling over as they lean forward and it can be difficult to avoid getting dirty, among other issues.

By using special patented stitching technology on both sides of the pants, we have been able to make sure that they stretch enough to be easy to put on and stay firm while they are being worn, but can be torn off using only half as much effort as was needed with conventional products.

“Tearing the sides” to remove the diaper is normal for baby diapers, but the current situation is that awareness of the practicality of this method for adult diapers is low and only a relatively small percentage of adult diaper products have adopted this type of design. There were various reasons for this situation; it was felt that it would be difficult for the wearer to take the pants off in this way, that it would be faster to have the carer change the pants and that the wearer might not have the necessary strength. This is why Unicharm’s new Lifree Pants state on the packaging that “Can be easily taken off by the wearer.” The TV commercial for the new pants also emphasize that they are easy to put on and easy to take off. The aim is to foster widespread dissemination of a new approach that encourages people to regain more autonomy in relation to their continence issues.

■ **3 Foundations of Continence-Care**





Being able to handle one's own continence care autonomously without needing to rely on other people has a direct impact on helping people to maintain their self-respect and dignity. The fact that wearers of these new pants can do everything themselves, from putting the pants on to taking them off, helps them to retain their independence and to maintain their own preferred lifestyle as long as possible. In doing so, it contributes to the extension of healthy life expectancy.

Voice of the person in charge



Yuko Matsuda
Deputy Brand Manager
Global Healthcare Division
Unicharm Corporation

Before being assigned to Unicharm's healthcare division, I was working in the baby-care division. With baby-care, the process of development from birth to three years old tends to be more or less the same for most infants, but with healthcare, in the case of senior citizens, there is a high degree of variation in the care process in terms of age, body size and shape, the age at which people start to experience continence issues, etc. This makes things more difficult, but I also feel it very challenging. Even when someone has continence problems, if they can be provided with appropriate care, then they will have a more positive attitude towards going out and they will be able to continue living more or less the same life that they did before the continence issues started. If adult diapers can be designed so that the wearer can change them by herself or himself without needing assistance from a carer, then this will help the wearer to maintain his or her autonomy. In the future, I hope to be able to help develop the kind of products that I would want to use myself; I feel that in doing this, I would also be making a positive contribution to society. Being involved with healthcare is very enjoyable!

Working towards the building of a cohesive society in which people and pets can live harmoniously

Unicharm has been working to enhance the quality of life of senior citizens so that they can continue to live an active lifestyle that suits their needs. At the same time, we have also been striving to improve the living environment for pets, through the development and sale of pet products such as pet foods and pet care products, etc. One of our desires is to help to make it possible for people and pets to live together happily.

For many people, having contact with animals can put a smile on their face and help to relieve stress. Not only that, when senior citizens who are receiving care have contact with animals, it can possibly strengthen their autonomy and improve their quality of life. When opportunities for interaction with animals are provided in care facilities for senior citizens, encouraging the residents to interact with animals has been shown to reduce the percentage of residents who are reluctant to get out of bed in the morning and increase the percentage of residents who feel able to chat happily with others. At the same time, interacting with humans seems to have a positive impact on animals as well. With the aim of helping to build a cohesive society in which people and pets can live in harmony with one another, we are taking steps to demonstrate clearly the positive impact that people and animals can have on each other.

Striving to pursue "comfort" of both people and animals through animal-assisted therapy under the Companion Animal Partnership Program (CAPP)

Animal-assisted therapy is a treatment method that helps restore people to health through the psychological benefits - including a reduction in stress and a greater sense of security - that derive from having interaction with animals. Working in collaboration with the Japan Animal Hospital Association - which visits senior citizen care facilities, hospitals, schools etc. to provide animal-assisted therapy under its Companion Animal Partnership Program (CAPP) - Unicharm has begun using scientific analysis to verify the effectiveness of interaction between humans and animals in terms of enhancing feelings of "comfort."

In 2018, Unicharm personnel accompanied JAHA staff on visits to Special Nursing Homes to provide animal-assisted therapy. The participating senior citizens agreed to collaborate on our research. Saliva samples were taken, before and after the therapy, to test for hormone secretion and a heart rate sensor was used to evaluate autonomic nerve function. In addition, during the therapy, video cameras were used to record the number of times that participants

smiled and evaluate their expressions.

The results obtained confirmed that interacting with animals was accompanied by an increase in happiness hormones, changes in the heart rate that indicated relaxation and an increase in the frequency with which participants smiled. We were thus able to obtain scientific evidence demonstrating that interacting with therapy dogs can enable people to feel happiness and joy.

We also measured the changes in hormone secretion and in heart rate in the therapy dogs. The results showed a clear increase in the secretion of happiness hormones in many of the therapy dogs. It was clear that it is not just people that benefit from interaction between humans and animals; interacting with humans improved the mood of the therapy dogs and enabled them to feel happiness too.

In November 2018, we conducted additional research in which we measured the changes in hormone secretion and heart rate of dog owners and their dogs when engaged in walking the dog. The results demonstrated that there was an increase in the secretion of hormones denoting happiness for many of the participating people and their dogs after walking together for a distance of around 2km.

Responding to the increase in the number of older pets requiring care (resulting from the increase in average pet lifespan due to improvements in pet-food and in medical treatment for pets), Unicharm develops and markets a range of pet care products including pet care mats, pet toilet-care sheets with enhanced breathability, sanitary products for pets, etc.

We will continue to develop and verify new products in the future, in line with our goal of building a cohesive society in which people and pets can live harmoniously.



Animal-assisted therapy in action



An aged dog with a member of the product development team

Voice of the person in charge



Yasushi Atsuta
CSV Promotion Group,
CSR Division
Unicharm Corporation

Previously, I was involved in undertaking research on senior citizen continence issues at Unicharm’s Continence Support Research Institute. I began research in my current field inspired by the idea that, as a company which has a pet care business, it is important for Unicharm to focus not just on the wellbeing of senior citizens but also of their pets. As the aging of the population becomes more pronounced, there is a widespread trend for people whose children have grown up and left home to keep pets and as a result there are increasingly close links between senior citizens and companion animals. One of Unicharm’s goals is to work towards the building of a society in which people and pets can live harmoniously and my own objective is to identify and verify the value that living together provides for people and animals and to disseminate awareness of this value within society.

We are living in an era in which both people and pets are living to advanced ages. As a company engaged in providing products for both senior citizens and pets, we aim not only to contribute to society through our products but also to enhance the quality of life of people and pets. We will continue working to make it possible for people and pets to live longer together with happy feeling.

CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene

Our basic approach and strategy

Unicharm has pursued manufacturing and selling of sanitary products and disposable diapers in the emerging markets in fast-growing Asia since the 1980s. Our never-changing hope is that we continue to deliver products and services to more women in the world that change their “discomfort” into “comfort.” We aim to make a contribution unique to Unicharm through helping women living in all regions to shine even more.

Contributing to the realization of the SDGs

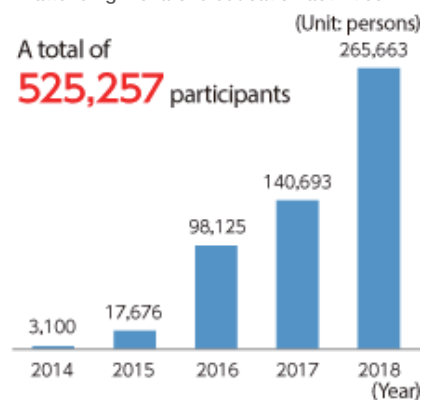
Unicharm's activities are in conformity with the United Nations Sustainable Development Goals (SDGs) objectives shown below. In the future, we will continue to leverage our company's unique strengths to make an even greater contribution towards the solving of the world's shared problems.



Unicharm Group's Key CSR Topics and Indicators (KPI)

Social impact

Number of people in emerging economies attending menarche education activities



Background

Aiming to provide continued support for women's autonomy and to expand opportunities for them to develop their full potential.

In South Asia, the Middle East and North Africa, women's opportunities to receive an education and to work are restricted because of cultural and social background. Although some progress has been made in this area in recent years, there are still many challenges affecting the social advancement of women. There are also some countries and regions where women's activities are limited during their menstruation because of deeply-entrenched customs.

Overcoming these issues in each country and region so that women can participate more actively in society is important not only from the perspective of achieving a gender equal society, but also in order to eliminate poverty and support regional economic development.

Utilizing the know-how developed in our business in Japan, we are pursuing various awareness-raising activities and the creation of work sites while expanding products and services suited to each country and region's characteristics, with the aim of helping women all over the world to enjoy more fulfilling lives.



Our activities

Progress of “menarche education program” in Myanmar

Efforts to eliminate “I can’t go to school because I am menstruating”

In Myanmar, menstruation education is relatively undeveloped and people tend not to have a good understanding of menstruation. The rate of sanitary pad usage is about 30% in Myanmar as a whole and about 20% in the non-urban areas. As a result, many schoolchildren miss classes while menstruating. This has become a significant social problem, with educators commenting that: “Many schoolgirls suffer from lower academic achievement because they miss classes during menstruation and this negatively impacts women’s empowerment.”

To create a solid foundation for these students so that they can actively participate in society in the future, it is imperative that we continue to spread knowledge about how to appropriately care for themselves during menstruation so that they can understand their bodily changes during adolescence in a positive light and confidently engage with their studies even during menstruation.

The menarche education to be approved by the Myanmar government for the first time in collaboration with NGOs

In collaboration with the Japan International Cooperation Agency (JICA) and the Japanese Organization for International Cooperation in Family Planning (JOICFP) and working with the Myanmar Ministry of Health and Sports as the partner for local implementation, we have developed menarche educational materials (for use in specific regions) that have officially been approved by the government of Myanmar for the first time. These educational materials are based on materials written for Japanese schoolgirls, but we have changed the illustrations and expressions used to make them locally



Menarche educational material developed for Myanmar

relatable and have made adjustments that take into account local cultural factors. We provided training in using the menarche teaching materials to local educators who then conducted menarche education for a total of 6,100 schoolgirls in five test regions and also distributed Unicharm sanitary pads to them so that they could try using them and experience appropriate care. According to the results obtained in a survey conducted after this educational activity, many schoolgirls who received the menarche education made comments along the lines of: “I learned many things that I had not known before and I was able to gain correct knowledge of menstruation,” and “I was able to have a positive conversation about menstruation with my mother.” We also found out that more than 70% wanted to keep using sanitary pads.

After carefully reviewing the content while referencing the feedback received from the participating schoolgirls, their parents/guardians, educators, etc., we completed the final version of the menarche educational materials which has been approved by Myanmar’s Ministry of Health and Sports.

Implementation of measures aimed at expanding the scope of menarche education

In 2018, menarche education activities were implemented in 224 schools within Myanmar, reaching a total of approximately 262,150 schoolgirls; the results achieved included an increase in the overall level of knowledge regarding sanitary products and how to use them and an increase in the percentage of girls using sanitary pads. However, by comparison with neighboring countries, Myanmar has relatively few retail stores per head of population; there are few grocery stores or other stores in rural areas and those stores that do exist tend to be very small and do not carry sanitary products. This situation led to the development of a business model whereby sanitary pads would be sold at schools which schoolgirls would be going to on a daily basis. Some schools have already begun selling sanitary pads specially designed for schoolchildren in the 13 - 17 age range. Efforts are being made to expand the network of schools and retail outlets that sell sanitary pads, so that as many schoolgirls as possible (and their family members) will be able to use sanitary pads.



Sanitary pads specially designed for use by schoolgirls

Progress on menarche education in India

Expanding the implementation of menarche education programs throughout India



Unicharm's vision is that women throughout the world should be able to live happily, with pride and self-confidence, no matter what changes the future brings. We aim to help in making this vision a reality through our products and services. The ideal that our company seeks to live up to is that, by spreading awareness of knowledge relating to menstruation, which can be a major obstacle preventing women from realizing their dreams, we can provide support that enables women in all socioeconomic groups to live life the way they want to.

In India, most women in both urban and rural communities lack sufficient access to the information that they need to enable them to maintain a healthy lifestyle. A major focus of Unicharm's activities is on providing women with adequate information about health issues that can have a negative impact on their lives. Menstruation is an issue of direct personal relevance to women, and plays an important role in relation to women's ability to give birth. As a company that manufactures and sells feminine hygiene products and baby products, Unicharm hopes that women will be able to experience menstruation safely and with peace of mind.

In 2013, in cooperation with the Japan International Cooperation Agency (JICA) and local NGOs, Unicharm began promoting an educational program on the menstrual cycle mechanism and appropriate care in relation to the menstrual cycle called "Managing Menstruation: My Pride" for children, especially schoolgirls, in India.

This program aims to help teenage girls in India maintain sanitary well-being and remain active with confidence during their menstrual cycle. In FY2018, the program was implemented at 35 schools, with a total of 3,513 schoolgirls taking part.

Comments from schoolchildren who received the menarche education included: "The content of the teaching was very good and a lot of useful information was presented. It brought home just how important it is to use sanitary pads. I want to try using Sofy sanitary pads." Teachers commented that "This is an issue that we had not been addressing in schools. This kind of program offers great potential and is something that definitely needs doing."

Expanding the roll-out of menstruation education

In 2018, in addition to our existing menarche education activities for schoolgirls, we also launched awareness-raising activities to spread correct knowledge about menstruation among women in rural areas.

"Mahila Sahayogi" ladies have been trained to act as sanitary product awareness-raisers, spreading accurate knowledge about menstruation within their local community; 3,575 rural women have already been encouraged to start using sanitary pads.

Unicharm has also collaborated with the Indian government on the implementation of menstruation workshops and activities to demonstrate how to use baby diapers (with the distribution of product samples) in 80 Anganwadi Centres. A total of 4,830 women including expectant mothers, women who are currently breast-feeding, and young girls entering puberty participated in these activities.

Menstruation workshops have also been held at child welfare institutions, police training institutes, prisons, nursing colleges, etc., with a total of 54,480 people taking part. The scope of this educational program, which was initially focused on schoolgirls, has been expanded to include rural women and adult women living in urban areas. Through these activities, Unicharm hopes to be able to contribute towards giving women in all age groups a better quality of life, and we will continue working towards this goal in the future.



Expanding support for female employment in Saudi Arabia

Creating further opportunities for women's advancement

For cultural and religious reasons, women in Saudi Arabia are not permitted to be in the same room with, or speak to, men from outside their own family, and there are many restrictions on women's activities, including their activities in the workplace. With the aim of providing women with employment opportunities while still respecting local cultural traditions, in May 2012, Unicharm established a women-only factory in Saudi Arabia which is in full operation up until now.

The employees include women of all ages and the factory employs many women with disabilities and single mothers. The factory's No. 3 plant, which was completed in 2017, features an improved working environment that includes a day-care center, a first-aid room and a cafeteria and rest area. Efforts have also been made to make production line work less onerous by implementing automation, etc., which also helps to enhance productivity.

Opportunities for women's advancement are expanding outside the factory as well. As of 2017, Unicharm already had two female marketers in Saudi Arabia, but in 2018, several female employees were assigned to the sales planning team. Undertaking activities such as distributing product samples on the streets, these female employees showed themselves to be highly motivated.

Unicharm has also begun using female sales promoters to boost sales of sanitary products in Saudi Arabia. In the past, it was illegal for women to work as sales promoters in Saudi Arabia, but recent reforms have expanded the permitted scope of women's employment and the use of female sales promoters at the country's largest hypermarket chain has been very well-received, encouraging Unicharm to employ female sales promoters on a large scale.

Saudi Arabia had been the only country in the world where women were prohibited from driving, but in June 2018, this restriction was finally lifted and opportunities for social participation by Saudi Arabian women have gradually been expanding. In the future, Unicharm will continue to contribute towards the achievement of United Nations Sustainable Development Goals (SDGs) No. 5 (Achieve gender equality) and No. 10 (Fill the gap within and among countries) by providing support for women to achieve greater autonomy through the employment of women and efforts to enhance their employment environment.

Comments from a female field marketing specialist working at Unicharm's Saudi Arabian subsidiary



Lamia Al Busaili
Unicharm Gulf Hygienic
Industries Ltd.

I work for Unicharm Gulf Hygienic Industries (UGHI) selling Unicharm products. Initially, my motivation for taking on the job was simply to earn a salary, but now I have been able to become completely economically independent and the desire to do my best for the company and for the Middle East region gives me enhanced motivation in my work. One thing that I particularly enjoy about my job is when women come over to the Unicharm booth at special events and learn about our products by listening to my explanations. I have also had a lot of people telling me how pleased they were to see a woman working as a sales specialist in Saudi Arabia.

As the changes that are taking place in society have continued, it has become possible to communicate more directly and more easily with customers. I feel that this can be of great benefit to UGHI. In the future, I will continue doing my best to encourage women in Saudi Arabia to use Unicharm's sanitary products and to encourage mothers to use Unicharm's baby diapers.

I had wanted to work for an international corporation, so joining UGHI enabled me to achieve economic independence while also fulfilling my dream. My previous job had been in administration, so my new job as a member of the marketing team at UGHI was a challenge for me. However, I turned this change into a source of motivation and succeeded in strengthening my marketing skills and my ability to communicate with customers.

What I find really satisfying about this job is giving demonstrations of our company's products to women from different societies who speak different languages and belong to different generations. I am especially happy when, because I have helped them to learn about our company's products, women who had been using another company's products start using Unicharm products instead.

I believe that the changes taking place in society will also lead to even better products. In the future, I will continue to undertake my work in line with the goal of cultivating our sales team and raising awareness of Unicharm products within Saudi Arabia.



Nojood Al Agri
Unicharm Gulf Hygienic
Industries Ltd.

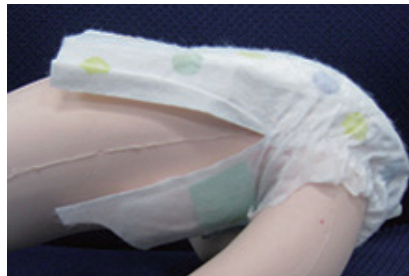
Baby diapers specially designed for underweight new-born babies, to help safeguard these tiny lives

Currently, around one in ten of all babies born in Japan are underweight new-borns weighing less than 2,500g who need to be cared for in incubators in a Neonatal Intensive Care Unit (NICU). As underweight new-born babies are very small and regular baby diapers are too big for them, the staff at NICUs had the time-consuming task of either cutting regular diapers down to size or converting sanitary napkins for use as substitute diapers. In order to help remedy this situation, in 2015, Unicharm launched a new type of baby diapers specially designed for use on underweight new-born babies.

It is vitally important for underweight new-borns that the environment inside an incubator resemble the inside of a mother's womb as much as possible. As unnecessary changes to the baby's posture can obstruct the circulation of blood and put the baby's life in danger, the baby is kept curled up in the fetal position when providing medical treatment or changing diapers. To make it possible to change the diaper when the baby is in the fetal position, Unicharm's special baby diapers for underweight new-born babies have been designed with perforations on the side and are molded in a shape that fits snugly on the body of a baby in the fetal position, reflecting suggestions from medical professionals. Since this new diaper product was first launched, additional improvements have been made every year, taking into account recommendations from physicians, nurses and other medical professionals working in NICUs. In 2016, Unicharm introduced a new version of the diaper that was designed so that it could be put on either way round and which also featured an indicator to show when the diaper needed changing, to avoid unnecessarily frequent diaper changes. Further improvements were made in 2017, with the absorbent material being made thinner and the tape softer, so that the diaper fits on the baby's body more naturally and more comfortably.



The new diaper product has perforations that make it possible to change diapers when the baby is lying in the fetal position.



Having perforations on the side means that the diaper can also be used as a pad.



The diaper has an indicator showing when the baby has peed, which can reduce the frequency of unnecessary diaper changes.

Tiny Lives Support Project

In 2018, Unicharm launched the Tiny Lives Support Project to spread awareness of the issues affecting underweight new-born babies and to provide them with a necessary support who need to be looked after in an NICU. Under this Project, customers who purchase Moony brand products and then register the purchase to collect points on Unicharm's Babytown website - which provides support for mothers and babies 365 days a year - have the option of clicking on a "Support this Project" button in which case 10 yen will be donated to the Project each time. Within the space of just two months, the Project collected 3,484,800 yen in donations which have made it possible to provide financial support for seminars for staff working at NICUs and to donate sound level meters (SLMs) to NICUs. The Project also received 945 messages of support which were a source of encouragement for mothers worried about their underweight babies and for the medical professionals working in NICUs. Unicharm intends to continue implementing this initiative in the future.



Tiny Lives Support Project



● **Messages from frontline medical professionals committed to helping the growth of underweight new-born babies**



A nurse working at an NICU

An NICU functions as more than just a place for providing medical treatment and saving lives; it is also a living space for babies. We try to ensure that every single baby receives appropriate care, by paying attention to the sounds that the baby hears, the lighting, what position the baby sleeps in, etc.

A doctor working at an NICU

Besides providing painstaking care to help babies grow and develop, NICUs also provide mental care for babies' family members. Every day, when delivering medical care, we are aiming to ensure that when a baby leaves hospital, the baby will be happy and healthy and the family will be satisfied with the care that the baby has received.



A message of support

My child was born four months premature, weighing just 502g. Although even Moony's smallest baby diapers were still a little too big, I was still very glad to have them. The staff at the NICU did so much for us and there were so many other underweight new-borns in the NICU fighting to survive and grow which makes me feel very grateful that this kind of project exists. The only reason my child is here today is because of the efforts of the medical professionals who were involved in looking after it. I hope that this "circle of care" will continue to expand even further in the future.

A message from a Unicharm manager



Koichi Okamoto
Brand Manager
Global Baby Care Division
Unicharm Corporation

The key factor that led to the creation of Moony baby diapers for underweight new-born babies was the suggestions that we had received from frontline people working at NICUs, such as nurses. When we saw for ourselves these tiny babies fighting for life in an NICU, we really wanted to be able to do something to help protect them. As a company involved in providing baby care products, this initiative was definitely something that we felt we should be involved in and was definitely a very meaningful activity. I am very proud to have been involved with it. We are continuing to make improvements to these products every year, thanks to the comments that we receive from frontline medical professionals. I hope that in the future we will be able to continue putting our heads together with them to improve these products still further.

CSR Key Topic 3: Contributing to Global Environment

Our basic approach and strategy

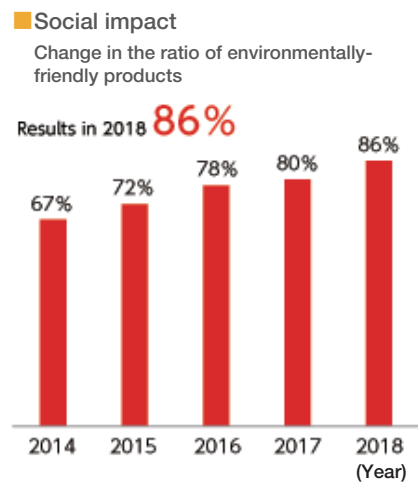
As a manufacturer of disposable products such as diapers and sanitary products, Unicharm recognizes that the achievement of environmentally-friendly manufacturing is a vitally important issue that we cannot afford to neglect. Focusing on the utilization of paper pulp, which is made from wood, and on addressing the CO₂ emissions associated with the disposal of used products by incineration, we are taking steps to realize a recycling system for diapers. By establishing a cyclical model that covers the entire product lifecycle, we are contributing towards the realization of a sustainable society that is able to maintain economic growth while also safeguarding the global environment.

Contributing to the realization of the SDGs

Unicharm's activities are in conformity with the United Nations Sustainable Development Goals (SDGs) objectives shown below. In the future, we will continue to leverage our company's unique strengths to make an even greater contribution towards the solving of the world's shared problems.



Unicharm's CSR Key Topics and Key Performance Indicators (KPIs)



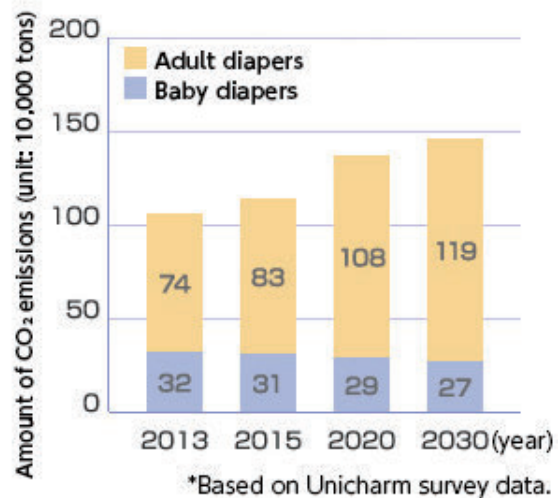
Background

Disposable diaper recycling is a responsibility that Unicharm is committed to fulfilling

With elderly people coming to account for an ever larger share of the population, production of disposable adult incontinence diapers continues to increase. There is also a commensurate increase in the quantity of used disposable diapers that are incinerated. By volume, disposable diapers account for around 1/8th of total household waste. At the same time, incineration costs and the CO₂ emissions associated with incineration are increasing. A further point is that disposable diapers are made from paper pulp which is made of wood as its raw material; rising pulp usage thus leads to the increased consumption of forest resources. The impact on global warming which is a major problem facing the earth is significant.

The European Union (EU) has set a target of increasing the percentage of urban waste that is recycled to 65% by 2030 and steps are already being taken to recycle used disposable diapers. Unicharm too is implementing initiatives aimed at realizing improvements in various areas including reducing incineration costs and CO₂ emissions and achieving more efficient utilization of resources. Starting in 2015, Unicharm has been implementing a project to put the recycling of used diapers on a commercial footing. As a manufacturer of disposable diapers, we feel that we have a responsibility to do this and we are proceeding with related technology development and verification testing.

Change in the volume of CO₂ emissions caused by incineration of disposable paper diapers



Our activities

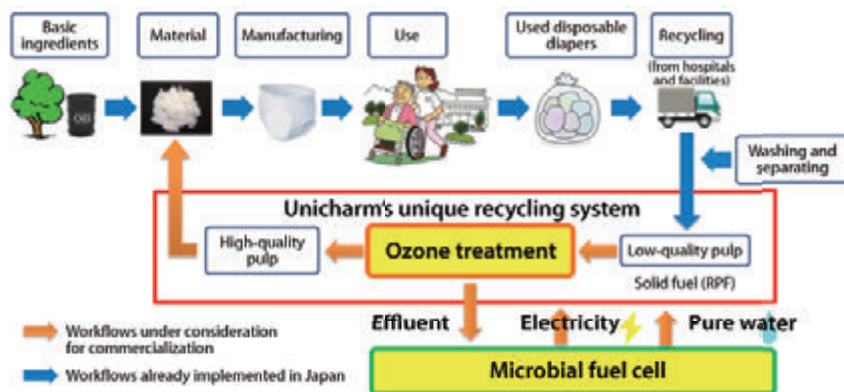
Initiative No. 1: Activities towards recycling disposable diapers



Building our own unique recycling system

Unicharm launched its used disposable diaper recycling program starting from 2015. Previously, Unicharm had already been extracting plastic pulp and low-grade pulp from some used disposable diapers and plastic pulp had been recycled as Refuse Paper and Plastic Fuel (RPF). The challenge was to reduce recycling costs and to enhance the value of the recycled product. Taking up this challenge, by making recycling processing more efficient, we have succeeded in creating a recycling system that keeps processing fees down to the same level as the cost of incineration and which produces pulp of the same quality as pulp made from virgin material.

■ Unicharm's recycling-oriented model for disposable diapers



Our recycling system applies a unique ionization process to the pulp that we extract from used disposable diapers by means of cleaning and separation; the ionization process destroys the bacteria contained in the excretion. In this way, recycling is able to generate high-quality pulp that is just as hygienic and safe as virgin pulp. We also recycle the waste water generated in the cleaning and separation process thereby making processing more efficient and also reducing the amount of waste water that needs to be discharged. In addition, we undertook collaborative research with Hiroshima University to develop technology for the generation of electricity using the purification of recycled, concentrated waste water; in 2017, Unicharm was awarded a core patent for microbial fuel cell (MFC) processing.

Developing a recycling system in collaboration with the City of Shibushi

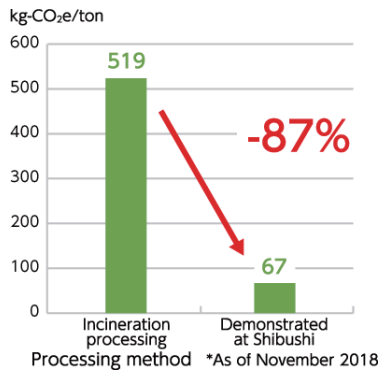
In order to be able to realize the recycling of used disposable diapers, it is vitally important to arrange collaboration with local government authorities and recycling firms on the collection and recycling of used diapers. Starting in May 2016, Unicharm has been collaborating on used disposable diaper recycling system verification testing with Shibushi City, Kagoshima Prefecture. The goal is to achieve full-scale separated collection and recycling of used diapers in Shibushi City by 2020.

Aiming to build a recycling system that can be adopted widely both within and outside Japan, we are fostering collaboration with other municipalities located near Shibushi City. In the future, we will continue to strengthen our efforts to realize the separated collection and recycling of used disposable diapers throughout Japan.

Examining ways of making the recycling of disposable diapers both environmentally-friendly and people-friendly

We examined from multiple aspects what actual effects employing the recycling system would have. What we found was that the amount of greenhouse gas emitted could be substantially reduced, compared to burning used disposable diapers and creating new ones from virgin pulp. With the recycling approach, greenhouse gas emissions can be reduced by 87% compared to using incineration. We were also able to confirm that the safety and sanitation level of recycled pulp was also maintained at a high level similar to that of virgin pulp.

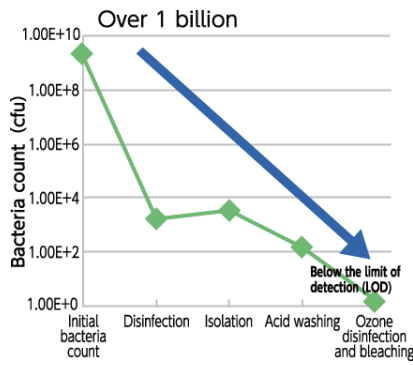
■ Greenhouse gas emission volume



○ Greenhouse gas emission volume (compared to incineration disposal)

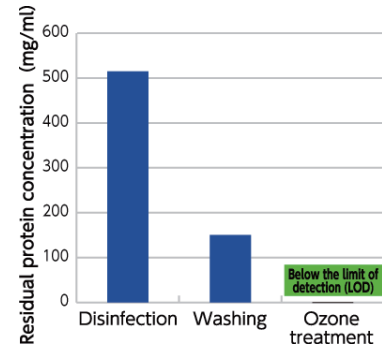
* Including the substitution effect from recycled product.

■ Bacteria count in each process



○ Bacteria count in each process and amount of residual proteins / Realizing the same high quality and the same level of cleanliness and whiteness as with virgin pulp made from wood

■ Amount of residual proteins



If adult diapers from 100 users are recycled over a one-year period, this would reduce the quantity of waste generated by an amount approximately equivalent to the waste contained in 23 2-ton refuse collection vehicles and would save an amount of wood equivalent to 100 trees. (Based on a survey conducted by Unicharm)



Initiative No. 2: Realizing the goal of “zero waste”^{*1} by repurposing the waste generated by our factories on a commercial footing

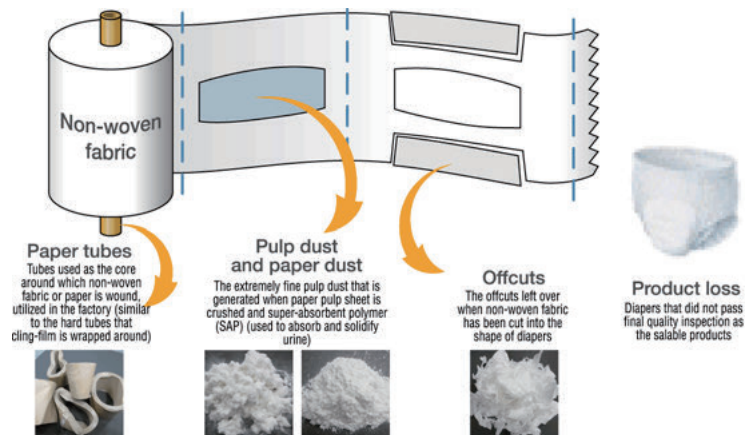


During the process of manufacturing disposable diapers, various types of waste are generated that are difficult to recycle, including product loss generated during production and the paper tubes, pulp dust and paper dust, offcuts, etc.^{*2} that are disposed of as waste by factories. Unicharm undertook repeated studies to determine whether these types of waste could be repurposed and found that it was possible to utilize this waste in the production of cat excretion care materials. After a process of experimentation, in 2011, Unicharm launched Deo-Sand Cat Litter[®] made using recycled waste. Currently, besides the waste generated during the disposable diaper production process, we are also working on effectively repurposing other hard-to-recycle materials that in the past have generally been incinerated, such as used tickets and stamps, used wallpaper, etc.

*1: Based on final disposal in landfill.

*2: See Figure “Waste generated in the disposable diaper production process.”

■ Waste generated in the disposable diaper production process



See also “Climate Change, Pollution Prevention and Resource Utilization”

Deo-Sand[®]Scented Deodorizing Paper Litter[®]

Wastes collected from Unicharm factories in and outside Japan are cut up finely together with waste paper and the polymer-based absorbent material in the diapers is separated out. The finely-cut material is solidified to create Cat Litter pellets and the colored pellets are then coated with polymer-based absorbent material and paper dust to make Deo-Sand[®] Paper Sand. When a pet urinates on this product, the part that was urinated on dries solid and this part (only) can then be disposed of easily as burnable waste, making this an environmentally-friendly product.



See also “Climate Change - [Japan] Initiatives to reduce CO₂ through products (Scope 3, Categories 1, 4 and 12)”

Reducing food waste in relation to fresh food products while safeguarding flavor

Unicharm has, for over 40 years now, been manufacturing and selling the tray mats on which fresh fish and meat are placed for sale in supermarkets. Conventional tray mats only function to soak up the fluids (blood etc.) that drip from the meat or fish. As a result, the product tended to dry out while that part that is contact with the tray mat got sticky; the use of this type of tray mat thus caused to deterioration in product freshness. Unicharm examined this issue to see whether it would be possible to address it using the non-woven fabric and absorbent material processing and forming technology that we have developed over the years and, in 2001, we launched Fresh Master, a tray mat product that not only absorbs fluids but also helps to keep products fresh. By only absorbing excess fluid, Fresh Master helps products to retain their freshness. Also, because the fluid drips do not remain on the tray mat film surface, the growth of unwanted bacteria can be controlled, making it less likely that the food will go off. In addition, the fact that air can pass through the air-permeable film helps to reduce discoloration, which is a major cause of food having to be discarded. Today, many supermarkets are using Unicharm's Fresh Master tray mat products.

From our conversations with customers who gave us positive feedback about the impressive ability of Fresh Master to keep food fresh, it became apparent that, besides supermarkets, there was also a need for this kind of product in other types of business where fresh food is prepared and stored, such as restaurants. Responding to this need, in 2003, Unicharm launched large-sized Fresh Master Freshness Preserving Absorbent Sheet, designed for use in restaurants' and supermarkets' storage and food preparation areas. One head chef whose restaurant was using this new product commented happily that "Previously, when we were using kitchen paper etc. to put food on when it was in cold storage, the food would only last one day before it had to be thrown away because of discoloration or bad odor. Now that we have started using Fresh Master Freshness-preserving Absorbent Sheet, we can store food for three to four days with no problem, which has enabled us to realize a significant reduction in food loss." This new product can also be used effectively to prevent discoloration and malodor in meat or fish that is being "aged" (a process which has become increasingly popular in recent years) and we have received very positive comments about the product from sushi restaurants, etc.

The term "food loss" is used to refer to food products that are wasted despite the fact that they are safe to eat. According to Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF), the restaurant sector accounts for around one-fifth of all food loss in Japan. Reducing food loss and food waste is vitally important for realizing a sustainable society. At meetings that Unicharm has held with restaurant operators, we have received many reports that using our Fresh Master products helps to reduce food loss. In the future, we will continue to develop products that contribute to reducing food loss.



Beef discoloration test - after three days of storage
(showing the underside of the meat)
(Left) Fresh Master (Right) Unicharm's meat paper product



Bluefin tuna that has been stored for six days
(Upper left and bottom left) Fresh Master
(Upper right and bottom right) Unicharm's kitchen paper product

All data are based on surveys conducted by Unicharm.

CSR Key Topic 4: Contributing to the Community

Our basic approach and strategy

Unicharm's CSR activities aim to help solve society's problems through our core business areas. Besides striving to make a contribution on a global scale, Unicharm is also serious about tackling problems that affect local communities that have a close relationship with Unicharm's business activities; as a good corporate citizen, we aim to make a positive contribution to these communities by making effective use of our company's unique strengths. In addition, when the community is in a difficult situation due to sudden disasters etc., we would like to help in any way possible to support the minds and bodies of everyone who has been affected by the disaster. Many people have been affected by the serious damage due to the Great East Japan Earthquake that occurred on March 11, 2011. More recently, in 2018, the whole of Japan was affected by torrential rains, which were particularly severe in Western Japan. We would like to express our sincere sympathy to those who have been affected and also wish for a swift recovery of the affected areas. Since immediately after the Great East Japan Earthquake, Unicharm has delivered supplies and continually used the Matching Fund, set up to receive charitable donations from employees, to provide relief support. Through these activities, we will continue to deepen our interaction with local residents and make contributions to local communities.

Contributing to the realization of the SDGs

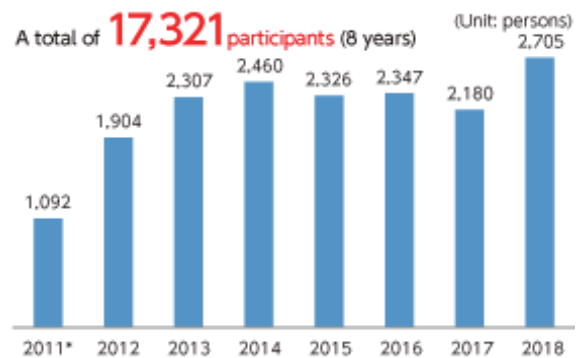
Unicharm's activities are in conformity with the United Nations Sustainable Development Goals (SDGs) objectives shown below. In the future, we will continue to leverage our company's unique strengths to make an even greater contribution towards the solving of the world's shared problems.



Unicharm Group's Key Topics and Indicators (KPI)

Social impact

Total number of persons participating in the Super Cool Biz and Super Warm Biz activities to provide continued support to disaster-affected areas



* In 2011, only the Super Cool Biz activity was implemented.

Our activities

Activities to provide support for areas affected by natural disasters

Continuing with our Matching Fund combing disaster relief support with electricity conservation

Our Matching Fund and Super Cool Biz and Warm Biz employee dress code activities, which were launched to provide disaster relief assistance and to promote electricity conservation, are now in their eighth year. The Matching Fund provides a matching donation equivalent to the price paid by Unicharm employees for original Unicharm polo shirts, jumpers etc. that can be worn at work; the money is used to provide support for areas affected by natural disasters. Donations made through the Matching Fund have been used to support disaster-affected areas through the provision of emergency supplies and care products to hospitals and other facilities thereby helping to enhance the quality of life of care recipients. Starting from 2016, Unicharm has also been donating to the MICHINOKU Future Fund, which aims to help children orphaned by natural disasters to realize their dream of continuing with their studies. We will continue to promote disaster area relief activities and energy conservation activities with our employees.

● Support for disaster-affected areas through product purchases

Unicharm wanted to be able to provide additional support to disaster-affected areas by boosting consumption through the purchasing of goods produced in affected districts. With this aim in mind, in 2018, Unicharm began providing employees with the opportunity to purchase “narahato” hand-made traditional cloth sandals made by the Warajigumi collective in Naraha-machi, Fukushima Prefecture; Kurumi Buttons made by the Otsuchi Recovery Sashiko Project in Otsuchi-cho, Iwate Prefecture; and polo shirts embroidered in workshops that were affected by the Kumamoto Earthquakes of 2016, in association with Unicharm’s Super Cool Biz and Warm Biz initiative, with the Matching Fund providing donations that match the amount that employees pay for these goods, so as to help the disaster-affected areas.

The “narahato” hand-made traditional cloth sandals are carefully stitched by the members of the Warajigumi collective in Naraha-machi, Fukushima Prefecture, applying traditional straw sandal making techniques that they learned after being evacuated to the Minami Aizu region following the Great East Japan Earthquake of 2011 and using as material second-hand t-shirts donated from all over Japan. The brand name “narahato” that they adopted was chosen because “we hope that everyone who buys a pair of these sandals will feel a real connection with Naraha-machi.”

Comments by members of the Warajigumi collective.

We meet once or twice a week in a workshop in Naraha-machi, Fukushima Prefecture, where we enjoy working together. There are around 10 people in the group. Besides the members who got to know each other while living in temporary accommodation in Misato-machi, Aizu, there are also some members who joined the group after the return to Naraha-machi. You could say that cloth sandals are what brought us all together. Making things through our own efforts helps to keep us motivated and also strengthen ties among the members of the community. Every one of the cloth sandals that we produce is hand-made, using recycled t-shirts as the material. Because the materials used are always different, each pair of cloth sandals is unique and one-of-a-kind.



The members of the Warajigumi collective



Otsuchi Recovery Sashiko Project
Kurumi Buttons



“narahato” traditional cloth sandals

Support for areas affected by the torrential rains which affected Japan in July 2018.

Unicharm donated 5 million yen via the Japanese Red Cross Society and 5 million yen via local government authorities in affected districts, for a combined total of 10 million yen, to support emergency response and recovery efforts in areas affected by the torrential rains which Japan suffered in July 2018. These donations were made from the Matching Fund, whereby Unicharm matches donations made by employees with an equivalent amount. We also provided emergency supplies for the disaster-affected areas, including baby diapers, adult diapers, sanitary products, wet wipes, wet wipes for adult use, pet food, other pet products, etc.

In addition, staff from Unicharm’s Chugoku and Shikoku region offices (which were located near the areas where retailers that are Unicharm customers had been affected by the torrential rains) and also younger employees from our Kinki and Kyushu region offices (which are slightly further afield) rushed to provide assistance as volunteers. Helping the affected retailers to recover from the disaster, they enabled a total of 31 stores to reopen within a period of around one month. In some cases, the stores could only be reached on foot because the roads were blocked, but the Unicharm employees still found a way to reach the stores and determined to provide all the help they could. Besides clearing mud out of store premises and dealing with inventory that had been damaged by flooding, because they were familiar with the stores and the products being sold, they were able to help rebuild the stores as places where consumers could find what they needed easily and shop conveniently. The employees who participated in this program reported feeling very happy to have been able to help the affected retailers.



A truck carrying loaded with emergency supplies to help people living in affected areas.

Advice for protecting babies, for women, for senior citizens and for looking after pets Unicharm launches the “My Style Bosai” microsite to provide information about the preparations needed in order to maintain good sanitary health in the event of a natural disaster

In recent years, besides the extensive damage caused by the Great East Japan Earthquake and tsunami of 2011, Japan has also been affected by torrential rains, severe snowstorms, tornadoes, etc. In February 2019, with advice and guidance from NPO Mama Plug, we launched the “My Style Bosai” microsite on the Unicharm website, which uses discussions of people’s actual experiences to examine the various problems that can be associated with a natural disaster, focusing on the needs of different household environments, with the aim of helping people to reduce the hygiene risk that they, their family members and their pets are exposed to in the event of a natural disaster occurring.

“My Style Bosai” provides hygiene advice in the following areas: (1) What everyone needs to know to be prepared for and respond to a natural disaster; (2) Disaster readiness and response information for people with baby-care responsibilities; (3) Disaster readiness and response information for women; (4) Disaster readiness and response information for senior citizens; (5) Disaster readiness and response information for people providing at-home care; (6) Disaster readiness and response information for people with pets.

My Style Bosai can show you the techniques you need to know so that, in an emergency situation, you can continue to live with good hygiene using the things that you are used to using in your everyday life.



My Style Bosai

For information about other Unicharm initiatives, see “Local Community.”

Environment

Environmental Management

Our basic approach and strategy

Most of Unicharm’s products are consumables essential to a clean and healthy lifestyle, which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia in order to provide better products to consumers around the world, our role and responsibility for reducing our environmental impact has also increased with each passing year.

All of our employees are committed to environmental activities following the Basic Environmental Policy and the Environmental Action Guidelines developed based on our corporate philosophical framework (Unicharm Ideals, “Beliefs and Pledges” and Corporate Principles of Action). We carefully monitor the impact our business activities have on the environment, and we are promoting initiatives to reduce our environmental impacts and improve our economic efficiency aimed at achieving a sustainable society.

■ Basic Environmental Policy and Environmental Action Guidelines

Unicharm Group Basic Environmental Policy:
 As a company that engages in the manufacture and sale of disposable products, we recognize the extent of our responsibility to the global environment. Through our corporate activities we strive to create environmentally friendly products so that we may in the future pass on a beautiful earth to future generations.
 We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and we are determined to realize the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

- Unicharm Group Environmental Action Guidelines**
- Abide by all laws and regulations
 - Eliminate waste
 - Enhance productivity
 - Reduce the use of natural resources
 - Make sound choices for the environment
 - Learn more about environmental issues
 - Share efforts for helping to improve the environment

Management structure

Our company’s environmental activities are considered to be an important part of its quality assurance program as we deal largely with consumer products. The Group’s environmental activities have been implemented primarily by the Global Quality Assurance Department led by the CSR Committee chaired by the Group’s President & CEO. In FY2015, we established CSR Division by merging our Global Quality Assurance and CSR Departments, in order to further promote environmental activities.

While aiming to integrate ISO14001 and ISO9001, each Group company seeks further improvement by employing the PDCA cycle in carrying out gate control and KPI management as a part of day-to-day business processes. Instituted in 2016, Eco Plan 2020 establishes our company’s priority environmental objectives and its activities connect departments to individual’s weekly reports to achieve division/office goals.

■ Environmental Management Structure



Environmental management in conformance with ISO

In order to improve our environmental performance, Unicharm has introduced ISO14001. We have been promoting continuous improvement in accordance with Environmental Management System (EMS) activities.

In order to further strengthen both our quality and environmental activities, in 2017, we merged our Quality and Environment management systems, reinforced our activities to improve quality and reduce our environmental impact and implemented environmental initiatives through our business activities. Furthermore, at pet care factories that had already been certified, we expanded the scope of application of the certifications to include other departments that were outside the scope such as the pet care marketing and development. In 2018, we continued to reinforce our activities and implement initiatives aimed at achieving Eco Plan 2020.

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

| Business site | Certification status | | |
|--------------------------|----------------------|----------|----------|
| | ISO9001 | ISO14001 | ISO13485 |
| Unicharm | ○ | ○ | |
| Unicharm Products | ○ | ○ | ○ |
| Unicharm Kokko Non-Woven | ○ | ○ | |
| Cosmotec | ○ | — | |
| Shanghai Factory | ○ | ○ | |
| Tianjin Factory | ○ | ○ | |
| Jiangsu Factory | ○ | ○ | |
| Korea Factory | ○ | ○ | |
| Taiwan Factory | ○ | ○ | |
| Thailand Factory | ○ | ○ | ○ |
| Vietnam Factory | ○ | — | |
| Indonesia Factory | ○ | ○ | ○ |
| India Factory | ○ | — | |
| Australia Office | ○ | — | |
| Saudi Arabia Factory | ○ | ○ | |
| Egypt Factory | ○ | ○ | |

Environmental audits for risk management and enhancing performance

Unicharm conducts three types of environmental audits in order to eliminate environmental risks and enhance environmental performance. These include target-focused audits such as:

- (1) Periodic audits in conformance with ISO14001-compliant environmental management systems;
- (2) Onsite confirmations at industrial waste processing partners; and
- (3) Confirmation of compliance with laws and regulations.

In addition, operational audits performed by the Management Auditing Department confirm the status of waste treatment at sales offices that are not covered by an environmental management system.

Results of Environmental Regulatory Audits

It has been confirmed that in 2018 as well, surveys, data and documentation for submission to governments as required by environmental laws and regulations were submitted correctly. No fines have been incurred due to violations of environmental laws or regulations. Furthermore, there are no environmental matters pending.

Validation of environmental protection activities

Our company identified materiality through meetings with investors and NGOs in 2016 and, based on these findings, drafted Eco Plan 2020 as a set of medium-term environmental targets for 2020. In 2018, we made plans to revise the content of Eco Plan 2020 activities in order to further improve its effectiveness.

Materiality which Unicharm identified

| | | | | | | |
|----------------------|------|--|--|--|--|------|
| Stakeholder interest | High | <ul style="list-style-type: none"> Use of water resources Treatment of drainage Management situation Reduction of packaging materials Recycling | <ul style="list-style-type: none"> Response to climate change CO₂ reduction targets with suppliers Correlation with SDGs | <ul style="list-style-type: none"> Disclosure of environmental targets Response to increased waste and recycling Procurement of sustainable materials | | |
| | | <ul style="list-style-type: none"> Proper management of hazardous substances Emissions of VOC gases Labeling of carbon footprint | <ul style="list-style-type: none"> Legally compliant processing of waste Ratio of environmentally-friendly products Scenarios for science-based targets | <ul style="list-style-type: none"> Supplier selection and assessment results Collaboration with suppliers Promotion system and governance | | |
| | | <ul style="list-style-type: none"> Environmental impact studies of plant sites Protection and restoration of IUCN red list species | <ul style="list-style-type: none"> Emissions of NOx and Sox Compliance with environmental laws and regulations | <ul style="list-style-type: none"> Accuracy of non-financial data Percentage of third party certification Targets for renewable energy | | |
| | | Impacts on business | | | | High |

Eco Plan 2020

| | Implementation items | 2015 results | 2016 results | 2017 results | 2018 targets | 2018 results | Evaluation | 2019 targets | 2020 targets |
|---|--|--------------------------|---------------------------------|------------------------------|-----------------------------|---------------------------|------------|-----------------------------|-----------------------|
| (1) Reduction of waste | ■ Recovery technologies for used disposable diapers (Japan) | Established technologies | Starting with local governments | Start experiments | Cycle model establishment | Cycle model establishment | ○ | Cycle model operation start | Full-scale operations |
| | ■ Recycling of product loss (overseas) | 2,000 tons | 2,600 tons | 2,600 tons | 3,000 tons | 4,300 tons | ○ | 4,000 tons | 4,000 tons |
| (2) Procurement of sustainable materials | ■ Third party certification of paper and pulp suppliers (Japan) | 82% | 80% | 94% | 95% | 95% | ○ | 97% | 100% |
| | ■ Third party certification of paper and pulp suppliers (overseas) | — | 84% | 87% | 90% | 90% | ○ | 92% | 100% |
| | ■ Third party certification of palm oil suppliers (Japan) | 0% | Start of investigation | Understanding Current Status | Performance achievement 10% | 2% | × | 10% | 100% |
| (3) Measures for climate change | ■ Environmentally Friendly Products | 72% | 78% | 80% | 83% | 86% | ○ | 93% | 100% |
| | ■ Products with the Eco Charming label (Japan) | 50% | 56% | 58% | 60% | 66% | ○ | 60% | 60% |
| | ■ Products with the Eco Charming label (Overseas) | 0% | Survey | Understanding Completion | Operation Start | Operation Start Delay | × | Operation Start | 10% |
| | ■ CO ₂ emissions base unit during manufacturing compared to 2015 (Japan) | Base year | -2.4% | -4% | -6% | -6% | ○ | -8% | -10% |
| | ■ CO ₂ emissions base unit during manufacturing compared to 2015 (Overseas) | Base year | — | -3% | -6% | -6% | ○ | -8% | -10% |
| | ■ Collection of overseas site data (compared to sales) | 73% | 77% | 81% | 83% | 83% | ○ | 85% | 80% |

(1) Regarding reduction of waste, the above assessment was made because in 2018 we started verification testing in the City of Shibushi and we were able to convert 4,300t/year of product loss generated during the manufacturing stage into cat continence care products.

(2) With the cooperation of our suppliers, the progress of Forest-derived Raw Materials Procurement that has obtained third-party certification of sustainable paper and pulp has exceeded our plan for procurement of sustainable materials. Regarding palm oil suppliers, the above assessment was made because some products were replaced.

(3) Regarding measures against climate change, we achieved our targets for environmentally-friendly products and reducing CO₂ emissions intensity at the manufacturing stage, but the above assessment was made because overseas Eco Charming product operations stalled.

Please see CSR Key Topic 3 for more details about our initiatives on recycling system for disposable diapers.

Meetings with stakeholders to exchange views during the implementation process of Eco Plan 2020

Holding meetings to exchange opinions on environmental activities

In 2017, in order to understand world environmental issues correctly and utilize this understanding in business activities, we held meetings with three researchers of The Institute for Global Environmental Strategies (IGES), which is an international research institute for the study of global environmental issues, and managers at our company who are responsible for marketing, development and CSR in order to exchange opinions on expectations for our company's future environmental activities.

We received high rating from IGES for our procurement of sustainable materials initiative and our extremely ambitious target of achieving 100% third party certification of paper and pulp by 2020 (Japan and overseas) and 100% third-party certification of palm oil suppliers (Japan). Regarding securing sustainable materials, when we said that it was difficult to ensure FSC etc. due to factors including cost, they pointed out the importance of putting effort into this at an early stage in terms of securing raw materials, since the value of forest certification is increasing and recently the New York Declaration on Forests* has come to be thought of as a means of climate change mitigation. IGES pointed out that while momentum for measures against climate change has increased with the signing of the Paris Agreement, CDP is also raising the bar for what is required of corporations. IGES also said that CSR departments must keep up with world trends and communicate them to business and financial departments and, as GDP of countries where the company is running the business is forecasted to be impacted due to the intensification of global warming, the possibility exists that it will have an impact on our company's operations as well. In the course of discussion of climate change issues, we had a renewed awareness of the importance of measures against climate change, as expressed in the opinions from our side, who said that we felt such measures required a variety of people working hand-in-hand, across industry sectors.

* In 2014, the importance of forests to measures against climate change was confirmed at the United Nations Climate Change Conference and the various stakeholders such as corporations, citizens, NGOs and governments pledged a declaration to cooperate on these initiatives.



Mr. Takayuki Shibaoka, IGES
(Business TF Researcher: at the time)

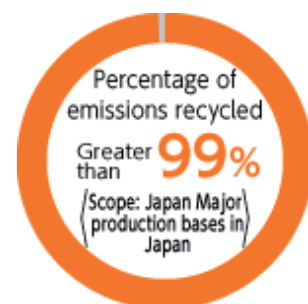


Mr. Hiromitsu Samejima, IGES
(at left in the photograph, Ph.D. in Ecological Science, researcher in natural resource and ecosystem services: at the time)
Ms. Makino Yamanoshita
(at right in the photograph, Ph.D. in Human Sciences, researcher in natural resource and ecosystem services: at the time)

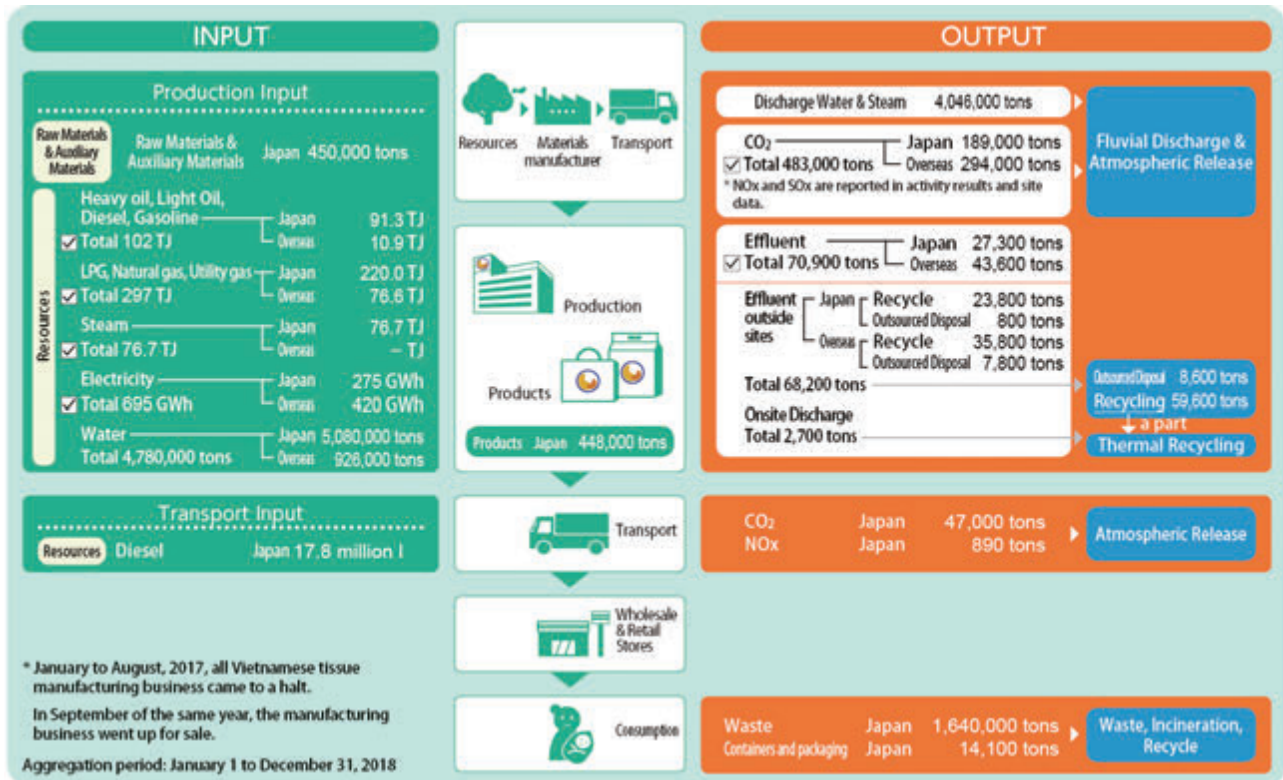
Energy/material flow from the entire lifecycle perspective

As a manufacturer of consumer products, our company uses resources in various aspects of its business activities. As a responsible manufacturer that utilizes resources and runs businesses, we engage in efforts to improve the environment at every stage of the supply chain through all of our business activities, from the procurement of materials to manufacturing, transport and disposal of products after use.

Emissions from major production bases in Japan total 25,100 tons over 99% of which were recycled.



Energy/material flow from a lifecycle perspective



Third-party assurance

In order to increase the reliability of non-financial data, we are receiving third-party assurance from PwC Sustainability LLC, based on ISAE3000/3410.

In the above diagram, the ✓ mark indicates locations with third-party assurance. Please see here regarding third-party assurance

Sites receiving third-party assurance: (85% of sales)

All business locations inside Japan (however, Headquarters, Sales Offices and Unicharm Mölnlycke have assurances only for fuel, electricity and CO₂)

Unicharm Corporation (Sales Offices, Development, Itami Factory, Mie Factory and Saitama Factory)

Unicharm Products Co., Ltd. (Fukushima Factory, Shizuoka Factory, Shikoku Factory)

Unicharm Kokko Non-Woven (Manufacturing Group 1 and Manufacturing Group 2) Unicharm Mölnlycke, Uni Care, Peparlet Co., Ltd. and Kinsei Products Co., Ltd.

Overseas manufacturing sites (manufacturing locations only)

China: Unicharm Consumer Products (China) Co., Ltd. (Shanghai Factory, Tianjin Factory and Jiangsu Factory), Unicharm Nonwoven Tianjin, Unicharm Packaging Materials (Tianjin) Co., Ltd.,

Indonesia: PT Uni-Charm Indonesia (Karawang Factory and Surabaya Factory), PT Uni-Charm Nonwoven Indonesia

Thailand: Uni-Charm (Thailand) Co., Ltd. (Bangkok Factory)

India: Unicharm India (Sri Factory, Ahmedabad Factory)

Taiwan: United Charm Co., Ltd. (Junan Factory)

Vietnam: Diana Unicharm Joint Stock Company Vietnam (Bac Ninh Factory)

USA: The Hartz Mountain Corporation (Pleasant Plain manufacturing facility)

*Use of coal has been eliminated with the sale of the Vietnam tissue manufacturing site.

Policies and standards: Aggregation based on company rules concerning the management of environmental information in accordance with relevant environmental laws and regulations including the Act on Rationalizing Energy Use, the Act on Promotion of Global Warming Countermeasures, and the Waste Management and Public Cleansing Act.

Notes:

1. CO₂ emissions in Japan are calculated based on the 2017 emission factors under the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures. The overseas portion is calculated based on the GHG Protocol Ver. 4.8. (0.734 for China, 0.809 for Indonesia, 0.500 for Thailand, 0.926 for India, 0.8 for Taiwan, 0.351 for Vietnam) and the published factors disclosed on electricity company website for the U.S.

In terms of shipping, we have statistics only for inside Japan.

2. Discharge includes industrial waste, general waste from offices, and recyclables.

3. Figures estimated from incinerator operations at the Fukushima Factory are used for the volume of thermal recycle of incinerated waste materials on premises.

Climate Change

Our basic approach and strategy

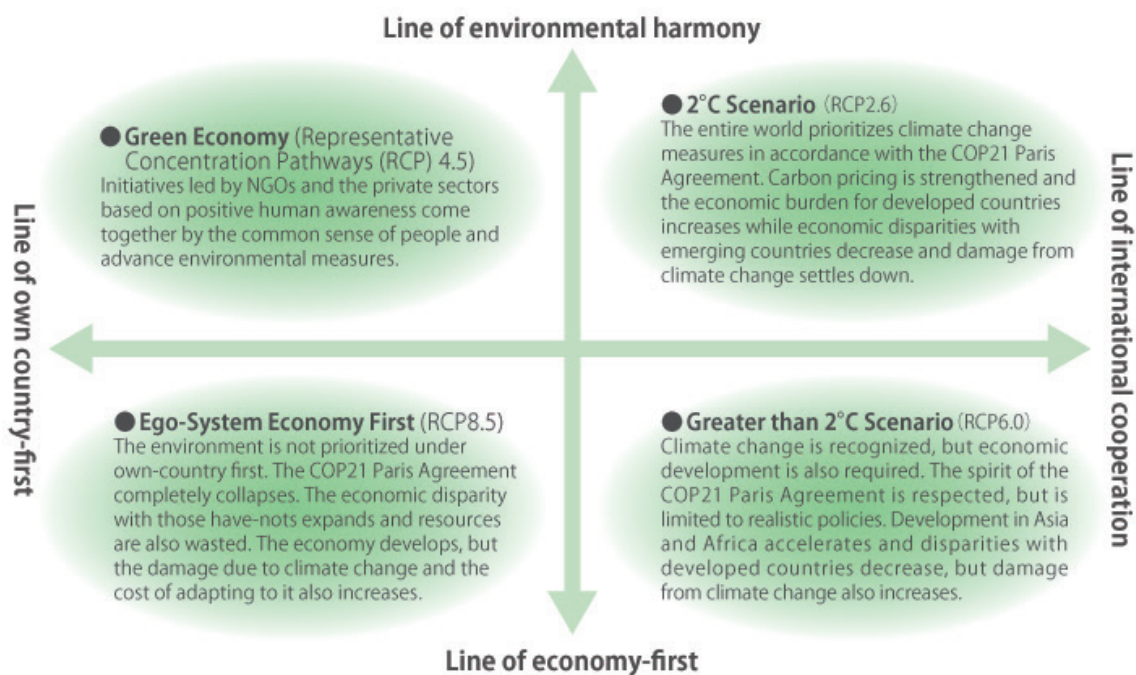
Unicharm takes seriously its contribution to achieving the 2°C scenario in the COP21 Paris Agreement adopted in 2015, advocates for the SBT (Science-based Targets) initiative and presents climate change progress reports via the CDP Climate Change Report.

Risks and opportunities with climate change

Since 2017, the MIT Technology Review has published the results of research in the United States (Stanford University and the University of California) that indicates that the Asian region, where our company focuses its business activities, will be affected the most if climate change mitigation and adaptation measures are not implemented. In order to avoid these kinds of risks, we are working with our stakeholders, not just our company, to promote improvements.

In 2018, we calculated the financial impact on energy based on the IEA 450ppm scenario and the operational impact due to physical risks based on the RCP 2.6 scenario. We also proceeded with the confirmation of issues for 2030/2050 under the 2°C scenario, the greater than 2°C scenario and the ego-system economy first scenario on two axes: the international cooperation or own country-first axis and the environmental harmony or economy-first axis (driving forces are assumed to include success of women socialization, urban concentration, waste problems, ESG investment, use of renewable energy, etc.)

■ Concepts of Climate Change



*We have made adjustments to the deliverables at The Frontier Network in which Unicharm participates.

2°C scenario: (see IEA Sustainable Development Scenario)

Prices of forest-derived raw materials will rise moderately and energy prices will rise sharply. The GDP of the Asian region will grow moderately and Unicharm's ROE will stay at current position and we will be able to maintain CAGR 7%. Markets will also expand over the ultra-long term and our performance will also increase (sustainable growth and expansion outside of Asia).

Greater than 2°C scenario: (see IEA Current Policies Scenario)

Prices of forest-derived raw materials will rise quickly, but increases in energy prices will be curbed. Costs will rise relatively, but GDP growth in the Asian region will also accelerate and Unicharm's ROE will also rise with upturn in CAGR 7%. Over the ultra-long term, the market will contract due to extreme weather (not sustainable).

Ego-system economy first scenario:

Climate change will be further amplified and restrictions will arise on procurement of forest-derived raw materials. However, there will be economic development with increases in both sales prices and volumes. Over the ultra-long term, major revisions of business strategy will be required due to very extreme weather.

Fast-paced climate change is not desirable in terms of the impact on Unicharm's business. Unicharm will work in partnership with diverse stakeholders to implement action in compliance with the Paris Agreement. Also, our company is using our technology for recycling used disposable diapers as an opportunity to promote forest protection and decarbonization by means of this technology.

Management structure

Four times per year, our company's CSR Committee, chaired by the Group's President & CEO, shares plans and progress on environmental activities, quality issues, social issues and other important governance matters. Specific plans are reported based on Eco Plan 2020, under the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which was proposed in August 2017.

Med-term activity goals

We established goals for 2020 under the Eco Plan 2020, which was instituted in 2016, and promote activities for achieving annual 2% reductions to Scope 1 and 2, and, for Scope 3, we are aiming in our supply chain to reduce environmental impacts within the life cycle compared to the baseline figures of 2005 and for a 100% introduction of upgraded environmentally-friendly products.

CO₂ emissions come, in the order of, approximately 47% from purchased materials under Scope 3, approximately 32% from disposal of products after use and approximately 11% from the manufacturing stage under Scope 1 and 2.

For Scope 1 and 2, we carry out energy reduction working activities with the EMS activity promoters at each location four times a year, implement annual plans and check progress to plan.

Regarding CO₂ emissions from materials, which make up the major part of Scope 3, LCA (Life Cycle Assessment) is calculated for each material from the design stage and product designers work with our CSR Division to implement measures for climate change from the standpoint of product function and CO₂ emissions.

Furthermore, at the Quality Policy Briefing Session held with suppliers in November 2017, we explained our company's CO₂ emissions status and the importance of reducing CO₂ emissions and requested their cooperation.

Please see also Initiatives to reduce CO₂ through products

■ Eco Plan 2020, goals and results of measures against climate change (from "Eco Plan 2020")

| | Implementation items | 2015 results | 2016 results | 2017 results | 2018 targets | 2018 results | Evaluation | 2019 targets | 2020 targets |
|------------------------------------|--|--------------|--------------|--------------------------|-----------------|-----------------------|------------|-----------------|--------------|
| (3) Measures for climate change | ■ Environmentally Friendly Products (Japan) | 72% | 78% | 80% | 83% | 86% | ○ | 93% | 100% |
| | ■ Products with the Eco Charming label (Japan) | 50% | 56% | 58% | 60% | 66% | ○ | 60% | 60% |
| | ■ Products with the Eco Charming label (Overseas) | 0% | Survey | Understanding Completion | Operation Start | Operation Start Delay | × | Operation Start | 10% |
| | ■ CO ₂ emissions base unit during manufacturing compared to 2015 (Japan) | Base year | -2.4% | -4% | -6% | -6% | ○ | -8% | -10% |
| | ■ CO ₂ emissions base unit during manufacturing compared to 2015 (Overseas) | Base year | — | -3% | -6% | -6% | ○ | -8% | -10% |
| | ■ Collection of overseas site data (compared to sales) | 73% | 77% | 81% | 83% | 83% | ○ | 85% | 80% |

Third party assurance

In order to increase the reliability of non-financial data, we are receiving Third party assurance from PwC Sustainability LLC, based on ISAE3000/3410.

Please see Environmental Management>Energy/material flow from a lifecycle perspective
Please see here regarding Third party assurance

[Japan] CO₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)

Our company (in Japan) estimates its CO₂ emissions according to the Greenhouse Gas Protocol*, the standard for calculating greenhouse gases (GHG) most widely used in the world today.

The results of calculations following this standard indicate that 47% of Unicharm's emissions are from materials procurement and 32% from the disposal of products after use. We will continue to carry out activities aimed at establishing a low-carbon society.

* In 1998, the GHG Protocol Initiative was established as a meeting for developing standards of calculating and reporting GHG primarily by the World Resources Institute (WRI), an environmental NGO based in the United States, and the World Business Council for Sustainable Development, comprising 200 multinational corporations.

In 2001, version one of the GHG Protocol was established and since then this approach to GHG calculation has become a worldwide standard.

■ CO₂ emissions by Scope (Japan)

| Scope | Category | Emissions (thousand tons-CO ₂) |
|-------------------------|--|--|
| Scope 1 | | 29 |
| Scope 2 | | 160 |
| Scope 3 | 1 Purchased goods and services | 800 |
| | 2 Capital goods | 119 |
| | 3 Fuel- and energy-related activities | 2.7 |
| | 4 Upstream transportation and distribution | 47 |
| | 5 Waste generated in operations | 1.2 |
| | 6 Business travel | 0.4 |
| | 7 Employee commuting | 1.8 |
| | 8 Upstream leased assets | 1.2 |
| | 9 Downstream transportation and distribution | not applicable |
| | 10 Downstream-processing of products sold | not applicable |
| | 11 During product use | not applicable |
| | 12 End-of-life treatment of products sold | 538 |
| | 13 Downstream leased assets | not applicable |
| | 14 Franchises | not applicable |
| | 15 Investment | not applicable |
| Scope 3 total: | | 1,512 |
| Scope 1, 2 and 3 total: | | 1,701 |

*Scope 3 Category 2 increased due to payments at the Kyushu Factory during the term.

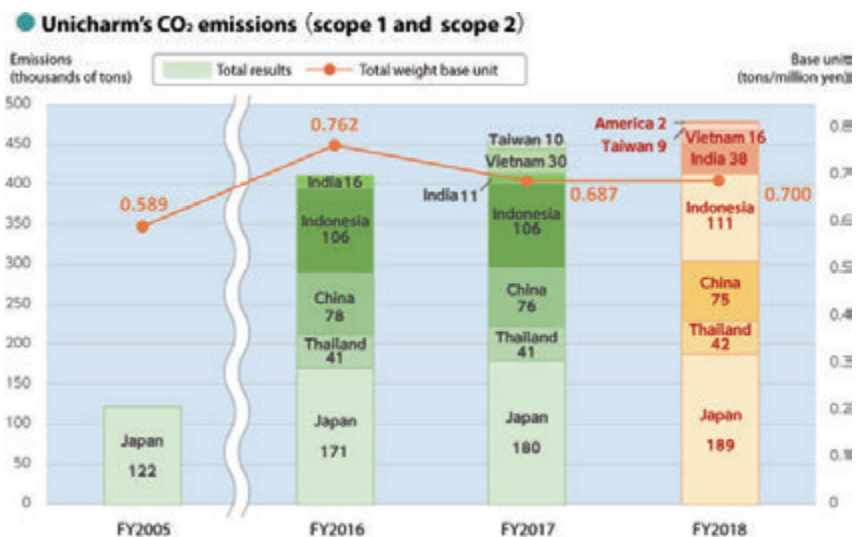
[Japan and overseas] CO₂ emissions from corporate activities (Scope 1 and 2)

In fiscal 2018, CO₂ emissions were 29,000 tons for Scope 1 and 160,000 tons for Scope 2. Going forward, we will promote activities to lower CO₂ emissions in each country and work to lower base unit per net sales.

Please see Eco Plan 2020 for detailed targets.

Reducing CO₂ emissions

In fiscal 2018, we added Hartz in America to the data range for non-financial audit. As a result of these activities, we were able to lower the base per unit and reduce emissions in countries within the existing data range. In each country, the results reflected the accomplishments of energy conservation initiatives, but we are continuing to promote emissions reduction activities.



[Overseas] Achieving 100% renewable energy use at Brazil Factory (Scope 2)

At the Brazil Factory, renewable energy provides all the electricity and we are promoting activities to reduce CO₂ emissions.



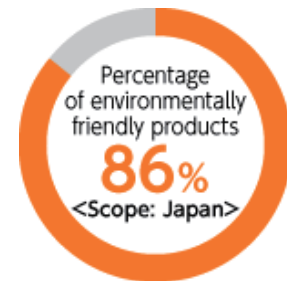
[Japan] Initiatives to reduce CO₂ through products (Scope 3, Categories 1, 4 and 12)

Our company has set a target ratio for environmentally-friendly products as part of its environmental goal and is working on product development by having an environmentally-friendly mind. Products with improved environmental performance are defined as environmentally friendly products based on an evaluation of whether environmental impacts are successfully reduced within the life cycle from the baseline figures of FY2005. Certification is performed by the CSR Division, which is independent from development, by calculating LCA (Life Cycle Assessment). In 2018, we achieved our goal of 83% environmentally-friendly products. In 2019, we will work to further increase this percentage.

Additionally, Eco Charming products are a further evolved version of environmentally friendly products defined as top tier products that help contribute to the realization of a sustainable society. As of today, a total of 158 items fulfilled this definition (certification was extended to pet care products and institutional-use products in addition to personal care products starting in 2017). Going forward, we will continue to introduce environmentally-friendly products as a means to lowering CO₂ emissions of procured materials and reducing CO₂ emissions during product disposal after use.

Please see Eco Plan 2020 for detailed targets.

■ Framework of environmentally-friendly products



■ An example of Eco Charming products



■ Example - Sanitary Product

Sofy Ultra-Sound-Sleep Best-Fit Slim, a newly released product from the Sofy Ultra-Sound-Sleep brand of nighttime feminine napkins, features two-thirds the thickness of the ordinary Sofy Ultra-Sound-Sleep Guard. This means the product weighs 84.0% of conventional products and as a result CO₂ emissions from manufacturing and distribution processes are 82.4% of usual.



Sofy Ultra-Sound-Sleep



Best-Fit Slim (right)

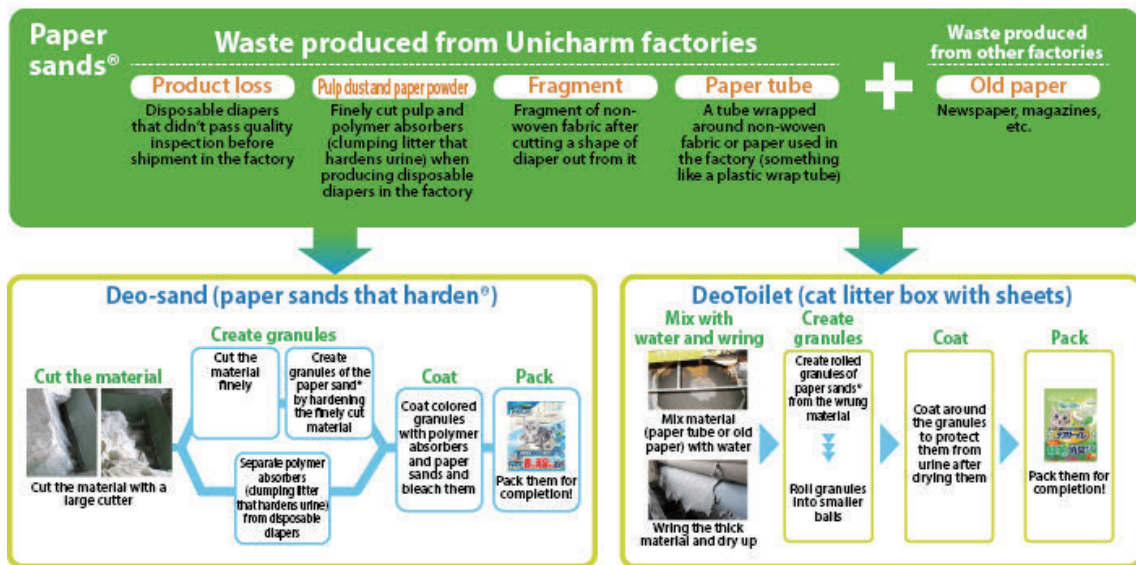
[Japan] Sharing importance of measures against climate change with suppliers (Scope 3 Category 1)

At the Quality Policy Briefing Session held with suppliers in November 2017, we presented Eco Plan 2020 as support for procurement of sustainable materials. 70% of CO₂ emissions comes from materials procurement and from disposal of products after use. Once again, we came to realize the importance of tackling these together with suppliers. Going forward, we will require cooperation in introducing environmentally-friendly products.

[Japan and overseas] Initiatives to reduce waste at production sites (Scope 3 Category 5)

At our overseas subsidiary in Thailand, we installed facilities to crush out-of-scope products from the production process, with more than 90% of the waste generated at the site being recycled. In conjunction with domestic recycling activities, we have achieved zero landfill waste.

Please see CSR Key Topic 3 on “Commercializing waste from factories to achieve zero emissions.”



[Japan] Initiatives to reduce CO₂ in distribution and retail (Scope 3 Category 4 and 9)

Unicharm Products is actively promoting initiatives to reduce environmental impact. In fiscal 2018, it established a new logistics center alongside the Fukushima Factory and has dramatically reduced the volume of products conveyed on roundabout routes by truck through the installation of a product conveyor between the factory and the logistics center. In a similar initiative, a new logistics center will be established close to the Shizuoka Factory in fiscal 2019. Initiatives have also been launched in partnership with other industries aimed at expanding modal shift. Through such initiatives, CO₂ emissions were 98.6% compared with those in fiscal 2017 (a reduction of 560 tons-CO₂). Going forward, we will continue promoting further initiatives aimed at reducing our environmental impact.



Fukushima Factory and New Logistics Center

Evaluated by CDP Japan 500* for disclosure of climate change information

Unicharm cooperates with a survey of 500 companies selected for their inclusion in the FTSE Japan Index as part of its efforts to address CDP climate change. In fiscal 2018, Unicharm received a disclosure score of B. This indicates that the PDCA cycle for climate change is functioning at a high level to address our company’s overall efforts. Unicharm was also recognized for moving forward with information disclosures to shareholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of climate change.



Please see also Supply Chain (Environment)>Obtaining A- rating in CDP* forests program and Water Resources>Obtaining C rating in CDP* water program.

* Carbon Disclosure Project: An international NGO that works to realize a sustainable society by conducting global surveys on the environment and by disclosing information

Participation in Japan Climate Initiative (JCI) since its establishment

The Japan Climate Initiative (JCI) was launched in Tokyo on July 6, 2018 and Unicharm has endorsed its declaration, “Joining the front line of the global push for decarbonization from Japan”, and has participated in the JCI. Unicharm will strive to achieve the COP21 Paris Agreement while collaborating with companies, local governments, organizations, NGOs and others that are working proactively on measures for climate change.



[Japan] Utilization of SBT activities as a concrete climate change mitigation plan

In order to draft concrete climate change mitigation plans, our company has endorsed SBT (Science-based Targets), an international initiative, in May 2017 and uses the SDA tool (Ver. 8) to perform simulations up to 2050 and to draft reduction plans. In June 2018, in consultation with SBT, we received Japan's 17th certification for a plan that is aligned with the 2°C target.



[Japan] Commendation of initiatives aimed at establishing a low-carbon society

The Low-Carbon Cup is a program for commending activities of various organizations for preventing global warming in an attempt to build a low-carbon society for the next generation. The program shares know-how and information about excellent initiatives taking place across Japan and fosters cooperation and motivation for further activities. The year 2019 marks the ninth year of the program.

As a partner that advocates for the initiatives of the Low-Carbon Cup, from 2016 our company established the Unicharm Eco Charming Award for Excellence to be presented to companies or organizations.

At Low-Carbon Cup 2019, after presentations by 28 finalists, the Unicharm Eco Charming Award was presented to the “Global Warming Countermeasures Eco Action by High School Students” as part of the Hiroshima Municipal Technical Green Project of Hiroshima Municipal Technical High School.



Introduction of SDGs-related activities at EcoPro 2018

Unicharm exhibited at EcoPro 2018 which was held at Tokyo Big Site in December 2018 with the theme “EcoPro 2018 – Environment and Society in the age of SDGs and to the Future”. A total of 162,217 people visited EcoPro 2018, according to EcoPro Secretariat Office, and more than 5,000 people visited Unicharm.

This year, we used the theme of “O (zero/circle)” for our exhibits and introduced the manufacturing method of paper sand® (a toilet product for cats) which achieves zero waste emissions for factories, recycling of disposable used diapers aimed at resource recycling (circular economy) and social walking®, which aims for zero social isolation.



Unicharm Booth Thronged with many Visitors

Please see CSR Key Topic 3 for the first two abovementioned exhibits and CSR Key Topic 1 for the third exhibit .

Pollution Prevention and Resource Utilization

Our basic approach

Most of the products Unicharm provides are consumables essential to a clean and healthy lifestyle which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia, our role and responsibility for reducing our environmental impact has also increased with each passing year.

Therefore our company, in line with our Environmental Policy and Eco Plan 2020, is striving for effective utilization of resources and to prevent pollution.

Also, our CSR Committee, which meets four times per year and is chaired by the Group's President & CEO, uses PDCA to check progress status and to promote the achievement of targets.

Management structure

Four times per year, our company's CSR Committee, chaired by the Group's President & CEO, shares plans and progress on environmental activities, quality issues, social issues and other important governance matters. Specific plans are reported based on Eco Plan 2020, under the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which was proposed in August 2017.

Pollution prevention activities and controls are carried out in accordance with environmental laws and regulations and ISO14001. Three types of environmental audits are implemented in order to maintain and improve the level and performance of activities and controls.

- (1) periodic audits in conformance with ISO14001-compliant environmental management systems;
- (2) Periodic audits focused on confirmation of compliance with laws and regulations
- (3) Onsite audits at industrial waste processing partners in order to confirm appropriate practices

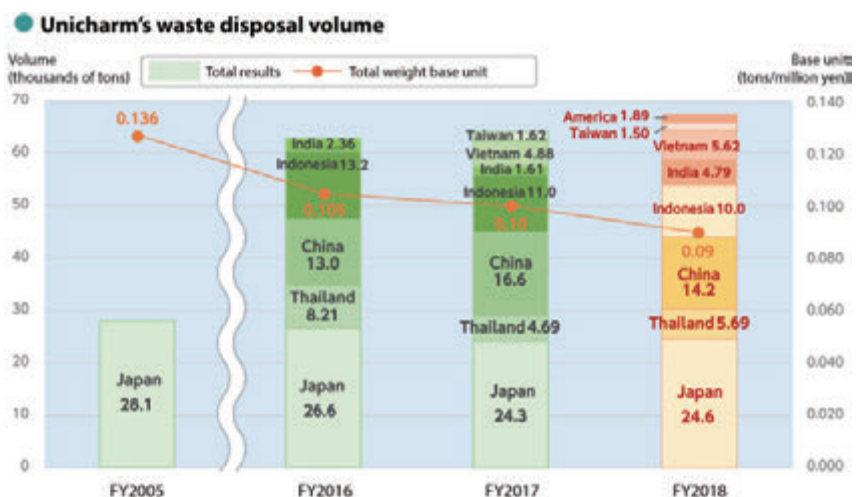
Eco Plan 2020, goals and results of reduction of waste (from "Eco Plan 2020")

| | Implementation items | 2015 results | 2016 results | 2017 results | 2018 targets | 2018 results | Evaluation | 2019 targets | 2020 targets |
|------------------------|---|--------------------------|---------------------------------|-------------------|---------------------------|---------------------------|------------|-----------------------------|--------------|
| (1) Reduction of waste | ■ Recovery technologies for used disposable diapers (Japan) | Established technologies | Starting with local governments | Start experiments | Cycle model establishment | Cycle model establishment | ○ | Cycle model operation start | Operation |
| | ■ Recycling of product loss (overseas) | 2,000 tons | 2,600 tons | 2,600 tons | 3,000 tons | 4,300 tons | ○ | 4,000 tons | 4,000 tons |

Waste disposal reduction and effective utilization of resources

We promote waste disposal reduction and effective utilization of resources through activities focused on the following initiatives.

- Ongoing verification testing of recycling used disposable diapers
Ongoing verification testing in the City of Shibushi, Kagoshima Prefecture
- Initiatives for not disposing of waste from factories externally, but to recycle it within the Unicharm Group
Use of scraps produced during production of disposable diapers in Japan and overseas as the raw material for cat continence care products (Paper-sand®).
- Aiming for achievement of zero emissions at all production bases (three bases).
Reduction in landfill processing



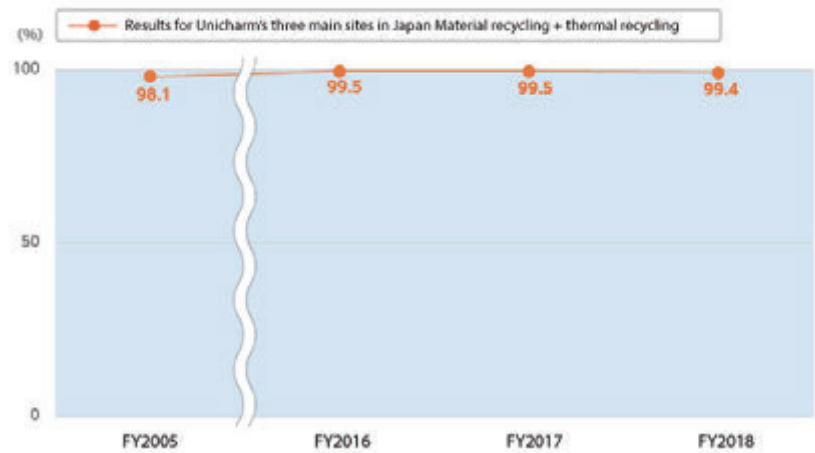
- For waste that absolutely must be discarded outside of the factories, search for waste processing suppliers who will practice the 3Rs (reduce, reuse and recycle) and will not place strain on the environment and consign the processing to them.
 Improve manufacturing quality and reduce waste generation
 Prioritize recycling over heat treatment

* Corrected back to fiscal 2015 for China as figures that should have been included in external recycling were mistakenly included in in-house recycling.

Recycling rate

In fiscal 2018, we continued to maintain the high recycling rate of over 99%. The number of other plants that have achieved zero emissions status by attaining a recycling rate of greater than 99% is also on the rise.

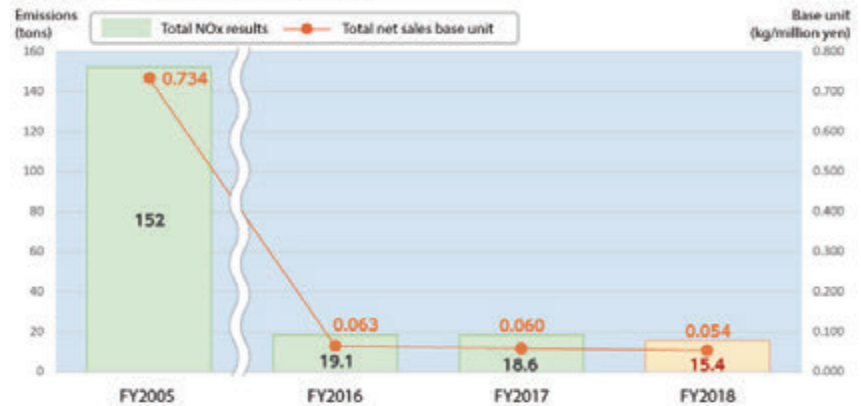
Recycling rate (Japan)



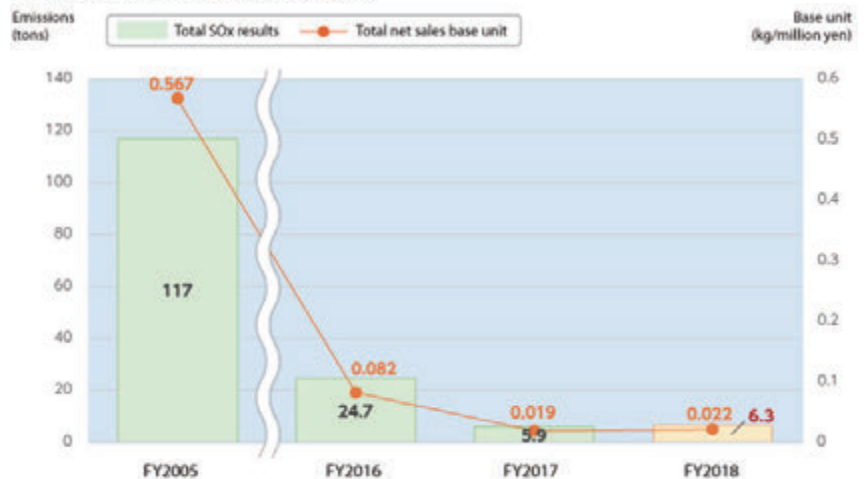
Measures against airborne pollutants

We are endeavoring to reduce NOx and SOx emissions by means of such as improving the operating efficiency of boilers, etc.

Unicharm's NOx emissions (Japan)



Unicharm's SOx emissions (Japan)



Protection of the ozone layer

Management of CFCs in compliance with laws and regulations. Conduct periodic inspections and endeavor to protect the ozone layer.

■ Ozone depleting substances (Japan)

| Substance Name Business location | Amount in possession (tons) | Amount in possession (tons) | Use |
|---|---|-----------------------------|----------------|
| Halon (Class 1) | Unicharm Products Shizuoka Factory | 1.6 | Fire retardant |
| | Unicharm Products Shikoku Factories (Kagawa) | 0.070 | |
| | Unicharm (other development sites, etc. Kagawa) | 0.00010 | |
| HCFC (Class 1) | Unicharm Products Fukushima Factory | 2.6 | Refrigerant |
| | Unicharm Products Shizuoka Factory | 3.6 | |
| | Unicharm Products Kyushu Factory (Fukuoka) | 2.3 | |
| | Unicharm Products Shikoku Factories (Kagawa) | 3.7 | |
| | Unicharm Kokko Non-Woven Co., Ltd. (Ehime/Kagawa) | 0.65 | |
| | Unicharm Pet Care Co., Ltd. (Hyogo/Mie/Saitama) | 0.93 | |
| | Peparlet Co., Ltd. (Shizuoka) | 0.038 | |
| Unicharm (other development sites, etc. Kagawa) | 0.86 | | |
| CFC | Unicharm (other development sites, etc. Kagawa) | 0.0010 | |

* Reported for company properties based on the Act on Rational Use and Proper Management of Fluorocarbons

[Japan] Participation in “Plastics Smart” Campaign organized by Ministry of the Environment of Japan

Unicharm endorsed and participated in activities for the “Plastics Smart” campaign. The Ministry of the Environment of Japan launched the campaign in 2018 to support the implementation of initiatives through the cooperation of diverse bodies including corporations, local governments, individuals and NGOs aimed at solving the global problem of plastics in the oceans.



[Japan] Introduction of activities to recycle plastic from factory waste

Unicharm recycles plastic from the waste generated in our factories. We turn scraps (trim) generated in manufacturing processes into pellets for recycling* to promote the efficient use of plastic.

* Please see CSR Key Topics 3 Initiative 2 Realizing the goal of “zero waste” by repurposing the waste generated by our factories on a commercial footing

■ Introduction of “recycling factory waste into plastic,” Unicharm’s initiative under the Plastics Smart campaign



[Japan] Introduction of Unicharm's 3R activities through "Re-Style FES!" organized by Ministry of the Environment of Japan

"Re-Style FES!" organized by the Ministry of the Environment of Japan was held over two days in October 2018 at Aeon Mall Makuhari Shintoshin and Unicharm participated as a supporting company. The Ministry of the Environment is advocating the lifestyle of a recycling-oriented society as "Re-Style" and calling for a proliferation of "Re-Style" activities and initiatives. As part of this, "Re-Style FES!" was held with the aim of promoting 3R behavior among consumers by exhibiting and introducing products connected to the 3R behaviors of reduce, reuse and recycle.



[Japan] Prevention of water pollution, soil contamination and offensive odor

We strive to prevent pollution by management according to laws and regulations and voluntary standards. For water quality, we comply with the Water Quality Pollution Control Act and the Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea. To prevent soil contamination and offensive odor, we conduct periodic measurements according to voluntary standards.

[Japan] Initiatives to reduce the use of hazardous chemical substances (business waste)

Unicharm has established measures to control its use of chemical substances that are harmful not only to people, but ecosystems as well. We have formulated guidelines and a dedicated department investigates toxicity and legal compliance.

PCB storage situation

A small amount of PCBs is stored at certain business sites awaiting processing for disposal. Compliance assessments on storage conditions are carried out regularly and no abnormalities were found.

PRTR substance management

Use of toluene went up with an increase in the volume of printing.

■ PRTR substance management

| Fiscal year | Toluene (t/year) | Ethylene oxide (kg/year) | Dioxin (mg-TEQ/year) |
|-------------|------------------|--------------------------|----------------------|
| 2016 | 356 | 4 | 0.0003 |
| 2017 | 281 | 4 | 0.0001 |
| 2018 | 283 | 4 | 0.0001 |

Supply Chain (Environment)

Our basic approach and strategy

Many of the products that Unicharm provides are consumables essential to a clean and healthy lifestyle which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia, our role and responsibility for reducing our environmental impact has increased with each passing year.

In addition, the paper and pulp which form the absorbent material contained in our mainstay products are produced from coniferous trees and the palm oil added in small quantities to pet food is produced in plantations in the tropics. For such forest-derived resources, we believe that it is important to use certified materials that take the needs of sustainability into account.

Risk and Opportunity in the Supply Chain (Environment)

We perceive that a risk for our company is reduced supply due to destruction of forests and depletion of water resources in the upstream processes of forest-derived resources (paper, pulp, palm oil, etc.). Therefore, we formulated the Forest-derived Raw Materials Procurement Guidelines in 2015 and the Sustainable Procurement Guidelines in 2017, and we are striving to reduce the risk by ensuring the implementation of these guidelines by our suppliers.

On the other hand, we perceive that the opportunities for our company are reducing environmental impact and costs through low CO₂ emission and energy-efficient resource procurement, reducing environmental impact and costs through reduction of waste and use of recycled resources and the marketing of products as environmentally-friendly to promote sales. We will not only promote in-house recycling but also improvements in the efficient use of resources and resource recycling in society as a whole.

Management structure

Four times a year, we share plans and progress regarding priority issues for environmental activities, quality issues, social issues and governance at the CSR Committee chaired by the Group's President. Our detailed plans are reported using Eco Plan 2020 as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) proposed in August 2017.

Medium-Term Activity Targets

We drafted Eco Plan 2020 in 2016 and, as a target for 2020, we have been implementing activities aimed at switching to certified sustainable materials for 100% of the paper and pulp we purchase in Japan and overseas and 100% of the palm oil we purchase for pet food.

■ Eco Plan 2020 Sustainable Material Procurement Targets and Results (Excerpt from Eco Plan 2020)

| | Implementation items | 2015 results | 2016 results | 2017 results | 2018 targets | 2018 results | Evaluation | 2019 targets | 2020 targets |
|---|--|--------------|------------------------|------------------------------|--------------------------|-----------------------------|------------|--------------|--------------|
| (2) Procurement of sustainable materials | ■ Third party certification of paper and pulp suppliers (Japan) | 82% | 80% | 94% | 95% | 95% | ○ | 97% | 100% |
| | ■ Third party certification of paper and pulp suppliers (overseas) | — | 84% | 87% | 90% | 90% | ○ | 92% | 100% |
| | ■ Third party certification of palm oil suppliers (Japan) | 0% | Start of investigation | Understanding Current Status | Understanding Completion | Performance achievement 10% | 2% | × | 10% |

Evaluating new suppliers

We conduct a questionnaire on the environment and supplier evaluations through the Procurement Department for new suppliers. In 2018, we did not evaluate any new suppliers.

Evaluating existing suppliers

We carry out evaluations from five points of view (consistency of quality, stable supply, safety, environmental impact and delivery) and, once every three years, give commendations based on the scorings for each of a supplier's activities. In 2018, we evaluated 16 suppliers and did not find any deviations from the guidelines.

Formulating the Unicharm group sustainable procurement guidelines

In October 2017, we formulated the Unicharm Group Sustainable Procurement Guidelines setting out standards for environmental conservation with the aim of achieving sustainable procurement.

Please see the Unicharm Group Sustainable Procurement Guidelines for details.

Providing suppliers with explanations of our policies

In November 2017, we held a briefing session to disseminate our procurement policies and guidelines at the Quality Policy Briefing Session for 76 supplier companies. In addition to distributing and explaining guideline materials, we once again asked for compliance and called for cooperation with respect to the importance of responding to climate change, sustainable procurement and water risk throughout our entire supply chain.

Please see Climate Change>[Japan] Sharing the Importance of Climate Change Countermeasures with Suppliers (Scope 3 Category 1)



Initiatives to promote Forest-derived Raw Materials Procurement Guidelines

We formulated the Forest-derived Raw Materials Procurement Guidelines in July 2015. As a result of checks through questionnaires on the status of compliance distributed to 3 relevant suppliers in 2018, there were no companies in violation of the guidelines.

Forest-derived Raw Materials Procurement Guidelines

Introduction

Recognizing the seriousness of the environmental issues that have emerged in recent years, including the impact of global warming and loss of biodiversity, etc., Unicharm Corporation aims to realize procurement of sustainable raw materials. Being fully aware that our business operations are dependent on natural resources, Unicharm supports procurement models that do not involve destruction of forests. We will also take an initiative for the current environmental issues as for plantation of palm oil.

Strategy

With climate change related risk having risen significantly in recent years, besides striving to reduce the burden placed on the environment, and to safeguard the environment, Unicharm is also making a serious effort to promote supply chain management that takes biodiversity into account, in line with the goal of building a sustainable society. Therefore, we are committed to environmental conservation through the operation of the Forest-derived Raw Materials Procurement Guidelines, which make the Basic Environmental Policy*1 and the Basic Policy of Procurement *2 more concrete with regards to biodiversity.

*1 Basic Environmental Policy:

As a company that engages in the manufacture and sale of disposable products, we recognize the extent of our responsibility to the environment. Through our corporate activities we strive to create environmentally friendly products so that we may in the future pass on a beautiful earth to future generations. We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and we are determined to realize the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

*2 Unicharm Basic Policy of Procurement (excerpt from environmental themes):

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

Objectives

By 2020, Unicharm aims to be using raw materials that take the needs of sustainability into account, and recycled materials, for the paper and pulp used in the company's absorbent products.

When using virgin pulp (as opposed to waste paper or recycled pulp), Unicharm will collaborate with suppliers to fully verify that no damage is caused to forest resources. Specifically, Unicharm will verify third-party certified raw materials, such as FSC and PEFC, and certificates of origin confirming that materials do not come from High Conservation Value Forests (HCVF) and High Carbon Stock Forests (HCSF).

Japan Business Initiative for Biodiversity (JBIB) activities, and is striving to promote the utilization of sustainable forest resources.

Action Guideline

1. Giving priority to the use of waste paper, recycled pulp, and mill broke (paper trimmings and scrap generated during the paper manufacturing process).
2. Prioritizing the use of forest resources certified by reputable third parties such as the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification Schemes (PEFC).
3. In the case of forest resources for which third-party certification is not available, certificates of origin, tags etc. are used to verify that the resources in question are not logged from High Conservation Value Forests (HCVF) or High Carbon Stock Forests (HCSF); Unicharm strives to promote the creation of supply chains which ensure that: (In regard to environmental issues): There is a guarantee that no damage is caused to forests; (In regard to social issues): The human rights of workers and indigenous residents are protected; (In regard to compliance): Local laws and regulations are respected and complied with.

Terms

FSC : Forest Stewardship Council

<https://jp.fsc.org/jp-jp>

PEFC : Programme for the Endorsement of Forest Certification Schemes

<http://www.pefcasia.org/japan/>

HCVF : High Conservation Value Forests

HCSF : High Carbon Stock Forests

<http://www.wwf.or.jp/activities/2009/09/701514.htm>

JBIB : Japan Business Initiative for Biodiversity

<http://jbib.org/>

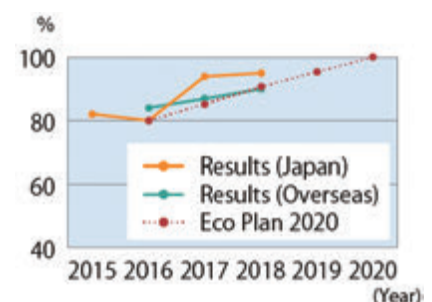
Promoting environmentally-friendly supply chain management

Amid mounting climate change risk over the past few years, Unicharm has been striving to reduce its environmental impact and to conserve the environment with the aim of building a sustainable society. We have also been promoting supply chain management that gives consideration to the needs of biodiversity. By 2020, Unicharm aims to switch to recycled paper or certified sustainable forest-derived products for the paper and pulp used in the company's absorbent products. We have also instructed our suppliers not to use raw materials sourced from High Conservation Value Forests (HCVFs), which have a significant impact on biodiversity, and High Carbon Stock Forests (HCSFs).

Starting in 2016, we expanded the scope of activities for the procurement of sustainable materials to include local overseas suppliers.

Please see Eco Plan 2020 for detailed targets

Percentage of Sustainable Materials Certified by Third-Parties including FSC



Also, we became a member of the Roundtable on Sustainable Palm Oil in 2017 and began collecting information and establishing traceability aimed at sustainable procurement given our focus on environmental issues directly related to palm oil.

Please see Biodiversity > Usage of third-party certified sustainable palm oil for 2018 initiatives related to palm oil.



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のマーク
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Please see Unicharm's progress from the following URL.
www.rspo.org

Confirming the origin of paper and pulp

Pulp, which is mainly used as an absorbent, is made of conifers in FM-certified forests native to North and South America. The tissue enclosing the absorbent is made of wood from FM-certified forests in North America, China and Indonesia.

Vancouver declaration to promote the FSC and SDGs

Following multiple rounds of open discussion with FSC Japan, Unicharm stated its endorsement of the Vancouver Declaration on October 12, 2017, and we are committed to the expansion of FSC-certified materials. The logos of 57 companies (including 12 in Japan) that have endorsed the Vancouver Declaration can be seen at SUPPORTERS OF THE VANCOUVER DECLARATION.

Obtaining A- rating in CDP* forests program

Unicharm supports efforts to address the CDP forests program and cooperates with a survey of companies. In 2018, Unicharm received an A-rating. This indicates that the PDCA cycle for forest-derived resources is functioning at a high level company-wide and that Unicharm was recognized for moving forward with information disclosures to stakeholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of biodiversity.



Please see Climate Change > Evaluated by CDP Japan 500 for disclosure of climate change information and Water Resources > C Rating in CDP Water Program

* Carbon Disclosure Project: An international NGO that works to realize a sustainable society by conducting global surveys on the environment and by disclosing information

Biodiversity

Our basic approach and strategy

Many of the products that Unicharm provides are consumables essential to a clean and healthy lifestyle, which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia in order to provide better products to consumers around the world, our role and responsibility for reducing our environmental impact has increased with each passing year.

Our business activities are also dependent on natural resources, particularly paper and pulp. Consequently, we fully acknowledge that the impact of emissions and wastewater from our production plants on the natural environment is not unrelated to the loss of biodiversity that is currently proceeding on a global scale.

We will improve the sustainability of our business based on appreciation and management of the impact that our business activities have on the biodiversity.

Risk and Opportunity in Biodiversity

Our risks are (1) procurement of resources could become unstable and capacity utilization rate could decline or that procurement costs could become unstable due to negative impacts on biodiversity that occurs when procuring resources (particularly paper pulp, palm oil and agricultural products); and (2) the danger that due to the impact on biodiversity that occurs during operations at our sites, costs may be incurred and operations may be suspended for the restoration of sites to their original condition and consumers may be reluctant to buy our products.

On the other hand, in terms of our opportunities, we expect that (1) the proactive utilization of certified sustainable materials will lead to stable supply of materials and reduction of costs; and (2) sales will expand due to the supply of products that take the needs of biodiversity into consideration in collaboration with retailers.

Management structure

Four times a year, we share plans and progress regarding priority issues for environmental activities, quality issues, social issues and governance at the CSR Committee chaired by the Group's President. Our detailed plans are reported using Eco Plan 2020 as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) proposed in August 2017.

We identify and review biodiversity problems and materiality through exchanges of opinions with outside experts to formulate issues and set indicators for our activities. In Eco Plan 2020, we are promoting a switch to third-party certified raw materials the sustainability of which has been assured in collaboration between the Corporate Social Responsibility Department, the Global Research & Development Division, the Procurement Department and procurement at overseas sites. We report progress to the CSR Committee as well as implementing disclosure on our corporate website.

Eco Plan 2020 Sustainable Material Procurement Targets and Results (Excerpt from Eco Plan 2020)

| | Implementation items | 2015 results | 2016 results | 2017 results | 2018 targets | 2018 results | Assessment | 2019 targets | 2020 targets |
|---|--|--------------|------------------------|--------------------------|---------------------|--------------|------------|--------------|--------------|
| (2) Procurement of sustainable materials | ■ Third-party certification of paper and pulp suppliers (Japan) | 82% | 80% | 94% | 95% | 95% | ○ | 97% | 100% |
| | ■ Third-party certification of paper and pulp suppliers (Overseas) | — | 84% | 87% | 90% | 90% | ○ | 92% | 100% |
| | ■ Third-party certification of palm oil suppliers (Japan) | 0% | Start of investigation | Completion of assessment | Achieve results 10% | 2% | × | 10% | 100% |

We also verify industrial waste storage facility management and processors and measure emissions and wastewater in order to minimize the impact on manufacturing-based sites.

Biodiversity initiatives

Opinion Exchange Session with Experts 1

In 2017, we exchanged opinions with the Institute for Global Environmental Strategies (IGES), a public interest incorporated foundation, in order to make the company's environmental activities into more effective initiatives.

Please see Environmental Management > Meetings with stakeholders to exchange views during the drafting process of Eco Plan 2020

Opinion Exchange Session with Experts 2

In October 2017, we exchanged opinions with the WWF on procurement of forest resources and following comment was posted on our forest resources exhibit at EcoPro 2017.

● Voice from WWF staff member

Around the world, we are still losing approximately 6.5 million hectares of natural forest every year (about 30 times the size of Tokyo). There are many reasons for this, but one reason is the production of forest products, such as paper goods and palm oil, and agricultural products and it has been reported that this also leads to such problems as illegal activities, loss of valuable natural habitat and social conflict with local residents. In order to solve such problems, the WWF believes that while it is naturally important for producers to consider the environment and society when making products, it is also important to create a society in which consumers consciously select products based on the same considerations.

As marks signifying the protection of forests, the FSC and the RSPO are one way to achieve this. Using this system creates a mechanism by which businesses that produce forest products and palm oil or handle products that use them and consumers can prevent being complicit in social issues such as environmental destruction and human rights while simultaneously supporting businesses that produce and sell goods in a responsible manner.



Ms. Chiaki Furusawa
Forest Program,
Nature Protection Office,
WWF Japan

Opinion Exchange Sessions with Other Experts

In 2018, Unicharm also held opinion exchange sessions with the Forest Stewardship Council (FSC), an NGO; the Global Environmental Forum (GEF); and Amundi Japan, Ltd. and Nomura Asset Management Co., Ltd. in the Ministry of the Environment of Japan's Environmental Reporting Platform Development Pilot Project. As a company that uses forest resources, we will continue promoting highly transparent sustainable activities while obtaining information from NGOs and NPOs about local circumstances and forming partnerships to contribute to the achievement of targets.

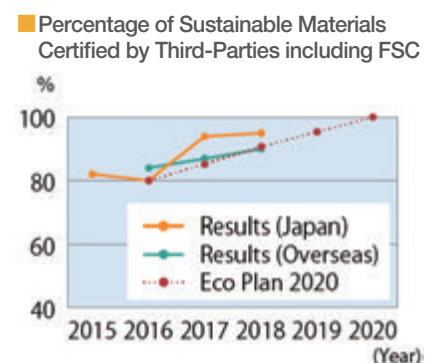
Initiatives of the Japan Business Initiative for Biodiversity (JBIB)

Unicharm supports the philosophy of the Japan Business Initiative for Biodiversity (JBIB) (Chair: Mitsui Sumitomo Insurance Company, Limited) and has participated as a member of the network since 2009.



Promoting use of sustainable materials Certified by third parties including the FSC

The percentage of sustainable paper pulp with certification by third parties, including the FSC, PEFC and SFI, out of the paper pulp used for Unicharm products is as below.



FSC-certified paper initiative

We have also introduced FSC-certified products for some product cartons and cardboard.



Initiatives to raise awareness of FSC (support for Forest Week)

Unicharm works with Forest Stewardship Council Japan (FSC Japan) to raise awareness of the Forest Stewardship Council (FSC), an international forest certification system. We supported “Let’s Discover Forest Protection Mark - FSC Forest Week 2018 ” held from July 21 – September 30, 2018.

FSC Forest Week is the Japanese version of FSC Friday, the awareness raising campaign for FSC certification that the FSC holds worldwide on the last Friday every September. In its third year, this campaign increased consumer awareness of FSC certification through a variety of events and programs by the participating companies (18 companies) and groups and aimed to head toward solving forest problems by spreading awareness that selecting FSC-certified products is a method of forest conservation that everyone can participate in.



Usage of third-party certified sustainable palm oil

In 2018, Unicharm began using RSPO-certified palm oil based on the mass-balance system* and the amount used was 2 tons. Going forward, Unicharm will continue sustainable procurement activities while confirming quality and procurement route.

* Mass-balance system: A certification model in which certified oil produced at certified farms is mixed with other uncertified oil during the distribution process. Although the certified oil physically contains uncertified oil, the certified farms and the amount of certified oil purchased are guaranteed.



Waste management

Waste emissions volume is reported in the Preventing Pollution and Utilizing Resources section.

Water system emission monitoring results

There were no violations of laws and regulations or in-house standards. The measurement results for COD and BOD are reported in detail in the Site Data section.

Atmospheric emission monitoring results

Atmospheric emissions are reported in the Preventing Pollution and Effectively Utilizing Resources section.

Water Resources

Our basic approach and strategy

Many of the products that Unicharm provides are consumables essential to a clean and healthy lifestyle, which closely relates to the global environment through our use of resources and emission of waste. As we have expanded our operations globally centered on Asia in order to provide better products to consumers around the world, our role and responsibility for reducing our environmental impact has increased with each passing year.

With regard to water usage, we believe that it is essential to understand each of the local circumstances of our production sites and utilize water resources as effectively as possible. We are also implementing efforts to reduce water usage itself by 1%.

Risk and Opportunity in Water Resources

We perceive that a risk for our company is a decline in business operations due to destabilization of supply resulting from the depletion of water resources for forest-derived resources (paper and pulp, etc.). In 2017, we conducted a medium-to-long term water risk assessment using the Aqueduct Overall Water Risk map (Aqueduct), a tool of the World Resources Institute (WRI), and worked to ensure water resource management at particularly high-risk suppliers operating in river basins to alleviate the risk.

On the other hand, we perceive an opportunity for our company is the fact that our products do not use water at the time of use and disposal. The strengths of our products are demonstrated in areas with droughts and disaster areas where lifeline services have not been established. We will implement activities to promote purchases by actively engaging in such settings.

Management structure

Four times a year, we share plans and progress regarding priority issues for environmental activities, quality issues, social issues and governance at the CSR Committee chaired by the Group's President. Our detailed plans are reported using Eco Plan 2020 as the baseline, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) proposed in August 2017.

Identifying and Responding to Water Risk Using Aqueduct

Unicharm's water usage for in-house processes consists of (1) approximately 60% in the manufacturing division for tissue which makes up absorbent materials (90% water recycling achieved in the processes); and (2) approximately 25% in the pet food production division, with use of cooling water at other sites (all in Japan). A decline in business operations due to a shortage of water has not occurred at the aforementioned sites in the past 20 years. According to our Life Cycle Assessment (LCA) throughout the entire supply chain, water usage for the procurement of materials has increased.

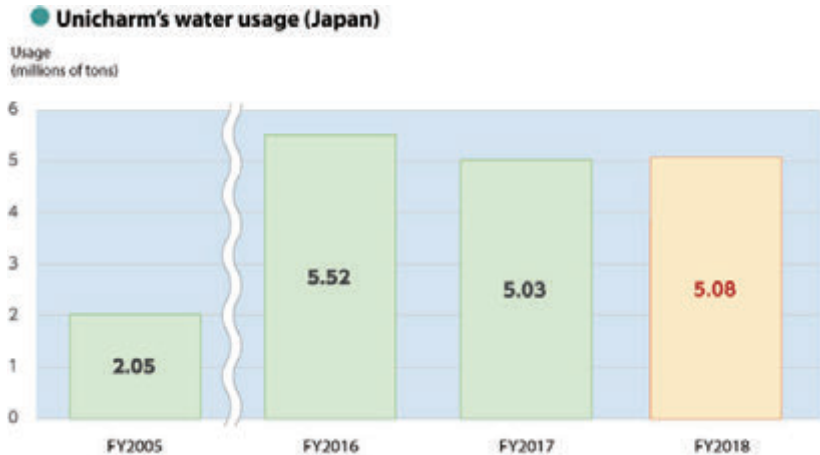
A decline in business operations due to a shortage of water has not occurred at the aforementioned sites in the past 20 years. According to our Life Cycle Assessment (LCA) throughout the entire supply chain, water usage for the procurement of materials has increased.

We recognize that it is important to assess water resource usage in collaboration with local areas to continue these businesses. Going forward, we will continue to implement medium-to-long term water risk analysis using Aqueduct from the perspectives of assessing the current risk and studying the future risk.

The results of the analysis in 2017 showed that the current water risk is either medium – high (2 – 3) or low – medium (1 – 2). The results also showed that there is an extremely high possibility of water stress from 2030 onward.

[Japan] Reducing water usage

Water consumption increased slightly compared to fiscal 2017, but activities to reduce water usage paid off, and the increase in consumption was less than the increase in production volume.



Water quality, soil contamination and offensive odor

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2018, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, there were no accidents linked to soil contamination or offensive odor. Details related to the volume of COD and BOD are reported in the Site Data section.

Wastewater and water usage

Unicharm carries out tertiary treatment before discharging wastewater with the aim of improving water quality to meet government stipulated wastewater treatment standards (water quality at each site is stated in Site Data). We measure the volume of wastewater at some sites, and overall reporting consists of water withdrawal = wastewater volume + consumption volume + product consumption (GRI 303-4 and 5). Wastewater is primarily generated in the tissue manufacturing process and the pet food manufacturing process. Water usage is due to the paper sand[®] manufacturing process and evaporation of cooling water at factories. In 2018, the Unicharm Group generated 4.05 million tons of wastewater and steam.

Obtaining C rating in CDP* water program

Unicharm supports efforts to address the CDP water program and cooperates with a survey of companies selected for inclusion in the FTSE Japan Index. In 2018, Unicharm received a C rating. This indicated that our company-wide management initiatives on water have been recognized. Going forward, Unicharm will use the rating to clarify issues and continue to carry out activities that are even more mindful of water resources.



Please see Climate Change>Evaluated by CDP Japan 500 for disclosure of climate change information and Supply Chain (Environment)>Obtaining A- Rating in CDP Forests Program.

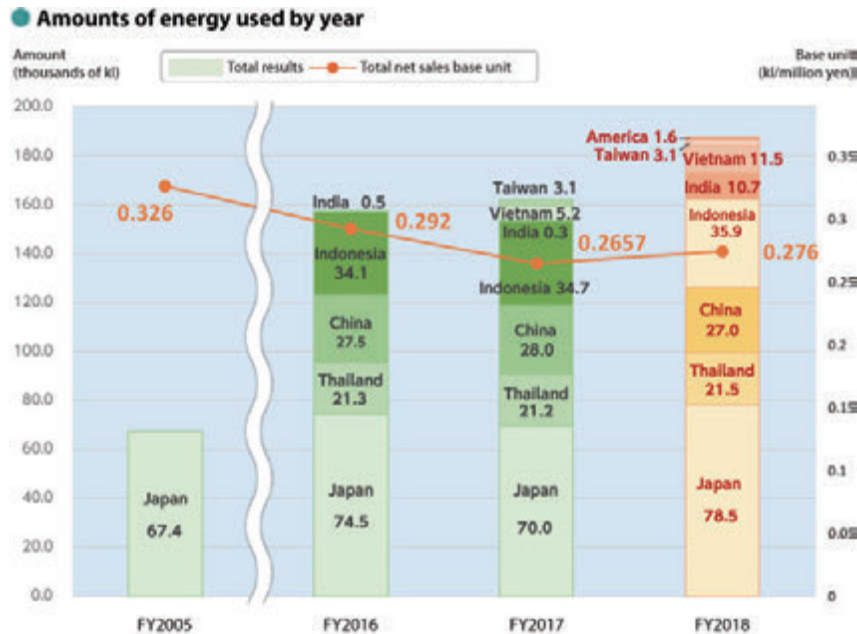
* Carbon Disclosure Project: An international NGO that works to realize a sustainable society by conducting global surveys on the environment and by disclosing information

Activity Results

Addressing global warming and energy saving measures

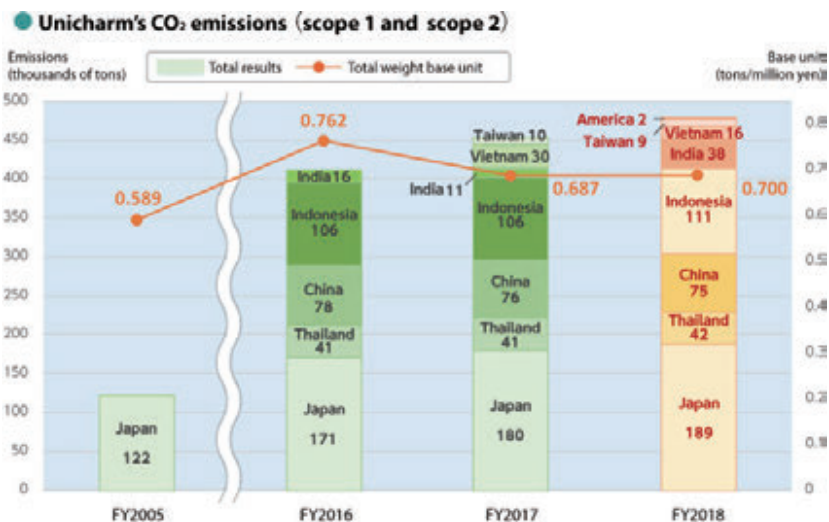
Energy saving measures

We added America to the scope of countries for which we disclose environmental data in fiscal 2018. Total energy usage and energy usage intensity both increased. We will continue promoting energy-saving measures and adding sites for which we disclose environmental information.



Reducing CO₂ emissions

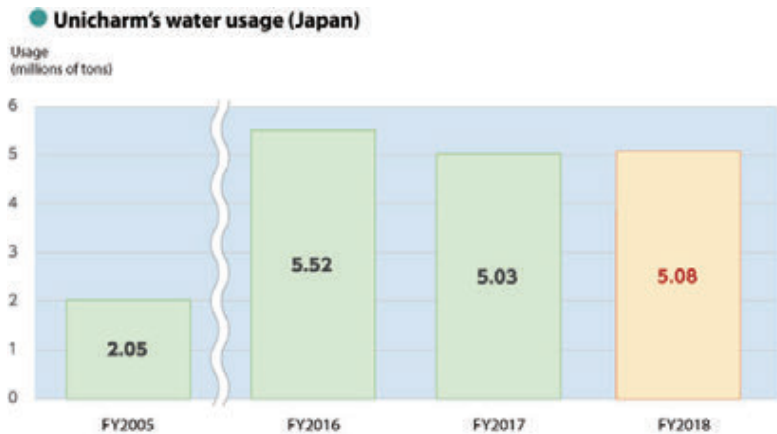
In fiscal 2018, we added America to the scope of countries for which we disclose environmental data. As a result of our activities, the total volume of CO₂ emissions and CO₂ emissions intensity both increased. We will continue to strengthen energy saving initiatives and promote activities to lower CO₂ emissions in each country.



Promoting the effective use of resources and recycling

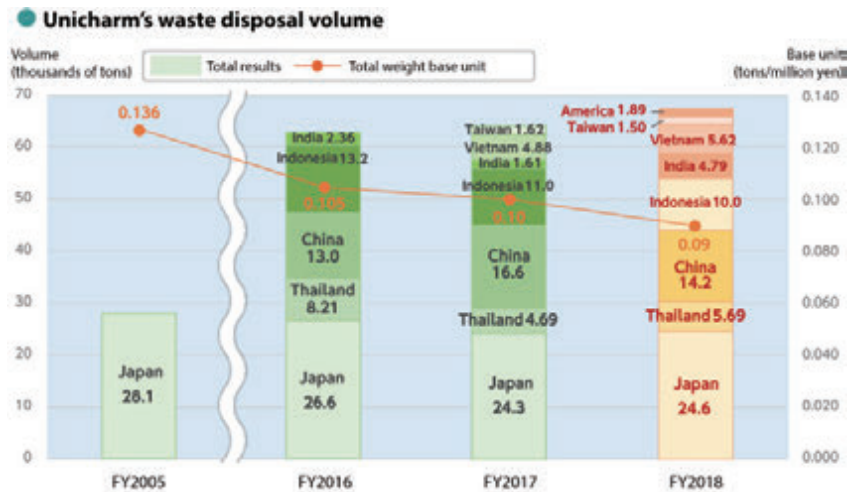
Reducing water usage

The closure and consolidation of manufacturing sites of non-woven fabrics and activities to reduce water usage paid off and water consumption fell.



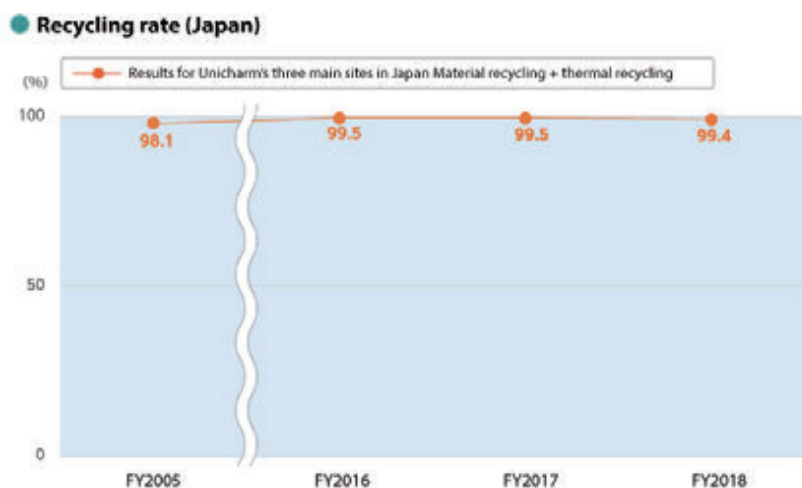
Waste disposal volume

In fiscal 2018, we added America to the scope of countries for which we disclose environmental data. Our efforts mainly at overseas plants to utilize waste that used to be disposed of by external contractors as a material in cat excretion care products paid off and total waste disposal volume increased but waste intensity is on a downward trend.



Recycling rate

In fiscal 2018, we continued to maintain the high recycling rate of over 99%. The number of other plants that have achieved zero emissions status by attaining a recycling rate of greater than 99% is also on the rise.

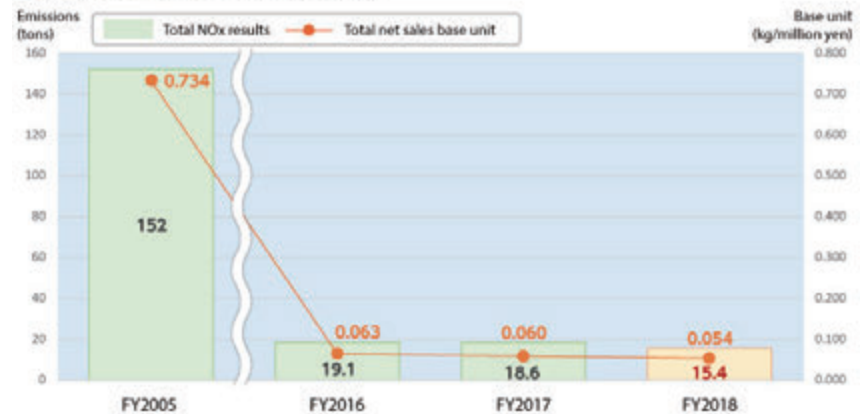


Initiatives to reduce the use of hazardous chemical substances

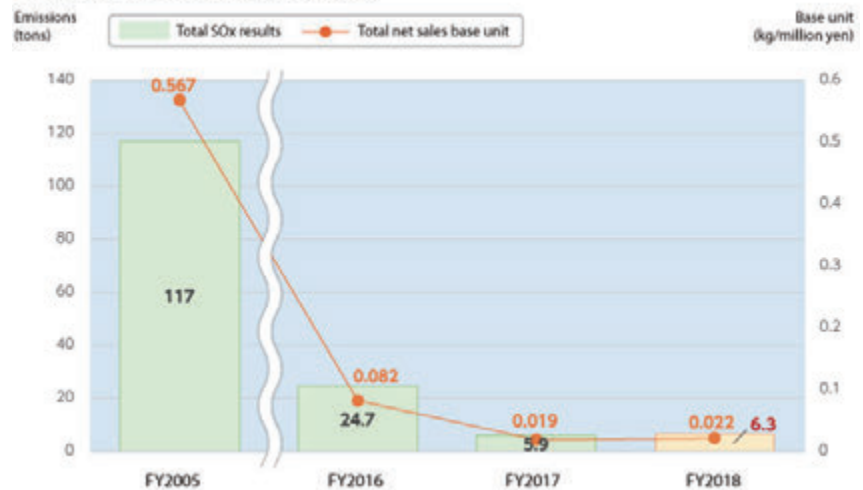
Airborne pollutants

We are working to decrease NOx and SOx emissions through such means as increasing operation efficiency for boilers and other equipment.

● Unicharm's NOx emissions (Japan)



● Unicharm's SOx emissions (Japan)



Ozone depleting substances (Japan)

We manage CFCs in compliance with laws and regulations and conduct regular inspections in working to protect the ozone layer.

| Substance | Business site | Amount possessed (tons) | Use |
|-----------------|--|-------------------------|----------------|
| Halon (Class 1) | Unicharm Products Shizuoka Factory | 1.6 | Fire retardant |
| | Unicharm Products Shikoku Factories (Ehime/Kagawa) | 0.070 | |
| | Unicharm (other development sites, etc. Kagawa) | 0.00010 | |
| HCFC (Class 1) | Unicharm Products Fukushima Factory | 2.6 | Refrigerant |
| | Unicharm Products Shizuoka Factory | 3.6 | |
| | Unicharm Products Kyushu Factory (Fukuoka) | 2.3 | |
| | Unicharm Products Shikoku Factories (Kagawa) | 3.7 | |
| | Unicharm Kokko Non-Woven Co., Ltd. (Ehime/Kagawa) | 0.65 | |
| | Unicharm Pet Care Co., Ltd. (Hyogo/Mie/Saitama) | 0.93 | |
| | Peparlet Co., Ltd. (Shizuoka) | 0.038 | |
| | Unicharm (other development sites, etc. Kagawa) | 0.86 | |
| CFC | Unicharm (other development sites, etc. Kagawa) | 0.0010 | |

* Reported for company properties based on the Act on Rational Use and Proper Management of Fluorocarbons

[Japan] Water quality, soil contamination and offensive odor

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2018, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, there were no accidents linked to soil contamination or offensive odor.

Details related to volume of BOD and COD are reported in the Site Data section.

PCB storage situation

A small amount of PCBs is stored at certain business sites awaiting processing for disposal.

Compliance assessments on storage conditions are carried out regularly and no abnormalities were found.

In 2018, we disposed of two sets of relevant equipment.

PRTR substances

Use of toluene went up with an increase in the volume of printing.

| Fiscal year | Toluene (tons/year) | Ethylene oxide (kg/year) | Dioxin (mg-TEQ/year) |
|-------------|------------------------|-----------------------------|-------------------------|
| 2016 | 356 | 4 | 0.0003 |
| 2017 | 281 | 4 | 0.0001 |
| 2018 | 283 | 4 | 0.0001 |

Site Data

Environmental data show actual values for January – December 2018.

Unicharm Corporation

Head Office sites

→ Addresses

Sumitomo Fudosan Mita Twin Bldg., West Wing, 3-5-27 Mita, Minato-ku, Tokyo
Keikyu Second Bldg., 3-25-23 Takanawa, Minato-ku, Tokyo

→ Business description:

General head office operations (product planning and management, including baby-care related products, feminine hygiene products, adult incontinence products and cosmetic puffs, etc.)

| | |
|---|-------------------------|
| Water usage | - ton/year |
| Electricity usage | 1,074 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 86 (7) tons/year |

Development site

→ Address:

1531-7 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture

→ Business description:

Research and development for paper products (diapers, sanitary napkins, liners, tampons, etc.)

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.0 tons/year NOx emissions: 0.1 tons/year |
| Water quality | COD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 8,097 tons/year |
| Electricity usage | 2,583 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 385(2) tons/year |

Unicharm Pet Care Manufacturing Division Mie Factory

→ Address:

1319 Higashitawara, Nabari City, Mie Prefecture

→ Business description:

Manufacture of non-woven pet care products

→ Date operations commenced:

1966

→ Site area:

19,134m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities |
| Water quality | BOD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 1,671 tons/year |
| Electricity usage | 6,681 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 652(87) tons/year |

Unicharm Pet Care Manufacturing Division Itami Factory

- Address:
Unicharm Pet Care Manufacturing Division Itami Factory
- Business description:
Research, development and manufacture of pet food
- Date operations commenced:
August 1998
- Site area:
12,692m²

| | |
|---|---|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.3 tons/year |
| Water quality | BOD 7.8tons/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 7,016 tons/year |
| Electricity usage | 7,338 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 888(410) tons/year |

Unicharm Pet Care Manufacturing Division Saitama Factory

- Address:
1600-11 Oaza-Kami, Kamisato-machi, Kodama-gun, Saitama Prefecture
- Business description:
Manufacture of pet food
- Date operations commenced:
2 February 2011
- Site area:
3,177m²

| | |
|---|---|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.6 tons/year |
| Water quality | BOD 8.1tons/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 51,286 tons/year |
| Electricity usage | 4,241 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 392(0) tons/year |

Unicharm Products Co., Ltd.

Fukushima Factory

- Address:
26-1, Aza-Nakasedotsuzuki, Oaza-kanazawa-uchi, Tanagura-machi, Higashi-shirakawa-gun, Fukushima Prefecture
- Business description:
Manufacture and distribution of adult and baby diapers, sanitary napkins, liners and tampons
- Date operations commenced:
November 1994
- Site area:
128,127m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: 0.000 ngTEQ/m ³ N SOx emissions: 5.5 tons/year NOx emissions: 5.0 tons/year |
| Water quality | BOD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 190,097 tons/year |
| Electricity usage | 71,200 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 4,818(98) tons/year |

Shizuoka Factory

- Address:
5-6 Shinoba, Kakegawa-city, Shizuoka Prefecture
- Business description:
Manufacture and distribution of adult and baby diapers, sanitary
- Date operations commenced:
March 1988
- Site area:
83,163m²

| | |
|---|---|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.9 tons/year |
| Water quality | BOD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 52,886 tons/year |
| Electricity usage | 47,284 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 3,597(0) tons/year |

Shikoku-Chuo Area Business Location

- Address:
1496-1 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture and distribution of adult and baby diapers, sanitary napkins, liners, cosmetic puffs and non-woven fabric
- Date operations commenced:
October 1983
- Site area:
62,799m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities |
| Water quality | COD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 91,392 tons/year |
| Electricity usage | 55,891 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 4,943(34) tons/year |

Onohara Works

- Address:
4507 Onohara, Onohara-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of adult and baby diapers and liners
- Date operations commenced:
October 1982
- Site area:
24,839m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities |
| Water quality | COD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 3,953 tons/year |
| Electricity usage | 18,021 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 1,937(13) tons/year |

Toyohama Works

- Address:
1531-16 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of wet wipes and tampons
- Date operations commenced:
November 2002
- Site area:
21,588m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities |
| Water quality | COD 1.0 > ton/year |
| Soil | Same site and data as for Unicharm Kokko Non-Woven Co., Ltd. |
| Water usage | 6,777 tons/year |
| Electricity usage | 4,678 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 104(1) tons/year |

* Toyohama Works's wet wipe manufacturing equipment was transferred to No. 1 Manufacturing Group at Unicharm Kokko Non-Woven Co., Ltd. in 2017.

Unicharm Kokko Non-Woven Co., Ltd.

No. 1 Manufacturing Group, Non-woven Manufacturing Team, Wet Wipes Manufacturing Team

- Address:
1531-15 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of non-woven fabric
- Date operations commenced:
April 1993
- Site area:
19,713m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.0 tons/year NOx emissions: 1.8 tons/year |
| Water quality | COD 1.8 tons/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 405,081 tons/year |
| Electricity usage | 14,385 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 1,674(92) tons/year |

No. 2 Manufacturing Group, Kawano Works Team

- Address:
4087-24 Kawano-cho, Shikokuchuo City, Ehime Prefecture
- Business description:
Manufacture of non-woven fabric
- Date operations commenced:
February 1979
- Site area:
8,135m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.7 tons/year NOx emissions: 2.7 tons/year |
| Water quality | COD 1.0 > ton/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 1,288 tons/year |
| Electricity usage | 5,764 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 519(1) tons/year |

No. 2 Manufacturing Group, Kokko Works Team

- Address:
834 Kawano-cho, Shikokuchuo City, Ehime Prefecture
- Business description:
Manufacture of sanitary materials, food packaging materials, non-woven fabric and paper-sand (pet litter)
- Date operations commenced:
October 1947
- Site area:
10,225m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.1 tons/year NOx emissions: 0.7 tons/year |
| Water quality | COD 21.5 tons/year |
| Soil | Soil contamination in excess of statutory standards never detected |
| Water usage | 3,008,245 tons/year |
| Electricity usage | 15,907 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 2,011 (2) tons/year |

Uni Care

- Address:
2-3-11 Kuri, Yoshikawa City, Saitama Prefecture and others
- Business description:
Sale and processing of daily commodities
- Date operations commenced:
April 1986
- Site area:
4,682m²

| | |
|---|-----------------------|
| Water usage | 252 tons/year |
| Electricity usage | 112 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 78(3) tons/year |

Cosmotec Corporation

- Address:
910 Hirota-cho, Zentsuji City, Kagawa Prefecture
- Business description:
Printing and processing for packaging
- Date operations commenced:
March 1966
- Site area:
23,799m²

| | |
|---|--|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.0 ton/year |
| Water quality | BOD 1.0 > ton/year |
| Water usage | 3,645 tons/year |
| Electricity usage | 4,949 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 1,639(41) tons/year |

Peparlet Co., Ltd

- Address:
422 Shimodoma, Fujieda City, Shizuoka Prefecture and others
- Business description:
Manufacture and sale of pet excretion disposal material
- Date operations commenced:
April 1975
- Site area:
9,217m²

| | |
|---|---|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 2.8 tons/year |
| Water quality | BOD 1.0 > ton/year |
| Water usage | 15,931 tons/year |
| Electricity usage | 10,951 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 476 (0) tons/year |

Kinsei Products Co., Ltd.

- Address:
2518-8 Minourakabuto, Toyohama-cho, Kanonji City, Kagawa Prefecture
- Business description:
Manufacture of pet excretion disposal material
- Date operations commenced:
May 2014
- Site area:
3,547.17m²

| | |
|---|---|
| Air | Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.4 tons/year |
| Water quality | COD 1.0 > ton/year |
| Water usage | 4,425 tons/year |
| Electricity usage | 3,490 thousand kWh/year |
| Waste emissions (of which waste disposed of by contractors) | 425 (0) tons/year |

Human Rights

Our basic approach and strategy

Since the founding of Unicharm, we have always believed in respecting human rights, as seen from the prominent mention of respect for people in our management policy and in the declarations of respect for people and the human perspective in the opening statements of The Unicharm Way Action Guidelines and 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, and in 2017 we enacted the Unicharm Group Policy on Human Rights and demonstrate our continued efforts to fulfill our responsibility to respect human rights in all of our activities. Furthermore, we distribute our human rights policy to all Group employees as part of the Unicharm Group Action Guidelines.

We will not tolerate child labor and forced or compulsive labor and we will never discriminate against people based on nationality, race, religion, gender, sexual preference, age, family background, disability or any other factors. We will guarantee freedom of association and freedom of collective bargaining and we confirm that excessive work hours have been reduced and that the right to minimum wages is upheld.

● Unicharm Group Policy on Human Rights

The corporate philosophy “NOLA & DOLA” of Unicharm Group (the “Group”) contains our hope that “Unicharm aims to provide all people, from newborn infants to the elderly, with products that gently support their mind and body for freeing them from various types of burdens to fulfill their dreams.” In accordance with this philosophy, the Group supports the realization 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 Group Policy on Human Rights (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; the International Bill of Human Rights (the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights), the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. The Policy complements the corporate philosophy and the action guidelines (The Unicharm Way) in which it clarifies how the Group will address the matters concerning human rights.

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 support 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 our business activities may cause. Furthermore, the Group will require its business partners and suppliers to respond appropriately to correct any adverse human rights impacts on them even if the Group does not directly contribute to those impacts.

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 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 the meaningful consultation with people whom its business activities may cause 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: October 25, 2017
Takahisa Takahara
President & CEO
Unicharm Corporation

Management structure

Since it is necessary to have involvement for human rights from a variety of departments, the Global Human Resources & Administration and the CSR Division take the lead, under the direction of the executive officer and General Manager of the Global Human Resources & Administration Division, who is the officer responsible for human rights, in promoting the initiatives of related departments such as the Procurement Department and Audit Department and those of related companies both in Japan and overseas, and in reporting to the CSR Committee. Meanwhile, our human rights initiatives in our supply chain are headed by our Procurement Department, which is the contact point for suppliers, which encourages suppliers' support for human rights, and which distributed the Basic Purchasing Policy and Sustainable Purchasing Guidelines, which were enacted in 2017, to our domestic suppliers.

Unicharm Group's CSR Promotion Organization

Please see Along with Our Business Partners for human rights initiatives in our supply chain (in society).

Process for policy establishment**Meetings with stakeholders to exchange views during the drafting process of the Unicharm Group Policy on Human Rights**

As a company that fulfills its responsibility to respect human rights, we invited Mr. Makoto Teranaka, former longtime Secretary General of Amnesty International Japan, to speak on the topic of businesses and human rights.

Afterwards, we held meetings for the exchange of opinions between members involved in drafting the Unicharm Group Policy on Human Rights and members of departments with a particular awareness of human rights. Mr. Teranaka does not accept the old attitude of it being wrong to cause human rights problems. He told us it is critical to deal with human rights problems when they occur, and how to manage them, and from the standpoint of a human rights professional he also gave us advice on creating a human rights policy which forms the basis of managing human rights problems.

For example, to his question about how specifically our company is contributing to achieving what kind of society, in the introduction to our policy we stated clearly, "We support the realization of a society where human rights are respected as fundamental rights given to all persons." Also, to his comment that it was not clear to whom this policy applied, we revised the policy to read that it applied to all stakeholders including employees, as we had learned about the corporate stance required by society and reflected this thinking into the words of our human rights policy. Questions came from the participants, such as "What is the best way to manage human rights as a company," "Who should be participating in it?" To these questions, Mr. Teranaka advised us that departments that controlled the company overall should be in charge, and the work would proceed more smoothly if performed by people who have many opportunities to interact with those outside of the company, such as those in sales. He added that if we created a mechanism for reflecting the opinions of a variety of people, including those employees who are tend to be in a weak position on a daily basis, such as new employees or those who are involved in childcare or nursing responsibilities, the human rights policy that is enacted will come to life.

Our company will make use of Mr. Teranaka's opinions and recommendations in our Group Policy on Human Rights, and at the same time will endeavor to incorporate them into future initiatives.



Stakeholder meetings



Mr. Makoto Teranaka
Member of the Faculty of Contemporary Law
Tokyo Keizai University

Our human rights initiatives



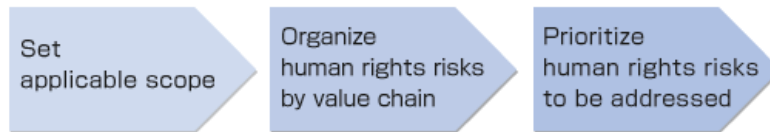
In May 2018, the company participated in a Caux Round Table (CRT) Meeting on the “Stakeholder Engagement Programme in Asia” sponsored by CRT Japan and supported by the Japanese Embassy in Thailand and the United Nations Development Program (UNDP) Regional Bureau for Asia and the Pacific. We carried out a dialogue with government officials, Thai NGOs and others on human rights issues such as human trafficking, migrant labor and forced labor.

In Japan, we participated in Nippon CSR Consortium’s (administered by CRT Japan) stakeholder engagement programme from June to July 2018, identifying important human rights issues by industry while referencing the human rights guidance tools formulated by the UN Environment Programme Finance Initiative (UNEP FI).^{*} Following that, at CRT Japan’s September 2018 global stakeholder engagement programme, each of the countries that held the same programme (Thailand, Malaysia, Indonesia and Japan) reported to the international experts from organizations such as the Danish Institute for Human Rights and the UN Development Programme (UNDP) and took part in an open discussion on the points businesses should give attention to when advancing business and human rights initiatives. Unicharm also participates in the UN Global Compact’s subcommittees for human rights education and human rights due diligence (HRDD) where we have open discussions with experts and business representatives. Through these activities, we take the valuable opinions of domestic and international experts and apply them to Unicharm’s HRDD initiatives.

^{*} CRT Japan public comment

Determining prominent human rights Issues

We proceeded with the following steps to identify human rights issues in the Unicharm Group's supply chain.



We have defined the applicable scope for our personal care business as the ASEAN with a focus on Thailand and identified the risks from a regional perspective and a business characteristics perspective. We determined the human rights risks for the value chain, summarized content regarding human rights abuse issues and prioritized human rights risks to be addressed along the two axes of “possible impacts” and “severity of potential impacts.”

In addition, we asked Ms. Akiko Sato, a lawyer at the UNDP Regional Bureau for Asia and the Pacific in Bangkok, who is engaged in projects involving business and human rights under the Governance and Peacebuilding team, for her opinion about the human rights risks identified by Unicharm. Based on her advice regarding examples of human rights violations in Thailand, the different countries' specific action plans to address those human rights violations and the points we need to be concerned with as a business, we prioritized the our identified human rights risks.



Lawyer Akiko Sato



Human rights education

In 2018, we conducted e-learning for all employees in three groups to promote understanding of the importance of respecting human rights worldwide. A workshop on SDGs and sustainable procurement was held for executives and department heads, while the procurement and production departments took part in human rights study sessions tailored to their work.



Responsibility to Our Customers

Communicating with Customers

Our basic approach and strategy

In keeping with Unicharm's corporate philosophical framework ("Beliefs and Pledges" and Corporate Principles of Action), we have always regarded customer satisfaction as a top priority and are committed to providing products and services that transform "discomfort" to "comfort."

As part of these efforts, the Customer Communication Center (CCC) works to sincerely respond in a prompt, fair and impartial manner to the valuable opinions we receive from our customers and have formulated our Customer Communication Center Vision based on the core idea of striving to enhance customer satisfaction. We have also established the Complaint Correspondence Policy that guides our efforts in communicating with customers.

Customer Communication Center Vision

We aim to have our customers progress from saying "I'm glad that I inquired and consulted with the Customer Communication Center" to "I'll purchase the Unicharm product because it's trustworthy and I know I can contact the Customer Communication Center." To achieve this goal, we are committed to making sure that listening compassionately and conveying thoughtfully becomes second nature, to draw in others to ourselves and together solve the problem in front of us, giving our customers a helping hand to accomplish their child-raising and nursing care so they will say they want to purchase Unicharm products again and to deepen our bonds with customers in Asia and around the world.

Complaint Correspondence Policy

- 1 Customer feedback will be centrally managed by the Company's Customer Communication Centers and addressed in a fair and impartial manner in accordance with the QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint response process documentation. Information concerning defects in a product or service will be reported to the President & CEO and steps will be taken immediately to remedy the problem.
- 2 In the case customer feedback must be redressed, related departments will work together to immediately rectify the situation and prevent future reoccurrences in accordance with the QMS (ISO 9001) redress and preventive measure procedure manual.
- 3 We will strive to reflect the valuable feedback of customers in future products and services. We will take customer feedback seriously and exert our best efforts so that each department works together to ensure that customers are satisfied.

Management structure

Unicharm's Customer Communication Center, led by the Chief Quality Officer (CQO), works in coordination with related departments to gather customer opinions, enhance quality and safety and develop products tailored to our customers' needs.

We have compiled concrete initiatives for customer response for the entire company and, together with our Self-Declaration of Consumer-Oriented Company, we are building a response system that is compliant with the ISO 10002 complaint response MS.

With regard to overseas operations, Unicharm also made a declaration of self-conformity with the ISO 10002 complaint response MS in July 2006 and is laterally extending Customer Communication Centers in China, Taiwan, Thailand, Indonesia, Australia, India, Vietnam and other countries; together with periodic auditing of overseas Customer Communication Centers and information-sharing, we are implementing efforts that will boost customer satisfaction across the Unicharm Group.

■ Self-Declaration of Consumer-Oriented Company

Self-Declaration of Consumer-Oriented Company

January 16, 2017
Takahisa Takahara
President & CEO
Unicharm Corporation

[Philosophy]

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 in Japan and abroad.

[Policy on Basic Initiatives] — Commitment of Top Management —

Unicharm hereby declares that it will always respond to customer complaints and inquiries in an honest, swift and fair manner.

- I. All feedback received from customers is put together at Customer Communication Center (CCC) and addressed fairly and equally by CCC based on a QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint correspondence process documents.
Information concerning faulty products or services is swiftly reported to top management and necessary steps are taken to improve the situation.
- II. If the situation must be remedied, related departments work together following procedures on QMS (ISO 9001) rectification and prevention measures to swiftly remedy the problem and prevent future recurrences.
- III. Customer feedback is seriously reviewed and efforts are made toward improvements involving all relevant departments so as to ensure customer satisfaction.
We strive so that precious customer feedback can be properly reflected in our improvement activities for products and services.

[Specific Initiatives]

I. Ensuring corporate governance — System for reporting customer feedback to top management without fail —

We will carry out transparent corporate management and actively disclose information while working to fulfill the company's growth and development, employees' happiness and the company's social responsibilities.
A time slot is set aside at executive meetings for reports from CCC for discussing and disseminating a correspondence policy based on the serious review of feedback received from customers.

II. Proactive initiatives involving all employees

— Fostering a corporate culture and employee mindset that is customer-oriented —

In order to improve customer satisfaction, once every year, an occasion is set where all Unicharm Group employees including those from outside Japan come together to present on products and services as well as proposals for pleasing customers in an effort to learn about best practices. This will enable all Unicharm Group employees to share a customer-oriented mindset and strive for further improvement.

III. Swift response through systematic collaboration between related departments

— Initiatives for swift and honest responses —

All feedback received from customers is put together at CCC and addressed fairly and equally by CCC based on a QMS (ISO 9001) complaint correspondence process manual and ISO 10002 complaint correspondence process documents.
Information concerning faulty products or services is swiftly reported to top management and necessary steps are taken to improve the situation.
If the situation must be remedied, related departments work together to swiftly remedy the problem and prevent future recurrences.

IV. Enhanced information provision to consumers and two-way exchanges of information

— Disseminating information for safe use —

Frequently asked questions about product safety will be published on the company's website in an effort to widely disclose this information.

We will provide information to customers in various means so that customers can use our products safely and effectively. These means include product packaging, user manuals, and advertisements to educate customer about the correct ways to use products, as well as through our corporate website, news releases and disseminations from CCC.

V. Improvement and development based on consumer and social needs

— Product creation making customer-oriented approaches and social responsibilities a reality —

The entire company will work on activities for linking needs with commercialization of products after seriously reviewing feedback from customers.

We will establish rigorous environmental standards for our products, take on the challenge of selecting product designs and raw materials and reducing waste in the production process to every extent possible and expand the number of products that can clear these standards and bear the Eco Charming label.

The entire company will also work as one solid team toward mitigating environmental impacts including reducing waste in business activities.

Initiatives of the Customer Communication Center

In January 2017, the Pet Care Customer Communication Center was merged into the Customer Communication Center. In 2018, the center received 53,000 calls. The feedback we received was in turn shared widely with related departments inside the company and used to help improve our products and services.



Training session for listening skills

We conduct employee training at the CCC to reinforce quality and strengthen customer-oriented approaches. In 2018, CCC staff visited each factory in Japan, where they played recordings of customer (firsthand) feedback as part of a training session for listening skills. We will continue to enhance our customer-oriented approach on a company-wide level and supply products that truly satisfy our customers.



Training session using actual recordings of interactions with customers

Main Initiatives of the CCC

| Main initiatives | Contents |
|--|--|
| 1. Responder training | We organize training programs to enhance our specialist knowledge, including sessions led by external instructors and other informative workshops, in order to improve the quality of our response. |
| 2. Reflection in products | We share customer feedback with related departments in a timely manner through weekly and monthly report. This feedback is used to improve existing products and develop new products, in order to provide customers with products that are safe and convenient. |
| 3. Information dissemination | Customer feedback is shared internally in real-time using our centralized customer information management system, or the SMILE system. Report meetings with business departments and product package confirmation meetings (Communication Guarantee Meeting) are also held to ensure feedback is utilized to improve products from a customer standpoint. |
| 4. CCC training | The R&D and Manufacturing departments organize training sessions for new employees and others who wish to participate in order to reinforce their focus on the customer and quality. In FY2018, 936 employees took part in these training sessions. |
| 5. Strengthen collaboration with overseas CCCs | The initiatives of our CCCs located around the world are being shared to help improve customer satisfaction across the entire Unicharm Group, including its overseas subsidiaries. This information is also being used to improve our response skills based on ISO 10002 complaint response MS and to step up interoffice collaboration. |
| 6. Commitment | The CCC is an independent department reporting directly to the Unicharm president and CEO. At the annual Board of Directors meeting, it presents and answers questions about the customer response policy for the next fiscal year. We have built and operate a system in which all executives can confirm progress towards goals and consider and give approval on whether consumer-oriented management is being promoted. |

● Example of Customer Feedback that has been reflected in products

“Please make a cute sanitary napkin”

We received a customer request for “a cute sanitary napkin that will encourage me to do my best during my period.” So, in April 2018, we launched “Sofy Center-in Happy Catch” with a cute black cat design called “Osha-Neko.”



“I’d like a specialized urinary care product that won’t shift therefore I can use with a feeling of security when I’m away from home”

In response to a customer request for a urinary care product that stays in place therefore can be used with a feeling of security when out and about, in November 2018, we brought to market “Charm Nap Sarafi Active Pants” with a three-dimensional stretch fit that tightly matches body lines to stay securely in place even when away from home for an extended period or when moving about.



Activities of overseas Customer Communication Centers

In October 2013, the Thailand CCC made a self-declaration of self-conformity with regard to the ISO 10002 complaint response MS. Following the declaration, the Japan CCC audited the Thailand CCC in 2018 and confirmed that their system was operating properly and that customer feedback and complaints were being addressed. The Australia CCC also made a self-declaration of self-conformity for ISO 10002 complaint response MS, and it was confirmed that their system was operating properly in line with the declaration and that each customer was being responded with sincerity.



Thailand Customer Communication Center



Australia Customer Communication Center

Expressions of thanks from consumers

For “Sofy Synchro Fit”

I now worry less about side leaks, seep leaks and other uneasiness when standing up. I also can sleep through the night without worrying.



For Lifree

I began hiking as a hobby after retiring. Toilets are few and far between on mountains, so wearing Lifree when I hike gives me peace of mind. I also keep its supply in case of a natural disaster.



Communication with customers using various media

Unicharm works to provide information that contributes to solving social issues through our core business for realizing a cohesive society in which multiple generations can live in an enriched manner.

In Japan, Unicharm provides information for incontinence care, first menstruation education and pet care. In 2018, Unicharm launched “Navi for Adult Diapers,” an AI-assisted chatbot that provides 24-hour support for adult diaper use in Japan, and “Sofy Menstruation Management App.” Outside of Japan, Unicharm has also set up corporate websites and we are working to strengthen web communication in all our markets inside and outside the country.

Launched “Navi for Adult Diapers” providing 24-hour support service

As Japan transforms into a super-aging society, we are receiving an increasing number of inquiries each year about how to do eldercare and how to properly carry out incontinence care. Unicharm therefore became the first business in the adult diaper industry to introduce an AI-assisted chatbot¹ called “Navi for Adult Diapers” which can respond to inquiries around the clock and all through the year.

1: “Chatbots” are programs (or the entire systems with such programs) that conduct conversations for an inquiry in place of a human operator.



Lifree Navi for Adult Diapers

Providing information on First Menstruation Education

First Body Navi offers young girls and their guardians information on how the female body works and how to deal with menstruation as well as how to choose female hygiene products to help foster a positive first experience with menstruation. For school teachers, we have made available a downloadable PDF with information about first menstruation which can also be used as an educational resource at schools.

We also began offering “Sofy Easy Management App of First Menstruation for Moms & Girls!” which helps young women who reached the first period manage their cycle and lets mothers know when their daughters are menstruating so they can provide appropriate support.



Sofy First Body Navi



Sofy Easy Management App of First Menstruation for Moms & Girls!

Childrearing support

“Pre-Mama Town” and “Baby Town” were created in collaboration with childrearing-related companies in support of parents and their babies by offering a platform for searching, asking for, and exchanging information related to pregnancy, child delivery, and child care in accordance with their child’s stage of development. Moreover, some 90,000 people have “liked” the interactive communication posted on the Moony Facebook page. In 2017, we released the app Moony-chan and Toilet Training, which provides support for toilet training. With approx. 30,000 downloads, this app has been well-received.



Pre-Mama Town



Baby Town



Moony on Facebook



Moony-chan and Toilet Training

Offering a web magazine for living happily with pets

“Along with my pet, always and forever & ever!” provides helpful information for owners and their pets to live together a long, healthy and happy life. From April 2018, we began a communication initiative on Facebook.



Along with my pet, always and forever & ever!

Strengthening information provision to customers overseas

As Unicharm’s popularity grows in international markets, we strive to enhance our customer service for our worldwide customers through improving information sharing on our products and company using the Internet.



Corporate Site (Vietnam)



Sofy Feminine Care Products Website (Egypt)



Baby Diaper Brand Mamy Poko Website (Thailand)



Lifree Adult Diaper Brand Website (Indonesia)

Product Development and Marketing

Insight research closely in tune with the frontlines

We practice a model of manufacturing that closely reflects customer needs by adhering to the motto “Maintain our No.1 position through continued and dedicated service” ingrained in our DNA. We thoroughly observe the lifestyle and consumption style of consumers and pursue the true needs that exist in their subconscious. We are committed to developing products that exceed customer expectations by leveraging our customer-oriented creativity. In order to promote a more extensive global reach, we are developing products localized to meet the needs of each region and market. While Unicharm products are considered daily necessities, there are some countries where paper diapers are regarded as a luxury or consumers are not accustomed to using paper diapers throughout the day. Taking each country’s customs and needs into consideration, we are creating unprecedented new value in our products that balances function with cost, making these products more accessible to all. Our never-changing hope is that we continue to deliver products and services to more women in the world that change their “discomfort” into “comfort.” We make a contribution that leverages Unicharm’s unique strengths by helping women living in all regions to maximize their potential so that they can play an even bigger role in the development of their respective societies. We aim to continue developing products that suit the local needs of each region by combining the forces of product development and marketing.

Please see CSR Key Topic 2: Supporting Women’s Independence and Improving Hygiene



Monitoring survey

Collaboration between product, technical and facilities development groups

Using an organizational structure consisting of research, development, and engineering (R&D&E), Unicharm promotes product development in a cross-departmental approach that encompasses five businesses. These departments work closely together in product development that provides new value to customers, development of novel materials and technologies needed for product development and the development of facilities to manufacture these products. This ensures that existing products are revamped and new products are developed. In addition, we have set up development remote centers in key geographic areas, creating an infrastructure capable of developing products that truly meet local needs.



Product testing

Quality

Our basic approach and strategy

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

Since many of our products come into direct contact with skin, we strive to enhance quality and safety and ensure proper labelling so that customers can use our products with confidence.

Management structure

As quality assurance is aligned to the quality policies in our med-term management plan, Chief Quality Officer who is responsible for the conformity and effectiveness of the company's quality management system is assigned to promote internal and external audits through the CSR Division. While taking corrective and preventive measures, CSR Division periodically reports to the CSR Committee chaired by the president on quality management so that the entire company can carry out quality enhancement activities on an ongoing basis.

All our business offices have obtained ISO 9001 and ISO 14001 certification, on which our quality management systems (QMS) and environmental management systems (EMS) are based. 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 committed to obtaining certification in each country including the international standard of quality management system for medical equipment, namely ISO 13485 in Indonesia and Thailand in 2014, ISO 9001 in India in 2016 and ISO 14001 in Egypt in 2018.

■ Unicharm group's certification status for ISO 9001, ISO 14001 and ISO 13485 (certification unit)

| Business offices | Certification status | | |
|--------------------------|----------------------|-----------|-----------|
| | ISO 9001 | ISO 14001 | ISO 13485 |
| Unicharm | ○ | ○ | |
| Unicharm Products | ○ | ○ | ○ |
| Unicharm Kokko Non-Woven | ○ | ○ | |
| Cosmotec | ○ | — | |
| Shanghai Factory | ○ | ○ | |
| Tianjin Factory | ○ | ○ | |
| Jiangsu Factory | ○ | ○ | |
| South Korea Factory | ○ | ○ | |
| Taiwan Factory | ○ | ○ | |
| Thailand Factory | ○ | ○ | ○ |
| Vietnam Factory | ○ | — | |
| Indonesia Factory | ○ | ○ | ○ |
| India Factory | ○ | — | |
| Australia Office | ○ | — | |
| Saudi Arabia Factory | ○ | ○ | |
| Egypt Factory | ○ | ○ | |

Safety initiatives

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

The Safety Assessment Committee has established a gate function during 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 implement product use tests with products that use the safety-checked materials.

Products Safety Assessment Sheet  CSR本部 品質保証2部

No.Japan19001-CF000

| 発行 | 確認 | 作成 |
|---|---|---|
|  |  |  |
| 2019/02/08 | 2019/02/08 | 2019/02/08 |

本製品〇〇【おゾク-〇〇】は、ユニ・チャーム安全性評価委員会（2019年2月8日開催）において下記のとおり安全性を確認しました。

【 確認内容 】

Ⅰ. 主要成分の検査

1) 無二酸化炭素(A) : 〇〇

2) 禁止・制限物質不含有、および有害性評価において問題なし。

Ⅱ. 安全性の評価 (リスク評価)

1) 安全性の評価

イ) HMT : 使用時の安全性懸念および品質トラブルなし

ウ) HEMPE : アルミベ-性試験改善員と試験せず

Ⅲ. 適用状況

- 販売国の販売予定国 : 日本限定

エ) 持ち帰りなし

結論 : 本製品は(ア)イ)ウ)エ)より使用時点で安全性の懸念はなく、安全性が保障できる。

Safety Assessment Confirmation Sheet

Animal Testing

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

Management of chemical substances

We strive to minimize any direct or indirect (environmental) impacts on people from chemical substances contained in raw materials used in manufacturing diapers and sanitary pads by establishing the Unicharm Material Safety Guideline which aims to ultimately eliminate all harmful impacts. To achieve this, we have defined harmful substances, developed a substance list of approximately 3,600 materials and determined target substances for reduction. At the same time, we receive disclosures from each supplier on the complete materials list and conduct toxicity risk assessment. In determining target substances for reduction, we strive to broadly collect the global information on harmful chemical substances and identify and manage the prohibited and restricted substances based on the reference literatures and standards. In addition, with the implementation of a management system for chemical substances contained in products or materials in 2017, we have been able to strengthen our collaboration with material suppliers in more efficiently managing chemical substances.

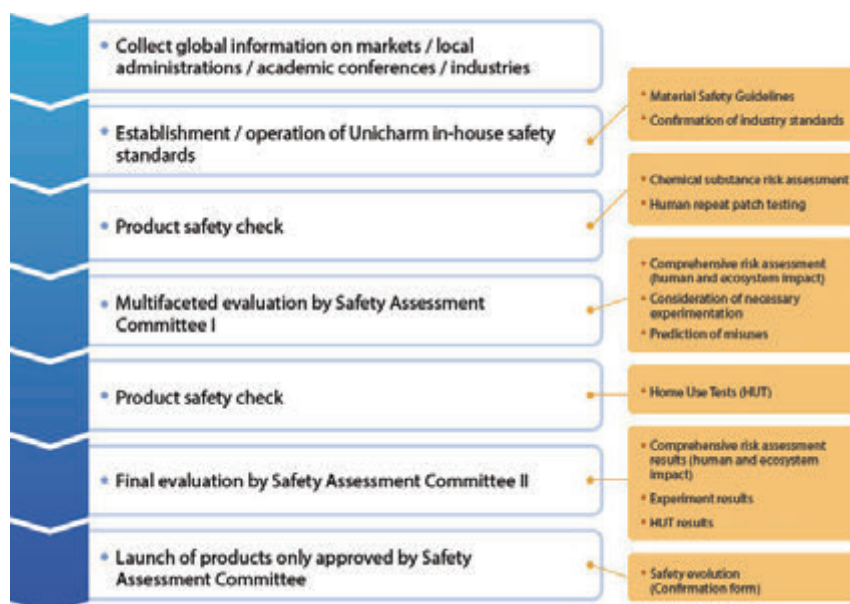
| Parts No. | Material Change No. | Parts Name | Parts Number for Reporting | Amount Number | Number of Units | Unit for Survey | Survey Unit Mass | Unit of Mass | Shift of Mass | Representative Parts No. | Dec |
|-----------|---------------------|------------|----------------------------|---------------|-----------------|-----------------|------------------|--------------|---------------|--------------------------|-----|
| Y93-0019 | 001 | | | 2 | 1 | g | 1 | g | | | |
| Y93-0019 | SS26 | | | 2 | 1 | g | 1 | g | | | |
| Y93-0020 | YPS | | | 2 | 1 | g | 1 | g | | | |
| Y93-0021 | SO | | | 2 | 1 | g | 1 | g | | | |
| Y93-0022 | PP-65 | | | 2 | 1 | g | 1 | g | | | |
| Y93-0023 | UC-90 | | | 2 | 1 | g | 1 | g | | | |
| Y93-0024 | UK3 | | | 2 | 1 | g | 1 | g | | | |
| Y93-0025 | UPG | | | 2 | 1 | g | 1 | g | | | |
| Y93-0026 | MVF | | | 2 | 1 | g | 1 | g | | | |
| Y93-0027 | MVB | | | 2 | 1 | g | 1 | g | | | |
| Y93-0028 | UKT | | | 2 | 1 | g | 1 | g | | | |
| Y93-0029 | KM | | | 2 | 1 | g | 1 | g | | | |
| Y93-0030 | YBG | | | 2 | 1 | g | 1 | g | | | |

| CAS No. | Substance name | Document Class | Document Title | Document Format | Document File Name |
|---------|----------------|----------------|----------------|-----------------|--------------------|
| | | 顧客/社外 | 発行書式/原材料部品構成 | Electronic Data | 発行書式/原材料部品構成 |
| | | 社内 | Y93000 | Electronic Data | Y93000.pdf |

Chemical Substances Information Management System (Image)

Example of List of Target Reduction Substances
Example of Toxicity Risk Evaluation

Safety Check Workflow



Reference Information Example

- ECHA (European Chemicals Agency)
- SVHC (Substances of very high concern)
- RoHS (Restriction of Hazardous Substances)
- REACH
- Oeko-Tex standard 100
- EU DIRECTIVE2015/1221/EC
- DIRECTIVE 2009/48/EC (safety of toys)
- Implementation of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture
- POPs: Stockholm Convention on Persistent Organic Pollutants
- Dioxin Regulation Act
- Montreal Protocol

Global safety activities

Safety-related initiatives are necessary in all locations where Unicharm runs business, so we operate a global safety-check framework. We have been operating a safety-check framework in each country of operation since April 2007. We began activities under this framework in Vietnam in 2017, followed by local subsidiaries in China, Korea, Taiwan, Thailand, Indonesia and Vietnam today. We visit our suppliers, testing partners and government institutions in each country to step up communication in order to deliver safe and reliable products to our customers by holding the general meetings involving all persons in charge of safety, tele-conferences and regular separate meetings. In addition, starting in FY2018, the Chemical Substances Information Management System mentioned above has been gradually adopted at overseas locations where local staff dedicate themselves to register within each country's regulations and conduct prompt study of substances contained in addressing increased export and import, thereby promoting a system that ensures peace of mind for our customers.

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 information from consumers relating to problems with products in order to make 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 goals such as “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 individual variations in work, thereby realizing stable quality.

UTMSS members at all plants worldwide gather in Japan twice 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 to overseas plants. By implementing UTMSS improvement activities and establishing such frameworks, we promote productivity improvements and quality enhancement at plants outside Japan.



At an all-company UTMSS gathering



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 Guarantee 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 Guarantee Meeting



Labor Standards

View Concerning Human Resources

Our basic approach and strategy

We 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 rights and individuality of each employee, create a workplace that makes the most of each person’s abilities and strive to achieve happiness for our employees and their families.

As part of our efforts to innovate the workstyle, it is very important for employees to feel they are growing in their work, so we will work to provide such an environment and reduce working hours.

Human Resource Philosophy

At Unicharm we value the autonomy of each and every individual, based on Unicharm’s “Beliefs and Pledges” and Corporate Principles of Action. 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 HR Philosophy Chart

“Human beings” as the foundation of our company values

In order to support our “company management to serve the common good” into the future, we will continue to be a group of experts who create and disseminate dynamic staffing systems that actualize and motivate our employees, trusted by our employees all over the world.



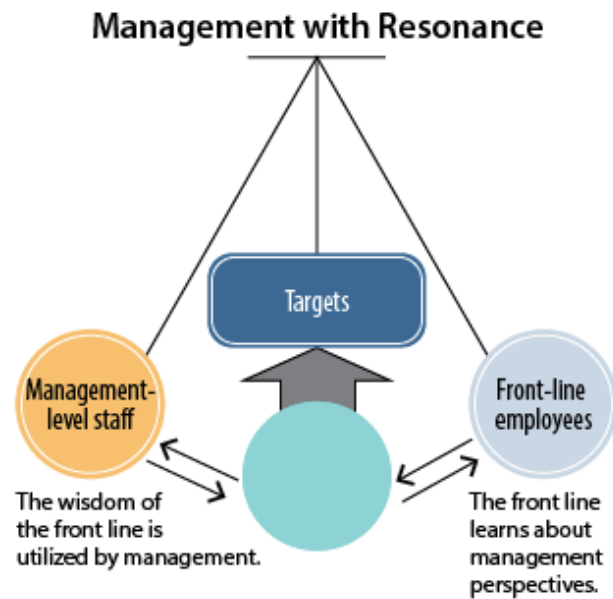
Unicharm Group’s Human Resources Philosophy

1. **Human perspective**
 - ◆ We recognize that our employees are autonomous individuals, and we respect individual initiative based on freedom and individual responsibility.
 - ◆ We believe that each employee is aware of her/his respective missions and roles, and that we are all independent, active beings who think and act on our own.
2. **The organization and the individual**
 - ◆ We, people with common interests and aspirations, will work together in harmony, and together we will create a vision of the future and share the joy of our growth as a whole.
 - ◆ With market principles as one of our fundamental principles, we will pursue the integration of organizational and individual development, and the realization of “the three aspects of wealth.”
3. **Growth and creation**
 - ◆ By improving the ways in which we learn from each other and the diverse values we all hold, we will continue to pursue the creation of new values.
 - ◆ We will provide our employees with opportunities for growth and will continue to create opportunities for the demonstration of such growth.

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." We believe that management-level staff are able to come in first-hand contact with front-line information and share viewpoints. Meanwhile, through dialogue with management-level staff, 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 work towards a shared goal, fostering a sense of comfortable unity even under strict conditions in the company. Daily ingenuity and wisdom therefore swings 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.

Management with Resonance

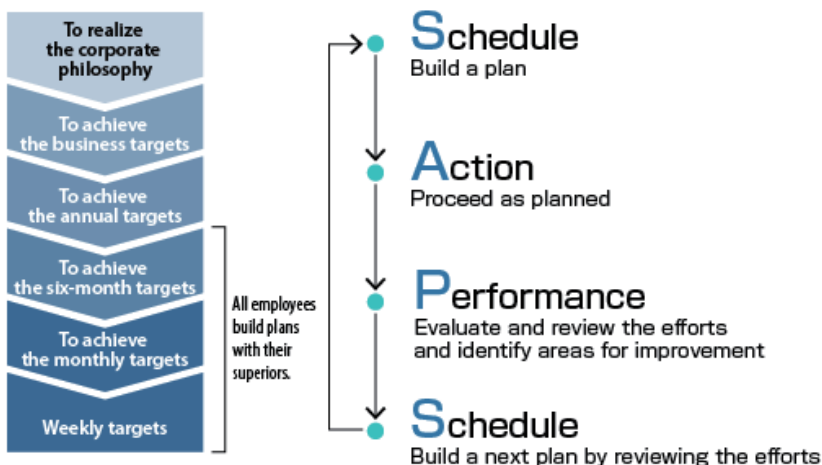


SAPS methodology: Emphasis on respect for people and a sense of accomplishment

The purpose of the SAPS methodology, which has been in operation at Unicharm since 2004, is to make our employees utilize their precious time more effectively and spend their life with happiness by focusing their time and activities on high-priority (value-added) issues. One of these initiatives is the SAPS Management Model. It is a type of PDCA cycle in which all employees build a plan with a flow of their top goals to be broken down into monthly targets to achieve their six-month targets and weekly targets to achieve the monthly targets. Doing so allows the employee to assign a purpose to each item of work and clarify work priorities. For example, even if work does not proceed as planned, progress can be visualized to determine the current situation and the plan can be shared with superiors and coworkers to receive advice which will lead to improvements. In order to make that happen, we get together as a company-wide group to work on and implement the 6 key essentials of the SAPS methodology based on which we aim at respecting the independence of individuals having diverse values and bringing out each other's capability so that we can share the joy of growth of the organization as a whole. Through SAPS methodology, we proceed toward the realization of "wealth in three aspects": "aspiration," "economy," and "mind and body."

The SAPS management model:

Unicharm's unique management method that maximizes time

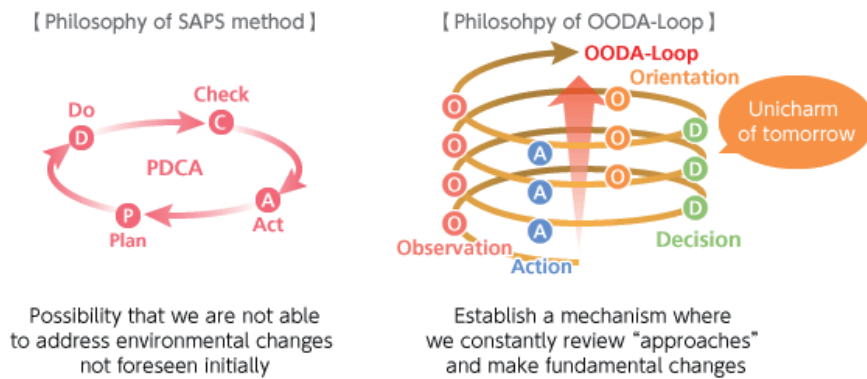


Six essentials of SAPS methodology

- 1 Respect for people
- 2 Emphasis on a sense of accomplishment
- 3 Emphasis on time competitiveness (Time-based management)
- 4 Knowledge management
- 5 Emphasis on curiosity and entrepreneurship
- 6 Mentality change

Toward an organization that “moves ahead while thinking” using a new management approach

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 we are unable to see when exactly major unpredictable changes will take place due to the evolution of IT and globalization. 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 “OODA-Loop,” a new management method that represents an evolution in our conventional “SAPS method” that focused on PDCA cycle. Our goal is to become an organization where “primary information” from the frontlines is used to understand the fundamental essence of individual situations so that individual employees use their own senses to harness past experiences and knowledge to determine the best course of action autonomously based on situational awareness.

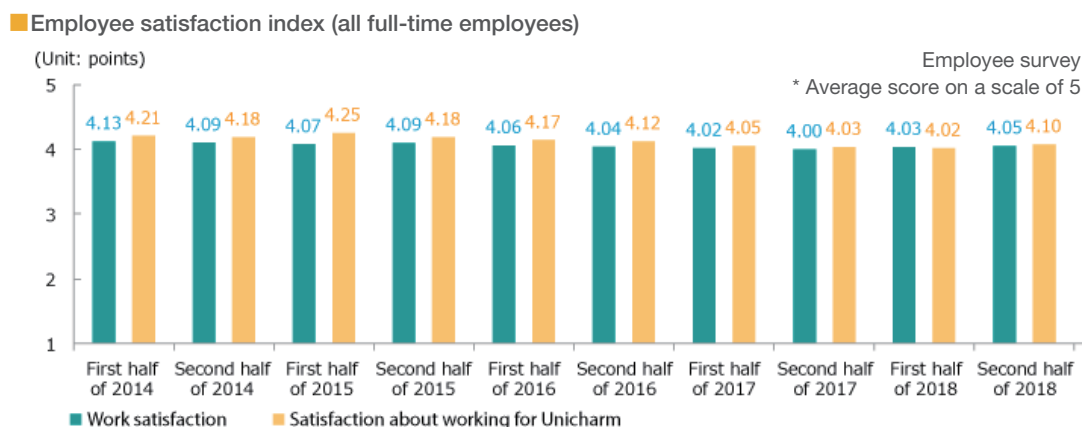


Building a healthy and active workplace environment

Unicharm is committed to be a company where employees can fully experience purpose in their work based on fulfillment in all aspects of their life including career, home life and health. Based on this commitment, we are working to usher in work-style reforms. We are promoting an active workplace environment where employees can be both physically and mentally healthy by using telework, communication considerate of others such as prohibiting work calls and emails on holidays and encouraging employees to take paid leaves systematically. The goal of this is to ensure all employees have the required at least eight hours off between shifts and a 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 conducted “employee surveys” twice a year at all group companies in Japan and overseas, in order to verify employees' satisfaction/fulfillment and sense of accomplishment. This sequential surveying enables us to implement various measures in management and human resources, and also encourages employees and organizational operations to be more proactive.



Personnel Utilization and Training

Expansion of education and training programs

We have a skill-enhancing program that consists of understanding our SAPS methodology and practical skills improvement in order to develop human resources who will practice Management with Resonance.

Skills-enhancing and Career Planning Support Programs (FY2018)

| By level | Business skills & UC-Way | Management skills & SAPS | Career planning | | Global skills | Leadership development | Self-development (selective) | |
|--------------------|--------------------------|--|--|----------------------------|--|------------------------|-------------------------------------|--------------------|
| | | | Group | Open recruitment | | | | |
| Management L class | | Training for leaders Training for new leaders | Training for 58 year-old employees Training for 50 year-old employees | | Training program for employees posted overseas | G15 | Joint training with other companies | |
| General P class | Mid-career | Training package for new leaders of small groups | Training for 40 year-old employees | Career change (semiannual) | | | | MMBD |
| | Junior employees | Training for mid-level employee | Training for employees in their 3rd year Training for employees in their 2nd year | In-house internships | | Free agent program | Global internships | Marketing training |
| | New hires | Training for entry-level employees | Training for new employees | | | | | TM63 |
| Second job | | | | | | | | |

Our distinctive training programs (excerpt)

| Title | Summary |
|---|--|
| Training for new employees | (1) Transitioning from student life to working life (rewiring) (2) Deepening employees' understanding of "The Three DNAs," which serve as guiding principles for our thoughts and actions and the corporate philosophy "NOLA & DOLA (Necessity of Life with Activities & Dreams of Life with Activities)" (3) First-hand experience and understanding of the three aspects of actual work sites (manufacture, purchase and use) and recognizing and persisting in developing a "consumer-oriented mindset." (4) Understanding of "Management with Resonance" (5) Experiencing the importance of working as an organization (team selling), and understanding Unicharm's persistent emphasis on "target oriented" and "target achievement" approaches (6) Creating your own "10-year career vision and plan" |
| Training at all levels, ages and roles | Training is carried out for people in keeping with their respective levels, ages and roles. All training is based on understanding our SAPS methodology and improving practical skills, providing opportunities and places to enhance the ability to think and take action. |
| Unicharm Spirits Masters | A workshop program for veteran employees in their early fifties to develop action plans by utilizing their accumulated insights and skills in order to demonstrate their powers of execution and foster younger employees. |
| Life & Career Redesign | A program that provides opportunities to employees close to retirement to rethink their life and work styles in order to continually achieve personal growth both inside and outside the company regardless of age. |
| Kaban-Mochi (Strategy Secretary to CEO Program) | By accompanying senior members on overseas business trips, participants have the opportunity to observe and learn about the thoughts and actions of senior management members. |
| Ten-year career vision and plan | Provides employees with the tools and a system for designing and developing individualized 10-year career plans, and for completing their own action plans. The tools can also be used for communication with management, in order to support each employee in achieving her/his own goals. |
| Workplace Exchange Workshop | A cooperative training program established by several companies for the purpose of allowing participants to enhance their own skills and improve their own issues & 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 | A training program which raises employees' awareness regarding cross-cultural communication, risk management, bribery, etc., and promotes their preparations for their post-overseas transfer so that they can rapidly assume their duties in the new environment and achieve results. |

| | |
|--|--|
| Training for new leaders | This program is aimed at nurturing executives in correct management behavior that respects people in terms of their role in dealing with business performance, human relations issues, leadership and status assessment. |
| 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. |
| Harassment training | Through e-learning on human rights and new leader training, employees learn about specific cases of bullying and harassment along with how to prevent it and what to do in case it actually happens. |
| 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. |
| Internal free-agent program | In their third year with the company, employees come up with a dream and ambition they want to achieve and apply to work at a department of their choice with an appetite to tackle new challenges. |
| Career change program | Individual employee can apply to work for a department of its choice based on a clear career vision and career plan in order to expand its career horizons (for employees in their fourth year and up). |
| Global internship program | Employees wishing to work overseas work for one of the company's subsidiaries abroad to gain the necessary knowledge and skills for overseas assignments and to revisit their own career vision and career plan. |

Evaluations for career development

Unicharm's personnel evaluations have three aspects: evaluations, training and treatment of employees with the aim of developing human resources by systemizing and practicing them.

Our thinking about evaluation and training is that it is not only about results but also process-that is, requiring 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 SAPS methodology. All employees create their own career vision and plan and set half-year goals to achieve the plan with their superiors 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

Various support systems

We are committed to always improving our work environment so that each and every employee can work to the best of their abilities.

As one of our work-style reforms, we began working interval program and telework program from 2017 and implemented the government's premium Friday program. We implemented the second job system from 2018.

Various support systems to respect diversity

| System | Eligible people | Summary |
|---|---|--|
| Moony Birth Support Leave Program | Employees who undergoing 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. |
| Telework Program | All employees (Excludes positions for which telework is not feasible) | Employees can apply for permission to telework up to four times a month. The telework for that day is done 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 one's skills or growth are permitted (provided it will not impede one's primary work). This is applicable only to off-business hours and holidays. |

Employment of people 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 abilities 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.

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 which allows all male employees up to 5 days off to take care of their newborn babies within 8 weeks of their birth. This system was thoroughly promoted to every employee with individual information session provided for the employees and their supervisors. As a result, in 2018, the rate of employees utilizing Moony childcare involvement leave was 94.7%.

At present, the average days of leave taken is 3.4 days. Going forward, we aim to continue to promote the program to encourage an average leave of 5 days.

● Voice from an employee who took childcare involvement leave



Yasutaka Yoshida
Legal Department
Unicharm Corporation

I took five days of Moony childcare involvement leave from the day my newborn daughter came home from the hospital.

My daughter stayed at the hospital for some time due to her low birth weight. My wife commuted to the hospital several times a day to deliver pumped breast milk and, thanks to that, my daughter was able to come home after about a month.

I had not considered taking the leave as I was able to see my daughter every day after work. However, upon receiving information from the human resource department on Moony childcare involvement leave for male employees, I talked it to my wife who thought the initial stage of childcare was critical and ended up taking the leave.

During my daughter's hospital stay, I learned from the nurses about how to change diapers and feed the baby, therefore, was able to spend a fulfilling time with my daughter at home during my leave. Also, even if it was only a few hours, by watching my daughter myself, my wife was able to catch a break and refresh herself by meeting with her friends or going out to shop as she did not have such opportunity right after birth and taking care of the baby herself.

Now, we respect each other's time on weekends and holidays while each pitching in to take care of our newborn while enjoying the process.

Support for women seeking to become pregnant

At Unicharm, employees taking more than one month off to undergo advanced fertility treatments can take a leave of absence of up to one year. Support is also provided for fertility treatments of less than one month by allowing the employee to choose among paid annual leave, accumulated leave or unpaid absence.

Unicharm Family Plant Visit Days

Unicharm holds Family Plant Visit Days at all of our plants both in Japan and overseas to welcome the families of employees for a tour of the plant. Family Day participants were surprised at how fast products were being made while some children were impressed with seeing their parents in a professional capacity.



Shikoku Factory



Fukushima Factory



With Moony-chan



Shanghai Plant



Jiangsu Plant

Family Day

Each year, local subsidiaries in China and Indonesia host the Family Day event where every employee and their families are invited. Those who have participated reflected on their appreciation for the opportunity to develop a sense of unity.



Tianjin Plant



Indonesia

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 FY2018, 10 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 regular monthly discussions between the company and labor union. Depending on the details of these discussions, we also hold irregular meetings in addition to monthly meetings. In FY2018, we held talks about work-style reforms, about reducing overtime work and about employee benefit programs and health management measures, among other issues, and continued with efforts to foster workplaces that can motivate and fulfill employees.

Health and Safety

Our basic approach and strategy

As an occupational health and safety initiative, Unicharm Group strives to ensure thorough health and safety management in the workplace with the Unicharm Group Action Guidelines in order to realize our “Pledge to Associates,” to prevent workplace accidents and to ensure that our employees can work safely and securely.

Basic Policy for Health Management

1. Employees give priority to primary prevention and strive to improve lifestyle habits based on the idea of protecting one’s health through one’s own actions.
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 Industrial Health Management

To prevent workplace accident and ensure that employees can work safely and comfortably, we strictly implement safety and health management and work toward zero accident. At the same time, we give top priority to ensuring employing safety at all times, do not force employees into excessive labor or overtime and provide a work environment in which safety and health managers play a central role. Managers will also keep an eye on the mental and physical health of their subordinates and promptly respond when they find an issue.

Management structure

The Iki-Iki Health Promotion Office was opened in 2017 to assist employees with physical and mental health management. We have also implemented an occupational safety and health management system (OSHMS) focused on manufacturing in order to continuously maintain and improve our health and safety activities and have specified a PDCA (Plan, Do, Check, Act) process to promote ongoing health and safety management on an autonomous basis that assists in preventing workplace accidents, promotes worker health, creates a comfortable work environment and improves our activities for enhancing safety and health standards. OSHMS operations ensure that all employees have set objectives for health and safety activities with clear roles and responsibilities. Along with regular visits by top management including plant managers who are assigned as health and safety manager, this system allows the identification of latent risks for occupational injuries and diseases and revision of health and safety activities.

In Japan, the Ministry of Health, Labour and Welfare sets out OSHMS guidelines.

The International Labour Organization (ILO) has also sets out OSHMS guidelines as international standards. Japan’s guidelines conform to the ILO standards.

We also have third-party organizations monitor our manufacturing sites in and outside of Japan. This monitoring serves to identify issues with long working hours, occupational safety, wages and building safety so we can make improvements.

In order to create a safe and comfortable workplace, we have established a Health and Safety Committee with selected employees, labor union representatives and occupational physicians. The committee meets once per month regarding activities to improve the workplace environment, prevent workplace accidents and eliminate vehicle accidents. Important actions from a PDCA perspective are reported to the directors through management meetings. Actions related to safety that have been approved by the directors are implemented as activities in each department. Progress is reported to the directors in the Health and Safety Committee and periodic reports with their decisions on actions and instructions for improvements being issued to implement the PDCA cycle for safety activities.

Additionally, by using the company intranet, we post “Health Lab,” health promotion information, and “Overseas Support Information,” information on safety/security and health issues (e.g., HIV, AIDS, tuberculosis, malaria) in foreign countries, which is provided as needed to employees going on business trips to other countries.

Objectives

With the aim of zero workplace accidents and a 10 percent reduction in overtime over the previous fiscal year, production-focused top managers visit sites to promote PDCA for occupational health and safety. In FY2017, both the workplace accident frequency rate and the workplace accident severity rate were below the industry average and ongoing improvements were realized in FY2018.

Please see Human Resources Data for the workplace accident frequency rate and the workplace accident severity rate.

With telework and working interval programs, a monthly no-overtime day and premium Friday across the entire company, we are realizing the creation of well-balanced way to work. We have also clarified priorities, with employees thoroughly managing their actions by creating weekly plans for effective use of work time in order to promote reductions in working hours and the creation of a worthwhile working environment.

Company-wide safety conventions

We hold company-wide safety conventions as part of our efforts to ensure employee safety. The 16th convention was held in FY2018 at the Central Plant, Shikoku Factory, Unicharm Products Co., Ltd. President Ishikawa addressed all factories with the company's wish for the safety of all employees, which has been imbued in the company's sazareishi (breccia stone) monument (a metaphor for longevity). Senior executives continue to espouse the company's commitment to safety as an asset and that safety takes precedence over all and announced their determination to reduce dangerous situations and to not allow dangerous acts.



The 16th company-wide safety convention Unicharm Products Co., Ltd.



Awards ceremony

Health and Safety Committee

Unicharm's "Health and Safety Committee" consists of industrial doctors and elected commissioners from the company and the labor union. The Committee implements various activities once a month, including activities related to improving the working environment and preventing work-related accidents, as well as carrying out campaigns to eliminate vehicle accidents. We have also implemented workplace improvement activities and promotion activities for new 2019 Japanese regulations that require the consumption of a minimum number of paid holidays and implemented telework and working interval programs, a monthly no-overtime day and premium Friday to create a well-balanced way to work. We have also clarified priorities, with employees thoroughly managing their actions by creating weekly plans for effective use of work time in order to promote reductions in working hours and the creation of a worthwhile working environment.



Health and Safety Committee

Promoting employee health

In order to make it possible for employees to be both healthy in body and mind and highly productive, we have implemented ongoing health and safety activities and improved facilities so that in FY2018, there were no fatal workplace accidents. Active promotion of annual health checkups resulted in a 100% uptake rate in FY2018. As an early prevention measure for female breast cancer and cervical cancer, it is essential for all female employees, regardless of age, to receive gynecological checkups the costs of which are fully paid by the company. With October designated as Pink Ribbon Month, we gave out pink ribbon badges and educational books to employees, providing our employees, their families and people close to them with the opportunity to think about breast cancer.

Please see Making Contributions to Society through Our Core Business for our Pink Ribbon activities.

To shift health management practices from treatment to prevention, we began in FY2016 administering a stress check, providing self-care training to all employees, carrying out health awareness-raising activities by health nurses once per month, holding body composition measurement events and, based on health nurse advice, making efforts for improving the everyday life of employees. We also initiated a health management training session for employees in their 30s to convey the importance of changing lifestyle habits from an early stage and being more health conscious.

Furthermore, on January 1, 2016, we completely banned smoking across the entire company.

We also introduced an employee support program by which our employees and their families can consult with external counselors about their worries and troubles, in order to facilitate their realization of fulfilling and healthy lives without worries. In terms of health and safety education in FY2018, we conducted various kinds of training and education, such as e-learning for mental health and lifesaving training for emergencies, to a total of 1,793 people.

In recognition of these efforts, Unicharm was recognized both in 2018 and 2019 as a Certified Health and Productivity Management Outstanding Organization.



Body Composition Measurement Event



Human Resources Data

Please see Human Resources Data for health and safety performance.

Human Resources Data

Human Resources Data

| | Unit | 2017 | | | 2018 | | | |
|---|---|---------|---------|---------|-------|----------|---------|-------|
| | | Total | Males | Females | Total | Males | Females | |
| ① | Number of permanent employees (consolidated) | Persons | 15,757 | 9,608 | 6,149 | 16,207 | 10,081 | 6,126 |
| | Percentage of permanent employees (consolidated) | % | 58.6 | 65 | 50.7 | 53.5 | 58 | 47.5 |
| | Number of permanent employees (Japan) | Persons | 3,109 | 2,532 | 577 | 3,200 | 2,606 | 594 |
| | Number of permanent employees (other than Japan) | Persons | 12,648 | 7,076 | 5,572 | 13,007 | 7,475 | 5,532 |
| | Number of contract employees (consolidated) | Persons | 11,147 | 5,172 | 5,975 | 14,082 | 7,313 | 6,769 |
| | Percentage of contract employees (consolidated) | % | 41.4 | 35 | 49.3 | 46.5 | 42 | 52.5 |
| | Number of contract employees (Japan) | Persons | 1,318 | 665 | 653 | 1,418 | 689 | 729 |
| | Number of contract employees (other than Japan) | Persons | 9,829 | 4,507 | 5,322 | 12,664 | 6,624 | 6,040 |
| ② | Employment rate of persons with disabilities (annual average) | % | 2.1 | — | — | 2.13 | — | — |
| ③ | Rehiring rate of retired employees | % | 82 | — | — | 89.4 | — | — |
| ④ | Employee turnover rate | % | 2.8 | — | — | 2.7 | — | — |
| ⑤ | Average age of employees | Age | 41 | 42 | 38 | 41.7 | 42.6 | 38.5 |
| ⑥ | Average length of service | Years | 16.6 | 17.4 | 13.7 | 17.4 | 18.4 | 13.1 |
| ⑦ | Number of employees who are new graduates | Persons | 55 | 37 | 18 | 52 | 42 | 10 |
| ⑧ | Turnover rate of employees with less than 3 years of service who started as new graduates | % | 6.3 | 5.7 | 7.7 | 20.8 | 18.1 | 26.7 |
| ⑨ | Number of managerial employees (Japan) | Persons | 592 | 523 | 69 | 618 | 536 | 82 |
| | Number of managerial employees (other than Japan) | Persons | 585 | 443 | 142 | 692 | 520 | 172 |
| ⑩ | Percentage of available annual leave taken | % | 59 | — | — | 58 | — | — |
| ⑪ | Per-person overall working hours | Hours | 2,005.6 | — | — | 1,993.50 | — | — |
| ⑫ | Use of childcare leave system | Persons | 130 | 75 | 55 | 107 | 48 | 59 |
| ⑬ | Percentage of available childcare leave taken | % | 80 | 63 | 100 | 87.7 | 76.2 | 100 |
| ⑭ | Number returning to work after childcare leave | Persons | 129 | 75 | 54 | 105 | 48 | 57 |
| ⑮ | Return/retention rate for pregnancy and childcare leave | % | 99 | 100 | 98 | 98.1 | 100 | 96.6 |
| ⑯ | Use of nursing-care leave system | Persons | 2 | 0 | 2 | 4 | 0 | 4 |
| ⑰ | Use of shortened work hours system for childcare | Persons | 56 | 0 | 56 | 52 | 0 | 52 |
| ⑱ | Use of flextime system for personal lifestyle support | Persons | 59 | 16 | 43 | 68 | 17 | 51 |
| ⑲ | Health check-up rate | % | 100 | — | — | 100 | — | — |
| ⑳ | Number of persons on mental health leave | Persons | 5 | — | — | 3 | — | — |

| | Manufacturing industry average (2017) | 2016 | 2017 | 2018 | |
|---|---------------------------------------|------|------|------|------|
| ⑲ | Workplace accident frequency rate | 1.02 | 0.36 | 0.33 | 0.23 |
| ⑳ | Workplace accident severity rate | 0.08 | 0.01 | 0 | 0 |

| | 2017 | | 2018 | | |
|---|-------------------------|-------|--|-------|--|
| ㉓ | Number of union members | 1,420 | Percentage of employees covered by the Labor Law | 1,490 | Percentage of employees covered by the Labor Law |
| | | | 100% | | 100% |

| | 2017 | | 2018 | | |
|---|---------------------|-------------------|-----------------|-------------------|---------|
| | Master's degree | University degree | Master's degree | University degree | |
| ㉔ | Starting salary Yen | 224,000 | 205,100 | 226,000 | 210,000 |

①⑨: Total group, ⑫ - ⑰: employees on the payroll of Unicharm or Unicharm Products. Others: employees on the payroll of Unicharm

*1 Based on numbers as of December 31.

*2 ⑫ - ⑰: permanent and contract employees. Others permanent employees.

*3 ③ Rehiring rate of retired employees = Number of rehired employees / Number of retired employees (at mandatory retirement age)

*4 ④ Employee turnover rate = Number of terminated employees (except for retirement at mandatory retirement age, death, promotion to board members or transfer within the group) / Number of employees at the end of each fiscal year

*5 ⑲ Workplace accident frequency rate = Number of workplace accident occurrences / Total number of working hours × 1 million hours

*6 ⑳ Workplace accident severity rate = Number of lost working days / Total working hours × 1,000 hours

Local Community

Our Attitude toward Social Contribution and its 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, emotion and pleasure to people not only in Japan, but also 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 society through the creation of employment and one that is welcomed and trusted by people in these societies.

Unicharm's stance toward social contributions



Management structure

In Japan, each division conducts autonomous activities centered around the CSR Division to fulfill our corporate social responsibility. Overseas, local subsidiaries in each country lead community-focused social contribution activities.




Making Contributions to Society through Our Core Business

Efforts to lengthen healthy life expectancy through seminar on “Caring for urine leakage and continence”

Unicharm continues to provide appropriate continence support and nursing know-how in cooperation with educational institutions and local communities so that we can help the elderly live with being themselves forever. Tailoring themes and programs to suit participants, we are presenting useful knowledge and skills for care workers so they can provide a high level of care and a comfortable life for the elderly.

See “Continenace Care Navi” for knowledge and ideas about comfortable excretion care.

Seminar on “Caring for urine leakage and continence” by Continence Care Research Center

| Target | General elderly population | At-home care specialists and family caretakers | Caretaking and nursing students (of vocational schools) |
|---------------------------------|--|--|---|
| Theme | Caretaking prevention (urinary incontinence) | Continenace care | Continenace care |
| Number of presentations in 2018 | 43 | 24 | 32 |
| Contents | We introduce prevention and improvement, and finally, how to best live with urine leakage under the theme, “Preventing and self-care of urine leakage,” which is important to care prevention. | We introduce how to lessen the burden of continence care which is a large issue in at-home assisted care through introducing appropriate ways of choosing and using (or putting on) diapers. | We teach from the basics of the role and knowledge of the experts in the context of elderly continence care for the future experts of medicine and elderly care who will become caretakers for the elderly. |
| |  |  |  |
| | Scenes from the day | Scenes from the day | Scenes from the day |

Continuous participation on Pink Ribbon activities in Japan and overseas

Pink Ribbon activities help to raise awareness around the world about the early detection, early diagnosis and early treatment of breast cancer and Unicharm assists with these activities in Japan, China and Taiwan.

In Japan, Unicharm is now in its 11th year of supporting Pink Ribbon activities. A record high 86 people, including employees and their families, took part in the Pink Ribbon Smile Walk Tokyo Event held in October 2018 to communicate the Pink Ribbon message.

We provide information on basic knowledge on breast cancer and self-check methods for early detection through a special website and the packaging of Pink Ribbon limited edition products, in order to foster correct understanding about Pink Ribbon Activities. Pink Ribbon limited edition products include Sofy brand feminine hygiene products and panty liners, along with “Moony Breast Milk Pads” that feature Pink Ribbon limited edition packaging to raise awareness about Pink Ribbon activities among all women, including expectant and lactating mothers who generally don’t get their period. Part of the proceeds from the sale of these products is donated to relevant organizations in conjunction with the # Sofy Pink Feather Twitter fund-raising campaign. In addition, money was raised at the 2018 Childcare Festa held in the city of Shikoku-Chuo in Ehime Prefecture that Unicharm took part in and donations were provided to all relevant organizations.

In addition, to enable employees to be both mentally and physically healthy and to engage in highly productive activities, we designated October as Pink Ribbon Month and gave out pink ribbon badges and educational books to employees, providing our employees, their families and people close to them with the opportunity to think about breast cancer.

Active promotion of annual health checkups resulted in a 100% uptake rate in FY2018. As an early prevention measure for female breast cancer and cervical cancer, it is essential for all female employees, regardless of age, to receive gynecological checkups the costs of which are fully paid by the company.

Our subsidiary in Taiwan held the 2018 Pink Ribbon Walk Event together with the Formosa Cancer Foundation in May 2018. This year marked the seventh time this event was held and a total of 38 employees and their family members participated in this event that raised awareness about the importance of breast cancer screening.

■ Pink Ribbon activities in each region

Japan



Pink Ribbon Smile Walk Tokyo



Pink Ribbon limited edition products

Taiwan



Pink Ribbon Walk Event



Supporting parent-child toilet training

In 2017, we established the Cohesive Society Research Center and teamed up with Professor Masako Myowa of Kyoto University's Graduate School of Education to research initiatives for supporting childrearing based on developmental science, given the importance of mental and physical contact between parent and child for healthy brain and mental development of children. Based on our commitment to not only children's growth but also the mental wellbeing of parents raising children, we created a toilet training app in 2017 called Moony-chan and Toilet Training which focuses on toilet training as the foundation for teaching manners. In 2018, we released a new Tore-Pan-Man disposable diaper specially designed for toilet training that provides parents and children with experience and support not possible through the app or diapers alone.

Joint research with Kyoto University's Center of Innovation revealed that the new Tore-Pan-Man which offers functions that arouse fun and joy provides continual motivation to toilet training children immediately after they start using them and increases the success rate at the toilet. Looking ahead, we will continue to develop products that respect children's rights and ensure that both parent and child continue toilet training with a positive attitude.



Tore-Pan-Man helping motivate participants
Affixing a Treat Sticker



Moony-chan and Toilet Training

Voice from an expert



Masako Myowa, Ph.D
Professor of Graduate School
of Education, Kyoto University

Traditional toilet training methods used negative reinforcement that caused children to experience failure and have unpleasant memories. However, these methods cause undue stress on both child and parent. The timing for starting toilet training is an important developmental milestone for giving children self confidence and affirmation along with forging relationships of trust with parents and others. We needed a better way of toilet training for parent and child that went beyond traditional approaches.

Animals including humans will perform an act more frequently when given positive reinforcement. This is referred to as operant conditioning learning. Applying this learning theory, this new disposable diaper enables predictive learning where children are praised or awarded for going to the bathroom, which in turn encourages them to want to do it again and again. It is my hope that, instead of being a negative experience for both parent and child, toilet training becomes an opportunity for fun learning and the growth for both.

Seminar on Living with Aged Dogs

In January 2018, we held the Seminar on Living with Aged Dogs in Tokyo's Minato-ku to raise awareness about our new approach to caring for aged dogs. The seminar was led by employees of the Pet Care Development Division who discussed ways to reduce the nursing care burden on owner and pet as well as how to prepare for providing care and dementia disease in advance, as seen from 16 case studies. The seminar was attended by around 70 veterinarians, veterinary nurses and others.



Community-based Social Contribution Activities (Japan)

Sponsored the gifting of disposable diapers upon birth registration in the city of Kakegawa

Since 2016, we began the program of gifting disposable diapers for newborn babies upon birth registration in Kakegawa, Shizuoka, where our Shizuoka Factory is located, with the goal of promoting healthy growth of children, reducing financial burdens on families and contributing to the local region. In June 2018, we held a commemoration ceremony in celebration of having handed out 2,000 gifts.



Initiative of childcare assistance and extension of healthy-life expectancy in the city of Shibushi and town of Osaki

In October 2018, the Presentation Ceremony for Newborn Gifts at Birth Registration was held in Shibushi, Kagoshima. This is an initiative to congratulate and support child-raising generations through gifting of diapers as newborn gifts in Shibushi and Osaki which are two municipalities that are working with Unicharm in developing recycling technologies for disposable diapers that are essential to the future of our children. In addition, in Shibushi, we are working on initiatives to extend healthy-life expectancy through Social Walking®.



Please see CSR Key Topic 3 for information on initiatives of disposable diaper recycling.
Please see CSR Key Topic 1 for information on initiatives of "Social Walking®."

Sponsored project to provide disposable diapers to the City of Shikokuchuo

Shikoku-Chuo City is considered to be one of Japan's largest paper producing areas. Unicharm is helping to sponsor local initiatives to assist children here as part of a public-private partnership initiated by the city government. Through this initiative, families in the city raising a child below the age of one receive a childcare support voucher they can use to redeem for MamyPoko and Moony products free of charge. Unicharm actively supports the city's efforts to promote the local production and local consumption of paper products as a means to easing the burden placed on families and encouraging the healthy development of children.



Child-raising support voucher

Participation in the Childcare Festa 2018 in Shikoku-Chuo City

We participated in “Childcare Festa 2018,” a child raising festival held in the city of Shikoku-Chuo in October 2018. In keeping with the city’s slogan, “The Best Place to Raise a Child in Shikoku,” this event provides an opportunity for parents and children to interact with one another and to promote a good childcare environment. We displayed products, operated a miniature steam locomotive, carried out awareness-raising activities for the early detection of breast cancer and raised money for the Pink Ribbon Campaign.



Supported the “Smiling Face of Ehime Child Raising Support Project” in Ehime Prefecture

With Ehime being home to many leading paper manufacturers in Japan, we are sponsoring the “Smiling Face of Ehime Child Raising Support Project,” a collaboration between the prefectural and local governments and disposable diaper manufacturers in the prefecture to support families with young children. This project offers support to families with two or more children through providing coupons valid for diaper purchases in order to reduce their financial burden.



Sponsored the ITF Unicharm Trophy EHIME International Open Tennis

We sponsored the ITF Unicharm Trophy EHIME International Open Tennis, a men’s tennis competition recognized by the International Tennis Federation (ITF), held in April 2018 with the hopes of contributing to the regional revitalization as a company established in Ehime, as well as supporting junior athletes in reaching for the world stage. Kids tennis classes taught by Ms. Kimiko Date and other ITF certified coaches were also held.



Sponsored the Malaysian Badminton Team Camp in Ehime

In August 2018, we held a welcome reception for the Malaysian Badminton Team Camp in Ehime. Since Ehime has been chosen as the official camp site for the Malaysian Badminton Team in preparation for the 2020 Summer Olympics in Tokyo, we are sponsoring the event as a Japanese company from Ehime who is looking to further expand into Malaysia, with the goal of promoting sports in both countries.



Donated wheelchairs to Sapporo City Council of Social Welfare

Twenty wheelchairs were donated to the Sapporo City Council of Social Welfare in collaboration with Tsuruha Holdings Inc. in October 2018. Because these efforts have been continued every year since 2000, a cumulative total of 200 wheelchairs have been donated. The wheelchairs that have been donated are being used by many facilities for the elderly in Sapporo as rental wheelchairs and for transportation services.



Products chosen as thank you gifts for making Hometown tax contributions

In collaboration with local municipal governments where our manufacturing plants reside with the hopes of revitalizing the local regions, Unicharm products have been adopted as thank you gifts to taxpayers making Hometown tax contributions in the City of Kakegawa, Shizuoka Pref.; City of Kanonji, Kagawa Pref.; City of Itami, Hyogo Pref.; and so on.

Established a scholarship foundation for the development of children leading the next generation

Unicharm's President and CEO Takahisa Takahara established the Unicharm Resonance Fund in 2017 for the purpose of the development of university students and graduate students leading the next generation, particularly students interested in manufacturing, welfare and globalism, in order to achieve cohesive societies of people and pets. The foundation provides scholarships for students enrolled at universities and graduate schools in Japan for the purpose of supporting the development of human resources that will contribute to society.

[Unicharm Resonance Fund website](#)

Community-based Social Contribution Activities (Overseas)

Lectures for those involved with health in schools in developing countries

Every year, the JICA Chubu International Center invites guests from developing countries for participating in training about school health. Starting 2016, lectures were held on girls' first period (menarche) education in Japan, India and Myanmar. After explaining about menarche education in Japan, its development in India and Myanmar was introduced together with the person in charge and it was explained how girls are now able to live more positively by using sanitary napkins in the correct way. Ms. Ae Mon Htun from Myanmar, where we are rolling out the first menstruation education, who attended the lecture talked about her ambitions: "I hope that this education is expanded in the future to encourage women to take an active and leading role in society in Myanmar".



Please see CSR Key Topic 2 for efforts in India and Myanmar.

Participated in Healthy Longevity Exhibit in Jakarta

We participated in the Healthy Longevity Exhibit in Jakarta that promotes products and services in the field of health and longevity hosted by the Japan External Trade Organization (JETRO). Our company booth displayed our adult diaper products sold in Indonesia, introduced the line-up to suit different body needs and our support of independence in terms of elimination and excretion.



[Vietnam] Participated in Maternal & Child Health Handbook promotion events

In September 2018, our local subsidiary in Vietnam collaborated with the International Maternal & Child Health Handbook Committee and AEON Vietnam and participated in promotional events for the Maternal & Child Health Handbook and healthcare. In promoting health awareness for mothers and children in Vietnam, we covered the printing cost for 10,000 copies of the Maternal & Child Health Handbook and distributed 1,000 handbooks while providing information on their use.



[Thailand] Donated products to the Red Cross

Our local subsidiary in Thailand donated products equal to the value of 320,000 baht to the Red Cross in Chachoengsao Province in October 2018.



[Thailand] Donated to an organization supporting the self-reliance of children

In October 2018, our local subsidiary in Thailand held the Charity Walk & Run event and donated 129,300 baht to the Community Children Foundation Donation (CCF) which fosters independent life skills in underprivileged children by providing scholarships, living expenses and vocational training.



[Thailand] Attended the 11th International Conference on Maternal & Child Health Handbook

We attended the 11th International Conference on Maternal & Child Health Handbook held in Bangkok, Thailand in December 2018. This conference serves as a general meeting to promote the Maternal and Child Health Handbook founded in Japan, where case studies are shared with an international audience on an annual basis. At the exhibition attached to the venue, Unicharm's company booth exhibited our disposable diapers for low-weight new born babies and organic cotton disposable newborn diapers.



[India] Efforts to raise awareness of use of disposable diapers

Getting enough sleep is vitally important for the healthy growth of babies. Unicharm is conducting the Namaste Poko Chan Event to highlight the importance of providing an environment where babies can sleep soundly and hygienic excretion care in some cities and rural areas of India where the use of disposable diapers is still low. The event is held using a specially designed truck in open spaces in local communities to help promote awareness. With cooperation from local public health nurses, many mothers came to these events where, through short movies and interactive programs, they were able to hear explanations on the importance of sleep for mothers and babies, learn about hygienic baby care and excretion care and see how to properly use disposable diapers and absorption experiments. In 2018, the number of trucks increased with the event taking place all year round while the event also debuted for the first time in the eastern part of India.



[Indonesia] Visit to an orphanage

In July 2018, 71 employees visited two orphanages where they deepened ties with children through playing games as well as presenting donations and introducing Unicharm products. The visit has been held as a part of the annual company founding commemoration event for the local subsidiary in Indonesia, with the goal of providing social assistance to orphaned children and promoting mutual interaction. The year 2018 marked the 15th anniversary of the event.



[Indonesia] Provided assistance following Lombok and Sulawesi earthquake

In support of the relief effort following the Lombok earthquake in July and Sulawesi earthquake in September of 2018, our local subsidiary in Indonesia donated 3,352 cartons of sanitary products including diapers, feminine hygiene products and wet towels.



[Indonesia] Participated in the exhibition held in conjunction with the Low-weight New Born Babies Conference

In March 2018, Unicharm hosted a booth at the 10th Indonesian Low-weight New Born Babies Conference where we showcased our disposable diapers for low-weight new born babies, Mamy Poko Premmie. The product was promoted as developed specifically with low-weight new born babies in mind.



[Taiwan] Carried out social contribution activities in commemoration of the company's 33rd anniversary in Taiwan

Since 2015, at our local subsidiary in Taiwan the final Friday in November has been designated "Public Welfare Day," when employees of the company get involved in social contribution activities. In 2018, 97 employees visited three facilities for the elderly and conducted volunteer activities. In addition, a baby crawling contest was held to raise funds for infant and children protection activities. Also, Unicharm partnered with Tse-Xin Organic Agriculture Foundation (TOAF) for the first time in planting 800 seedlings for a seaside protection forest on the northeastern coast of Taiwan.



[Taiwan] Sponsored the Infant and Children Support Bazaar

In May 2018, Unicharm sponsored and exhibited at a bazaar that was jointly hosted by The Garden of Hope Foundation which fosters infants and children until they are matched with foster parents and baby goods specialty store KODOMO. Donations raised at the bazaar will fund the living and medical expenses of these children.



[China] Visited welfare facilities

In November 2018, our local subsidiary in China visited Shanghai No. 3 Welfare Facility where they conducted volunteer activities and interacted with the elderly residents.



[China] Attended event focused on women's health

In November 2018, our local subsidiary in China attended a charity dinner under the theme of women's health that was held following the release of the movie, "Padman", based on a true story, in which a husband aspired to create an affordable and safe sanitary pad for his wife. During the event, the local subsidiary stated its commitment to promoting the public welfare business. In addition, 101,088 RMB worth of Sofy sanitary products were donated to the Beijing Women's Federation to benefit women in poverty.



[USA] Exhibited in Global Pet Expo 2018

In March 2018, Unicharm's local subsidiary in the US exhibited products with demonstrations at the Global Pet Expo 2018, which is the largest pet goods exhibition in the US held in the state of Florida. This exhibition that is held every year showcases approximately 1,000 companies from countries around the world and introduces over 3,000 new products. This year, a record-high 1,164 companies exhibited.



Supply Chain (Society)

Our Basic Approach and Strategy

Approach to materials procurement

Unicharm has operated the business in line with the Unicharm Group CSR Procurement Guidelines which were established in 2009 for the purpose of maintaining fair and impartial relationships with all suppliers. The guidelines incorporate provisions relating to applicable laws, human rights, industrial relations, environment and product safety such as “the abolition of child labor,” “the elimination of discrimination” and “the promotion of measures against global warming” as stated in the U.N. Global Compact.

By working closely together through mutual communication with suppliers, we are sharing and establishing an understanding of Unicharm’s CSR approach, philosophy, specific activities and requests for cooperation towards safety and the environment.

At our overseas locations, only rolling out best practices from Japan is not sufficient given more dramatic changes in awareness and regulations on safety and the environment. So we are also gathering information from the local market and promoting materials procurement closely in tune with the local market as well, and thus aiming to build business relationships that fulfill the quality, functionality, safety, environmental and service requirements of product lines in overseas markets. In addition, we are promoting procurement activities with a particular emphasis on crisis management. When starting new business transactions overseas, we make efforts 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 labor and thus call for the cooperation of the partners in environmental and ethical areas.

In October 2017, we established the Basic Policy of Procurement promoted from the Unicharm Group CSR Procurement Guidelines in response to increased expectations towards the CSR initiatives of global companies and to prevent human rights and labor problems throughout the supply chain. At the same time, the Unicharm Group Sustainable Procurement Guidelines were established as a subdivision of this Basic Policy of Procurement to express our intentions towards the prevention of child labor and forced labor, the prohibition of discrimination, the right to the freedom of association, the right to collective bargaining, reductions in excessive working hours, minimum wages, health and safety standards and the prevention of corruption. These policy and guidelines cover all business partners that conduct business with the Unicharm Group around the world, and we have worked to ensure awareness, primarily through the International Labor Standards (ILS) Promotion Group established at production subsidiary Unicharm Products Co., Ltd. However, this group changed its name to the ESG Promotion Group in 2019 with the aim of including all social difficulty issues, including the environment, and will continue promoting initiatives so that social responsibilities can be fulfilled throughout the supply chain.

We will work towards safe and secure procurement based on legal compliance going forwards so that suppliers can understand the intent of these policy and guidelines.

Basic Policy of Procurement

Basic Policy of Procurement

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

1. 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 of information obtained in purchasing activities.

2. Giving Due Consideration to Human Rights and Labor

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

3. Environmental Responsibility

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

4. 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) Emphasize the ability to manufacture and supply products that meet requirements in purchasing activities.

5. Development of Relationships of Mutual Trust

- (1) Cultivate a relationship 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.

■ Sustainable Procurement Guidelines**Unicharm Group Sustainable Procurement Guidelines**

These guidelines define the ethical standards that Unicharm wants all of its suppliers to adhere to, in order to help realize sustainable procurement. We expect all of our suppliers to understand and comply with the intent of these guidelines.

1. 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 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 position.
- 3) Management and protection of information
 - Comprehensively manage and protect confidential information and build a structure that prevents information leakage.
 - Use suppliers' intellectual property rights only after concluding appropriate contracts and do not use them illegally.
 - Properly handle personal information.

2. Giving due consideration to human rights and labor (Refer to the Unicharm Group Policy on Human Rights.)

- 1) Respecting the International Bill of Human Rights and the International Labour Organization (ILO) declaration
 - Respect the International Bill of Human Rights (the Universal Declaration of Human rights, the 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) Respecting human rights
 - ① Prohibition of child labor
 - 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 mandatory schooling in which case the higher age requirement applies.)
 - ② Prohibition of forced labor
 - Do not employ any form of forced or inhumane labor, 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.
 - ③ Prohibition of discrimination
 - In recruitment and employment, do not discriminate on the basis of race, national origin, ethnicity, gender, religion, physical impairment, etc.
- 3) 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.

4) Fair employment

① Working hours

- Comply with the working hours set forth by the local laws and regulations of 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 wage, 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.

④ Respecting freedom of unionization and the right to collective bargaining

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

3. Responsibility to the environment

1) Environmental conservation

① 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.

② Control of substances that are harmful to the environment

- Control discharge of harmful substances that can cause air pollution, water quality 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.

③ Promotion of resource conservation and recycling

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

④ 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 utilize resources in step with the cycling speed at which nature recovers.

4. Procurement of safe and secure products and materials (Refer to the Unicharm Group Materials Safety Guidelines.)

1) Supplying safe materials

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

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

- Submit safety data sheets (SDS) for materials.

Management Structure

Although Unicharm avoids various risks by closely communicating with business partners, it also 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 it is an appropriate business partner. While regularly monitoring labor 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 labor and thus call for the cooperation of the partners in environmental and ethical areas.

Supplier risk assessment

For new suppliers, we ask that suppliers understand the Unicharm Group Policy on Human Rights and the Sustainable Procurement Guidelines and conduct a risk assessment using the independently developed new supplier risk assessment table. In high risk regions, we also monitor the labor environment in advance together with assessing risk. For existing suppliers, we conduct a regular supplier assessment in accordance with the annual plan. We have established the regular Unicharm Supplier Award that commends suppliers based on the results of these assessments and the explanation of the assessment items and standards at the awards ceremony also boosts the awareness of improvements by all suppliers.

Initiatives aimed at education and penetration

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

We held seminars on procurement at distribution warehouses and the factories of suppliers in addition to our plants in 2016, 2017, and 2018 for the education and penetration of the guidelines and the sharing of health and safety in the workplace. Seminars were held in eight countries (China, Thailand, Indonesia, Vietnam, India, Brazil, South Korea and Japan; 13 of our own plants) at 35 supplier factories for a total of 432 people.



Study session

Labor environment monitoring initiatives

Unicharm conducts monitoring of the labor 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 encourage efforts towards improvement. Addressing issues of long working hours at factories, if a point to note related to long working hours is discovered, the details of that point are verified and appropriate measures are taken in cooperation with factories. In particular, monitoring of the labor 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.¹Unicharm works towards these goals through strong partnerships with suppliers.

Monitoring is regularly conducted by external organizations before new transactions and after the commencement of transactions. This monitoring program was consolidated into the SMETA² from October 2017, under which monitoring is conducted based on global standards for effective risk management.

*1 : Please see Initiatives for details.

*2 : SMETA (Sedex Members Ethical Trade Audit) is an audit scheme developed for the purpose of improving corporate ethics in the global supply chain that is participated in by major retail and food companies around the world.

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 confirmed in the monitoring are explained to management. At a later date, management will be requested to create an improvement report and commit to improvement.

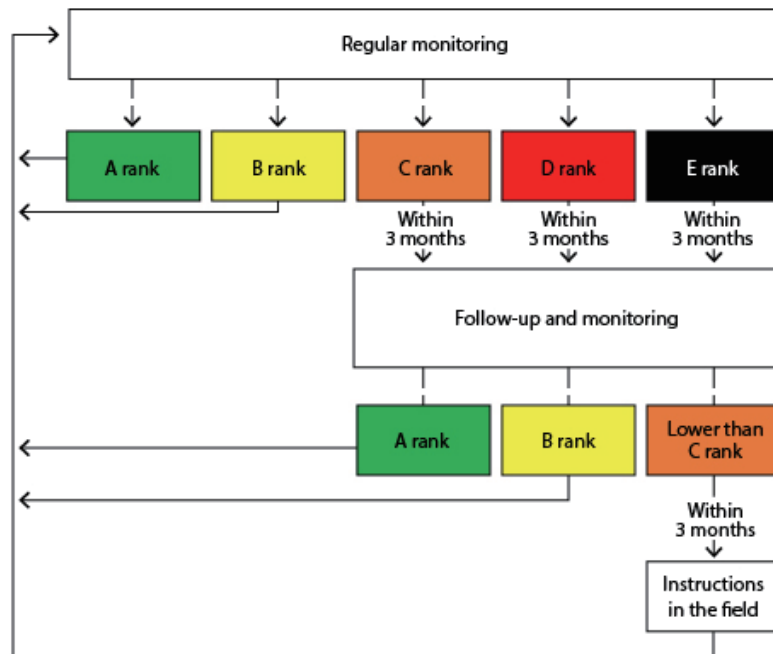


Instructions in the field

The monitoring results are scored on a 5-level ranking from A to E. If a point to note is confirmed when the rank is B to E through monitoring, Unicharm will conduct an analysis on the root cause of the problem, encourage the formulation of an appropriate improvement plan and provide support for resolution of the problem. If improvements at the factory are not made within the prescribed deadline, a visit is made to the factory and instructions are provided so that a rank of B or above can be acquired.

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

Monitoring assessment framework



| | |
|---------------|--|
| A rank | No point |
| B rank | Minor violation: There is a gap with requirements, but it has no clear impact on occupational safety, health and 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 to human health and lives |
| E rank | Denial of supervision, child labour, compulsory labour |

Initiatives

Implementation of human rights and labor monitoring

The Unicharm Group regularly conducts monitoring on suppliers regarding ESG using the Sustainable Procurement Guidelines for the purpose of identifying risks. It assesses the status of compliance, the labor environment (safety and health, fire safety, harassment, and discrimination), working hours, wages and employment, child labor, and environmental protection. Improvement activities are conducted together with suppliers if any risks are identified. In fiscal 2018, the Group conducted monitoring at 68 supplier plants (100% of the target). We also conducted monitoring at 13 of our own plants and associate companies on the premises of our own plants in six countries (Japan, China, Thailand, Indonesia, India, and Saudi Arabia). We commenced monitoring in Japan as well in fiscal 2018, and monitored the Fukushima Factory (February 2018) and the Shizuoka Factory (September 2018), which are our own plants, as well as one supplier plant (November 2018).

Examples of observations at time of monitoring (supplier plants in Thailand and China, own plant in India)

| Applicable countries | Evaluation results | Non-complying item | Rectification guidance | Improvement results |
|----------------------|--------------------|--|---|--|
| Thailand | C | Evacuation drill not implemented | Guidance to ensure drills in accordance with laws and regulations | Confirmation of implementation |
| China | B | Incorrect specifications for emergency exits | Guidance to change to doors that push open in the direction of evacuation | Confirmation of change of specifications |
| China | B | Emergency lights not installed above emergency exits | Guidance to install | Confirmation of installation |
| India | B | Sexual Harassment Prevention Committee | Appointment of outside members | Confirmation of appointment |

Among these, an overview of the monitoring conducted in India is as follows. We requested the monitor target company to improve discovered contents that should be improved and confirmed the results.

Case of our own plant in India, rank B
 Implementation timing: June 2018
 Improvement request: Improvement requested when it was discovered that the Sexual Harassment Prevention Committee did not include the outside members required under the Sexual Harassment of women at workplace Act 2013, Section 2.
 Improvement measures: August 2018
 Appointment of outside members to Sexual Harassment Prevention Committee
 Follow-up monitoring: August 2018

Implementation of Quality Policy Briefing Session

The Quality Policy Briefing Session that is regularly held for suppliers was held in November 2017. This 12th Quality Policy Briefing Session was held to provide explanations on Unicharm's management philosophy, the approach towards CSR efforts, materials quality and materials distribution, safety, environmental consideration, the approach towards supply chain management, the revised Basic Policy of Procurement and Sustainable Procurement Guidelines and the newly established Policy on Human Rights in order to share information in an aim to foster a mutual understanding of sustainable procurement and strengthen cooperative efforts.

Additionally, we are promoting quality improvement activities together with our local suppliers related to a broad range of themes involving materials through meetings with overseas subsidiaries and suppliers from various countries, including the 3rd Quality Policy Briefing Session held in China in September 2014.



Quality Policy Briefing Session in Japan



Quality Policy Briefing Session in China

Initiatives to improve quality

A Supplier Award has been set at the Quality Policy Briefing Session to raise the motivation of suppliers towards improvement, under which suppliers are evaluated from five perspectives (stable quality, stable supply, safety, environmental burden and deliveries) and recognized for their outstanding contributions.

For the stability of materials quality, we narrow down priority themes and conduct intensive improvement with suppliers, resulting in acceleration of improvements. We will expand these efforts going forward as we work towards even further improvements in materials quality.

In addition, we regularly conduct quality audits on suppliers. In the audits, we confirm whether suppliers are in compliance with our requirements in all processes from raw materials management to shipment. If a non-complying item is discovered, we ask for the proposal of a rectification method, confirm the contents of the proposal and implementation of improvements and confirm the instilling of improvements in the next audit. We will make ongoing quality improvements in materials by repeating this cycle from auditing to the instilling of improvements.

Shareholders and Investors

Our Basic Policy on Profit Returns to Our Shareholders

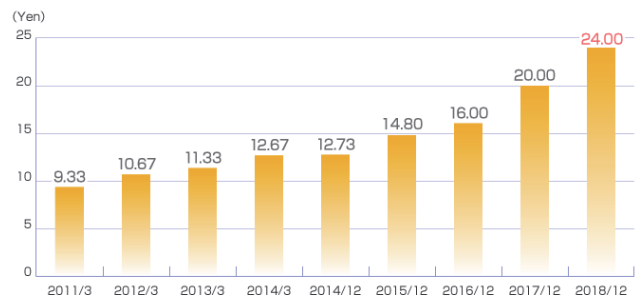
Our basic approach and strategy

The “Beliefs and Pledges” and Corporate Principles of Action outlined in the Unicharm Group’s Action Guidelines constitute our pledge to our shareholders which clearly state that “We pledge to distribute industry-leading returns to shareholders.” The basic guidelines for shareholder returns based upon these principles emphasize two points; investment to support business expansion in the med-long term and the continuation and stability of dividend payouts. As a result, in the fiscal year ending December 2018, the company paid an annual dividend of 24.0 yen per share continuing to increase dividends for 17 consecutive years.

Additionally, we have bought back some 5.50 million shares worth approximately 15.5 billion yen in an effort to enhance the total return of shareholders.

We will continuously view shareholder return as an important management agenda and will strive to realize the distribution of industry-leading returns with continuous improvement of our business performance.

■ Dividend payout amounts



Information Disclosure for Our Investors

Information disclosure for our investors

We opened investor relations pages on our websites to post disclosure information including brief notes on the settlement of accounts and financial statements. At the same time, we disclose information for our overseas investors by posting important information on our English site.

Starting in FY2015, Unicharm’s integrated report was published on this website in order to introduce useful information about the company to investors in a concise and easy-to-understand manner.

We also position result briefings and overseas IR roadshow as important venues for dialogue among company executives and our investors, and strive to improve the disclosure of information in order to help investors to better understand our business activities. Takahisa Takahara, the president of the company, visited the corporate investors in North America on this year’s overseas IR roadshow, where he made an appeal for our future growth by directly referencing the security of our stable profits in domestic business in Japan and detailing Unicharm’s med-long term global growth potential.

Furthermore, we continue to organize individual meetings for institutional investors and securities analysts to foster greater engagement.



Information for investors on our website



Results briefing



Overseas IR roadshow

Governance

Corporate Governance

Our basic approach and strategy

Unicharm believes that working towards sustainable growth and creation of medium-to-long term corporate value through efforts to cooperate appropriately with stakeholders and become a company supported and trusted by society leads to sound corporate management through the Unicharm Ideals.

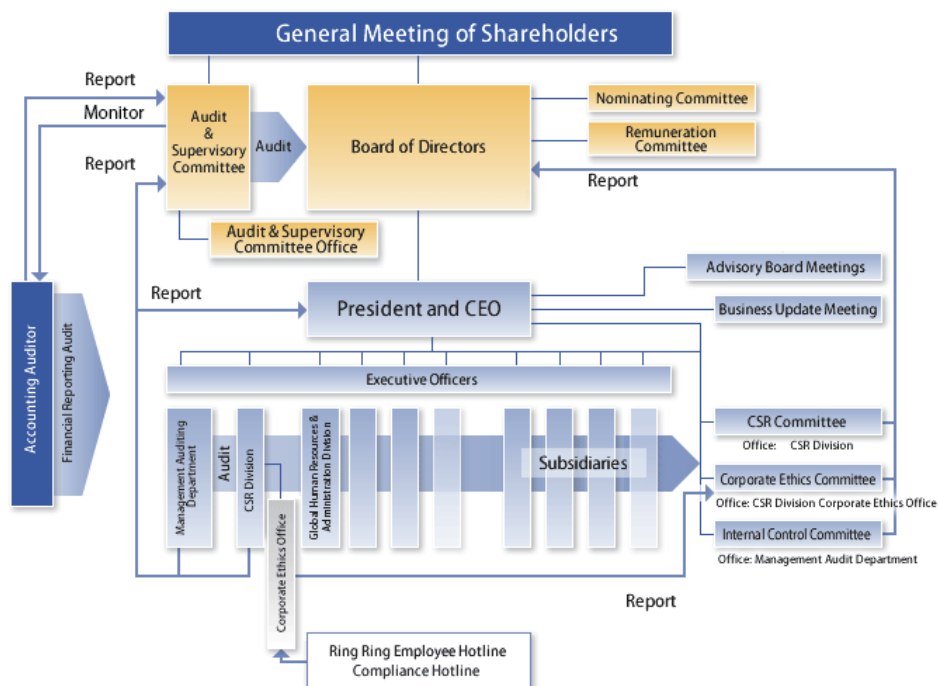
In order to achieve these targets, the basic policy towards corporate governance is to achieve transparent, fair, prompt and bold management through frank and proactive engagement that will gain the support of various stakeholders, initiatives in response to ESG issues and the further development of control environments to prevent mistakes by management.

Report on Corporate Governance

Management structure

In May 2015, we moved to a “company with audit and supervisory committee governance structure” to meet the expectations of all our stakeholders in Japan and overseas from a global perspective by strengthening the oversight function of the Board of Directors toward management and bringing outside directors into the management process to increase transparency and efficiency. Members of the independent Audit and Supervisory Committee have voting rights on the Board of Directors and the committee actively uses the Company’s internal control system to carry out audits. This has helped to create a corporate culture and spirit based on compliance, appropriate collaborative relationships with stakeholders and sound business ethics.

■ Corporate Governance Structure (as of December 31, 2018)



CSR Promotion Structure of the Unicharm Group

Development of our internal control system

Unicharm formulated its Basic Policy for Establishing an Internal Control System in accordance with the Companies Act and established an Internal Control Committee to respond to the Internal Control and Reporting System (J-SOX) of the Financial Instruments and Exchange Act.

The Internal Control Committee conducts an annual reassessment of risks for each company, reviews target countries for J-SOX assessment and revises the scope of business processes requiring evaluation. At the same time, the committee works to improve the reliability of financial reporting by promoting the establishment and operation of an internal control system and effective assessments.

We are making ongoing improvements to this internal control system from a global perspective by taking into account regulatory developments in countries overseas where the Group operates.

Directors' remuneration

For information on directors' remuneration, please see Unicharm's Report on Corporate Governance.

Implementation status of the Board of Directors and Committees

In FY2018, the Board of Directors met 11 times and the Audit & Supervisory Committee met 12 times. The attendance rate was 93.3% for meetings of the Board of Directors and 100% for meetings of the Audit & Supervisory Committee. The attendance rate for Outside Board Directors and for Outside Audit & Supervisory Committee Members was 100% in both cases.

Selection Standards for Independent Directors

The selection standards for Independent Directors are indicated below.

Selection Standards for Independent Directors

Compliance

Our basic approach and strategy

Our attitude towards compliance

Our management policy is expressed in the Unicharm Ideals which state “we strive to pursue proper corporate 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 Code of Conduct 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, both within and outside Japan. 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 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

Unicharm has established a CSR Committee for the purpose of activity monitoring of all matters related to social responsibility centered around a framework of quality, safety and the environment in order to ensure the legality, fairness and soundness of corporate activities. A Compliance Hotline has been established as a consultation and whistle-blowing contact point for violation of laws and regulations, violations of internal regulations and major corporate ethics violations while the Ring-Ring Employee Hotline has been established as a consultation and whistle-blowing contact point for problems at the workplace such as internal harassment acts and human relationship issues as part of efforts to develop and enhance the compliance structure. A Corporate Ethics Office has been established as the contact point for the management of these bodies and, when a serious problem occurs, the President & CEO who serves as the chairman convenes a Corporate Ethics Committee with the standing members of the deputy chairman and members of the Audit and Supervisory Committee to resolve the issue; the 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 Division that is independent from each business execution division and directly supervised by the President & CEO has been established and it conducts internal audits on Unicharm and subsidiaries.

In addition, the Board of Directors has established policies for efforts 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

A 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, violations of internal regulations and acts of corruption such as the taking and receiving of bribes etc. or major corporate ethics violations, while the Ring-Ring Employee Hotline has been established as a consultation and whistle-blowing contact point for problems at the workplace such as internal harassment acts and human relationship issues. Unicharm has also put in place a system that makes it easy for employees 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.

49 consultations (none of these related to compliance violations; there were four consultations regarding labor standards) were responded to in FY2018.

We also set up and operate similar hotlines at our local subsidiaries in China and Thailand.

Initiatives to raise compliance awareness

The Unicharm Group Action Guidelines in The Unicharm Way that is distributed to all Group employee states the laws and regulations that should be taken into consideration 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 twice a year through an employee awareness survey.

● From the Unicharm Group Action Guidelines

To achieve our pledge to business partners (excerpt)

Prevention of unfair competition

We will always respond sincerely to business partners as we cooperate towards mutual growth in mutually prosperous relationships with them.

1. We will not acquire or use the business secrets of other companies through unauthorized methods for whatever reason.
2. In addition to not using any slanderous or fictitious expressions towards competitors, we will not use any expressions that could cause a misunderstanding.
3. We will provide entertainment and gifts to business partners within the scope of the general common sense. Entertainment and gifts will not be provided to any public officials or equivalent parties. We will not provide payments (facilitating payments) to facilitate public procedures.

In addition, an executive responsible for legal affairs will be specified at the 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.

Compliance training and education

In order to raise the awareness of executives and employees towards compliance with laws and regulations, etc. and prevent the occurrence of compliance problems, compliance themes are incorporated in new employee training and training for 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. Through this training, efforts are made to thoroughly instill awareness on matters such as prohibitions on the taking and receiving of bribes and facilitating payments to public officials and the importance of compliance with antitrust laws. In addition, a wide variety of e-learning courses on matters such as the difference between managerial accounting and financial accounting have been established. 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.

Risk Management

Our basic approach and strategy

Unicharm pledges to continuously improve corporate value through global business activities and to sincerely conduct business activities in order to gain the trust of all stakeholders including customers, shareholders, business partners and local communities. In order to achieve this, Unicharm has established the Unicharm Ideals, the Five Great Pillars and Associate Principles of Action, the Beliefs and Pledges and Corporate Principles of Action and the Unicharm Group's Action Guidelines.

Gaining an appropriate understanding of the various risks that could have an effect to the realization of these objectives and preventing and minimizing the impact of such risks when they occur are positioned as important management issues. The Group has established a risk management system for the entire group that is implemented while continuously reviewing and improving ESG risk management.

In addition to overseeing the code of conduct and code of ethics, the Board of Directors also analyzes and evaluates material ESG risks that are regularly reported by each department manager in order to deliberate and decide on improvement measures that are implemented by the Board of Directors independently from the Audit and Supervisory Committee.

In addition, the CSR Committee learns about the importance of crisis management based on the theme of risk management. The main items that could become a business risk have been defined as follows and are deliberated by the CSR Committee.

Major risks

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

Primary reference frameworks

- COSO
- ISO 9001
- ISO 14001
- ISO 10002
- ISO 13485
- ISO 14971

Management structure

The CSR Committee that is the cross-organizational structure for the support of CSR, and which is chaired by the President & CEO with the Vice President & Executive Officer acting as deputy chair, considers sharing risk management issues and measures to be one of the important themes that need to be addressed. The themes deliberated by the CSR Committee and the results of these deliberations are regularly reported to the Board of Directors by the Vice President with the aim of sharing this information with Directors and members of the Audit and Supervisory Committee.

In addition, the Unicharm Group Action Guidelines have been established as action guidelines for actions by employees in recognition of major risks including the prohibition of insider trading, compliance with antitrust laws, the elimination of child labor and forced labor and the protection of personal information. In response to risks of corruption that have a high probability of occurring in society including insider trading and bribery, efforts are made

to prevent corruption that include the provision of cautionary information to employees on insider trading using the internal intranet, training for employees posted overseas and the provision of cautionary information through e-learning as strengthened compliance training for employees engaged in operations in regional business activities are conducted, as well as the implementation of internal audits.

CSR Promotion Structure of the Unicharm Group

Response to the occurrence of ESG risks

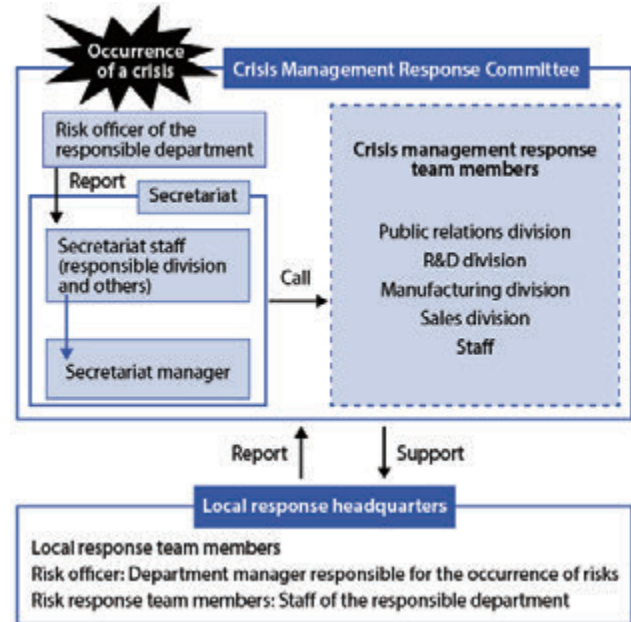
If a major crisis occurs, a Crisis Management Response Committee will be established and endeavor to respond quickly and appropriately and achieve a prompt recovery based on the Crisis Communication Manual established as a regulation related to crisis management.

An emergency in which the above risks are realized is considered a crisis and Unicharm positions the 12 items below as major 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 to respond to risks by the Crisis Management Response Committee in cooperation with internal related departments.

Major crises

1. Quality
2. Environment
3. Representations
4. Occupational safety
5. Human rights
6. Supplier/vendor related
7. Top/executives related
8. Disaster
9. Information accidents
10. Reputational damage
11. Pandemics
12. Disputes/political changes

■ Diagram of structure in response to occurrence of a crisis



Rigorous information security

To ensure rigorous information security, Unicharm has set out information security principles and procedures such as the Information Security Policy and the Information Management Security Rules. We also have Personal Information Protection Rules and Specific Personal Information Handling Rules 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 an Information Management Security Committee which develops groupwide information management security initiatives and carries out employee education and ongoing monitoring. One day every month has been earmarked as an information management day when we highlight a different security topic each month to remind employees about the risk of specific information leaks.

Meanwhile, as a physical measure to prevent against information leaks through the loss or theft of devices, we completed the adoption of computers that cannot store data, the development of a cloud environment in which data and systems can only be used on a 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 making it possible to impose restriction on the taking of office PCs out of the office.

Protecting intellectual property

The Intellectual Property Division centralizes the management of the group's intellectual property assets and formulates and executes intellectual property strategies linked to Unicharm's business and development strategies in an aim to put in practice an IP landscape in which intellectual property is useful for management decision making. As a patent application strategy, we intend to protect and utilize business and developmental results as intellectual property, along with reinforcing overseas patent applications in line with the global development of our business. As a result, we have captured a top-class share in the industry with the application rate for global patents at approximately

70% (2015) and the registration rate for Japanese patents at 96% (2017) (data taken from the Patent Administration's Annual Report 2018). In addition, as Unicharm is focusing on the development of environment-friendly products and technologies, it has acquired patents related to the basic technologies for obtaining sanitary and safe high-quality pulp from used disposable diapers and patents related to processing methods that enable water purification at the same time as power generation using waste-fueled microbial fuel cells in the pulp acquisition process. Going forward, Unicharm will work to protect and use intellectual property at the same time as the development of technologies for practical application. Meanwhile, Unicharm has applied for and secured trademarks that protect the Group's brands in more than 160 countries around the world and we are also protecting our rights to proprietary packaging.

In order to raise the quality of our intellectual property rights, we actively use the Japan Patent Office's Collective Examination for IP Portfolio Supporting Business Strategy, we have signed up as the first user worldwide of the ASEAN Patent Examination Cooperation (ASPEC) program and we have acquired the first registration for the Patent Prosecution Highway Plus agreed to by the Japan Patent Office and the Brunei Darussalam Intellectual Property Office. For trademarks, we have acquired registration in Japan and China for Moony and Sofy audio and signed up as the first user worldwide in Thailand as part of efforts in Japan and overseas to enhance our ability to build a portfolio of intellectual property such as patents and trademarks.

Unicharm also takes a firm stance on protecting its intellectual property rights, including filing lawsuits against their infringements or unauthorized use. Its IP division closely cooperates with business and product development divisions as well as overseas subsidiaries and works with local governments to eliminate unauthorized and counterfeit products in Japan and overseas such as Asia, ASEAN, the Middle East and Africa and online in e-commerce. Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of intellectual property rights of Unicharm and other companies, as articulated in the Unicharm 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 internal compliance issues related to such things as patents, trademarks and 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 patent offices in Japan, Asia and the ASEAN area.

Business Continuity Plan (BCP*)

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

Main overview of the business continuity plan (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 and saving lives
- (3) Concrete measures for business continuity
 - ・ Organizational structure and command structure
 - ・ Securing important bases
 - ・ External information dissemination and information sharing
 - ・ Backup
 - ・ Provision of products and services
- (4) Important items that should be supported along with business continuity
 - ・ Cooperation with and contributing to the community
- (5) Measures necessary for implementing the business continuity plan (BCP)
 - ・ Education and training
 - ・ Inspections, corrective action and reviews

災害対策 pocket manual

日本国内勤務者用

【行動理念】

人命の尊重を最優先とした自律・公益を行動理念とし、以下の事項のとおり基本方針を定める。

- (1) 社員及びその家族の健康・安全を最優先とする。
- (2) お客様・お得意先・お取引先への影響を最小限に留める。
- (3) 業務の早期復旧と継続を図り、商品・serviceを提供する。
- (4) 地域への二次災害の防止を図るとともに地域の被災対応への支援を行う。

- 1 -

Disaster response pocket manual

Our BCP Manual describes steps to ensure the safety of our employees and their families, deliver Unicharm products that are necessities for daily living to people in disaster-affected areas as well as to those people who require them as soon as possible and recover important corporate 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 we distribute a disaster response pocket manual for immediate reference during an emergency to all employees. We have put systems in place that allow us to contact employees using smartphones, which they must carry at all times, to help us to 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 disaster response headquarters including checking the safety of all Unicharm employees in Japan.

In 2017, we conducted ongoing training and drills including drills assuming the nighttime evacuation of production bases. 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.

* BCP: Plan for the continued operation and rapid recovery of core business activities after an emergency



Crisis response training



Survival course at the head office

Establishing a smart factory in Kyushu that aims to effectively integrate people, knowhow and equipment

Unicharm's main production facilities are located in Fukushima, Shizuoka and Shikoku, which means that they are at risk of being damaged in the event of a major earthquake occurring in the Nankai Trough (it is anticipated that an earthquake of this type could cause serious damage in Western Honshu and in the Chubu region). With this in mind, in 2019, we completed construction of a new Kyushu Plant, the aim of which is to effectively integrate people, knowhow and equipment. By adopting Internet of Things (IoT) technology that permits communication of factory on-site data in a timely manner, the new Kyushu Plant is able to realize enhanced levels of safety and productivity. In terms of environmental protection, the new Plant features over 70 energy-saving machines that help to reduce carbon dioxide emissions and with regard to reducing water consumption, by switching over from water-cooled equipment to air-cooled equipment for the Plant's ancillary equipment, we have succeeded in reducing the amount of waste water discharged by the Plant to zero. In addition, by adopting driverless transporter vehicles and robots, we have "automated"* the movement of heavy items within the Plant and related materials supply operations, thereby reducing the amount of effort that workers need to exert and enhancing efficiency. In the future, we will be examining ways to extend the adoption of smart technologies to our existing plants and realizing effective business continuity planning (BCP) through our new production system which effectively diversifies risk.

* "Automation" is a form of automation that aims to integrate the expert skills and knowhow that human workers possess with digital technology.



Risk management information website

In FY2017, we added a Risk Management Information Website to our corporate Intranet, focused on potential risks to the lives of Unicharm employees working within and outside Japan. The site specifies clear guidelines and criteria for responding to natural disasters, pandemics, occupational accidents, large-scale equipment-related accidents (all of the above are defined as safety risks), kidnapping, intrusion into and damaging of company facilities, terrorist attacks, riots, coups d'état and civil war. Information provided by Ministry of Foreign Affairs of Japan and by a risk management company that we have contracted with for this service is updated on a daily basis and, in FY2018, we compiled an "Overseas Risk Management Manual" which details procedures for responding to different types of event, structured by keywords and by time sequence; this has been added to the various manuals included in our corporate Intranet.



Tax Compliance

Efforts related to tax compliance

The Unicharm Group recognizes the appropriate payment of taxes in compliance with the tax laws of each country and region around the world as one of its corporate social responsibilities as it engages in business on a global level. Based on this recognition, the Unicharm Group conducts the following efforts to maintain and improve tax compliance.

1. Compliance with tax laws

The Unicharm Group complies with applicable laws and files tax returns and pays taxes appropriately in the countries and regions where it conducts business. To ensure compliance with tax filing and laws and regulations related to taxes and ensure the appropriateness of tax management, the Unicharm Group has established and developed an internal control system that can ensure appropriate accounting treatment and financial reports in accordance with regulations on the establishment of internal controls related to financial reports and it implements this system appropriately. Furthermore, the effectiveness of this system is evaluated and confirmed through audits by the accounting auditor and the Audit and Supervisory Committee. In addition, external tax advisors are used effectively and efficiently to maintain tax compliance at the Unicharm Group.

2. Relationships with tax authorities

Tax information, etc. is provided in an appropriate and timely manner to tax authorities and efforts are made to improve transparency through advance queries on tax processing as necessary, to create sincere and positive trust relationships with tax authorities and to reduce tax risk.

3. Support for the BEPS project

Recognizing the purpose of the BEPS (Base Erosion and Profit Shifting) Project by the OECD (Organization for Economic Cooperation and Development), the Unicharm Group works to prevent the transfer of tax sources to so-called tax havens (countries or regions with no taxes or low taxes) for the purpose of excess tax savings, and to ensure that the appropriate taxes are paid in the appropriate region.

In addition, transfer pricing regulations have been established for the Unicharm Group in order to comply with the tax laws of each country and the OECD Guidelines on transactions between Unicharm Group companies and, based on these regulations, the Unicharm Group works to achieve an appropriate allocation of global income in accordance with the contribution of each Unicharm Group company while taking into consideration arm's length prices.

Third Party Assurance Report

We obtained third party assurance of Unicharm's CSR Activity Report 2019. The details are found below.



This English language report is a translation of the original Independent Practitioner's Limited Assurance Report in Japanese for reader's convenience.

Independent Practitioner's Limited Assurance Report on Unicharm Group's CSR Activity Report

March 25, 2019

To: Mr. Takahisa Takahara, President and CEO
Unicharm Corporation

PricewaterhouseCoopers Sustainability LLC
Otemachi Park Building,
1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

We have undertaken a limited assurance engagement of the information marked (㊟) (hereafter the "Selected Information") in the Unicharm Group's CSR Activity Report 2019 (hereafter the "Report") for the year ended December 31, 2018.

We have not performed any procedures with respect to other information in the Report and, therefore, no conclusion is expressed on such information.

Management's responsibilities

Unicharm Corporation (hereafter the "Company") is responsible for the preparation of the Selected Information in accordance with the Company's policies and standards (hereafter "Reporting Criteria"), which is applied as explained in the footnotes of the Report. The Company's responsibility includes the design, implementation and maintenance of internal control, relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

In accordance with the International Standard on Quality Control, we maintain a comprehensive system of quality control including documented policies and procedures with respect to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Understanding reporting and measurement methodologies

The absence of a significant body of established practice on which to base the evaluation and measurement of non-financial information allows for different, but acceptable, measurement techniques. The nature of non-financial information, and the techniques and precision used to determine and evaluate it, can result in materially different measurements. This may affect comparability between different entities and periods of time. The Selected Information, therefore, should be read and understood together with the Reporting Criteria¹. The Reporting Criteria used is applicable as at December 31, 2018.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained. Depending on the type of information, we conducted our limited assurance engagement in accordance with:

- International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") for CO2 emission information.
- International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits and Reviews of Historical Financial Information ("ISAE 3000" revised December 2013) for other information in the Selected

These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling information with underlying records. The details are as follows:

- inquiry with relevant the Company's management;
 - evaluating the suitability of the Reporting Criteria as the basis for preparing the Selected Information;
 - evaluating the overall presentation of the Selected Information;
 - evaluating the design of the key processes and controls for managing, recording and reporting the Selected Information. This included visiting the two manufacturing sites listed below and one corporate office selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information; and
- Unicharm Products Co., Ltd. (Shizuoka Factory), The Hartz Mountain Corporation (Pleasant Plain manufacturing facility)
- performing limited testing on a selective basis of the Selected Information at the corporate office and in relation to twenty-six manufacturing sites to check that data had been appropriately measured, recorded, collated and reported.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Selected Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information in this report for the year ended December 31, 2018 is not prepared, in all material respects, in accordance with the Reporting Criteria.

¹ The maintenance and integrity of the Company's website is the responsibility of the Company's management. Our engagement did not consider matters relating to the maintenance and integrity of the Company's website. Accordingly, we accept no responsibility for any errors or changes to Selected Information or Reporting Criteria when presented on the website.

List of Contents

| Chapter Title | Topic | Web version | PDF version |
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| | Primary Consolidated Subsidiaries and Affiliates | | ● |
| | Production and Sales Areas | | ● |
| | Main Business Indicators | | ● |
| Editorial Policy/Contents | Editorial Policy | ● | ● |
| | Contents | ● | ● |
| Message from the President | | ● | ● |
| Unicharm Group's CSR | Our basic approach and strategy | ● | ● |
| | Management structure | ● | ● |
| | Reference framework for Unicharm's CSR strategy | ● | ● |
| | Communicating with stakeholders | ● | ● |
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| | 2. Supporting Women's Independence and Improving Hygiene | ● | ● |
| | 3. Contributing to Global Environment | ● | ● |
| | 4. Contributing to the Community | ● | ● |
| Environment | Environmental Management | ● | ● |
| | Climate Change | ● | ● |
| | Pollution Prevention and Resource Utilization | ● | ● |
| | Supply Chain (Environment) | ● | ● |
| | Biodiversity | ● | ● |
| | Water Resources | ● | ● |
| | Activity Results | ● | ● |
| Site Data | ● | ● | |
| Human Rights | | ● | ● |
| Responsibility to Our Customers | Communicating with Customers | ● | ● |
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| Quality | | ● | ● |

| Chapter Title | Topic | Web version | PDF version |
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| Labor Standards | View Concerning Human Resources | ● | ● |
| | Personnel Utilization and Training | ● | ● |
| | Respect for Diversity | ● | ● |
| Health and Safety | | ● | ● |
| Human Resources Data | | ● | ● |
| Local Community | Our Attitude toward Social Contribution and its Structures | ● | ● |
| | Making Contributions to Society through Our Core Business | ● | ● |
| | Community-based Social Contribution Activities (Japan) | ● | ● |
| | Community-based Social Contribution Activities (Overseas) | ● | ● |
| Supply Chain (Society) | Our Basic Approach and Strategy | ● | ● |
| | Management Structure | ● | ● |
| | Initiatives | ● | ● |
| Shareholders and Investors | Our Basic Policy on Profit Returns to Our Shareholders | ● | ● |
| | Information Disclosure for Our Investors | ● | ● |
| Governance | Corporate Governance | ● | ● |
| | Compliance | ● | ● |
| | Risk Management | ● | ● |
| | Tax Compliance | ● | ● |
| Third Party Assurance Report | | ● | ● |
| List of Awards and Commendations Received in Fiscal 2018 | | ● | ● |
| GRI Standard Comparison Table | | ● | ● |

List of Awards and Commendations Received in Fiscal 2018

A list of recognition from third parties we received in 2018:

| Month and year | Name and description | Implementing organization | Recipient |
|----------------|---|---|--|
| January 2018 | Received fiscal 2017 Outstanding Contribution Award | Lawson | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| January 2018 | Received fiscal 2017 Shanghai Qingpu Industrial Park Advanced Resource Efficiency Company Award | Shanghai Qingpu Industrial Park Management Committee | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| January 2018 | Received Gold Award in disposable diaper division of “Mother & Baby Award 2017” for MamyPoko Pants | Mother & Baby Magazine, a monthly magazine in India | Unicharm India Private Ltd. (India) |
| February 2018 | Ranked 23rd in the Japan’s Best Global Brands 2018 brand-value ranking | Interbrand | Unicharm Corporation |
| February 2018 | Fiscal 2017 Top 100 Tax Paying Company in Shanghai, Qingpu | Shanghai, Qingpu Municipal People’s Government | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| February 2018 | Sofy Cooling Fresh Slim 23cm received award in Health Wellness & Beauty Awards 2018 as best-selling sanitary napkin products in 2017 | Watsons | Uni-Charm (Thailand) Co., Ltd. (Thailand) |
| February 2018 | Recognized under 2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) | Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi | Unicharm Corporation |
| February 2018 | Toyo Keizai 11th CSR Company Rankings 2018: 61st | Toyo Keizai Inc. | Unicharm Corporation |
| February 2018 | Received 3rd ACAP Consumer-Oriented Activities Award | Japan Industrial Association | Unicharm Corporation Customer Communication Center |
| March 2018 | President Takahisa Takahara received Business Statesman of The Year For 2017 in Business Award | HARVARD Business School Club of Japan | Unicharm Corporation |
| March 2018 | Moony Premie won Most Outstanding Award in OUTLOOK ASIA 2018 | EDANA | Unicharm Corporation |
| May 2018 | Received Tmall Fiscal 2018 Most Popular Imported Brand | Tmall | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| May 2018 | Received Best Management Award in recognition of generation of employment and results in improving treatment of workers at Sri City Factory (India) | Andhra Pradesh state | Unicharm India Private Ltd. (India) |
| May 2018 | Received 2017 Customers’ Choice Highest Satisfaction Booth Award at “Everyone loves Pet Kingdom 2018 !!” | Echo Trading Group Toei | Unicharm Corporation |
| May 2018 | Received Best Partner Award in Lawson’s Huadong 1000 Stores Achievement Commendations | Lawson | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| May 2018 | Received Tmall Marketing Innovation Award | Tmall | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| September 2018 | Certified for Renewal Green Industry Level 3 | Ministry of Industry of Thailand | Uni-Charm (Thailand) Co., Ltd. (Thailand) |
| October 2018 | Thailand ESCO Project Award 2018 (Air compressor management controller project) | Ministry of Energy of Thailand | Uni-Charm (Thailand) Co., Ltd. (Thailand) |
| October 2018 | Commended as a foreign-affiliated company that has contributed to the economy and society in Bac Ninh Province, Vietnam | Bac Ninh Province, Vietnam | Diana Unicharm Joint Stock Company (Vietnam) |
| October 2018 | Moony brand received INFLUENTIAL BRAND OF THE YEAR in the 2018 CMBE AWARDS, China children, baby and maternity industry awards | CMBE China children, baby and maternity industry | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| November 2018 | Received Award for Special Contribution to Premature Baby Business | Premature Baby Alliance, Child Rearing Network, Good Morning Alliance | Uni-Charm Consumer Product (China) Co., Ltd. (China) |
| November 2018 | Entered ranking of top 44 companies in the overall ranking in the Smart Work Management Survey | Nihon Keizai Shimibun | Unicharm Corporation |
| December 2018 | Silcot Sponge Touch Moisturizing Cotton (Uru-Uru Cotton) ranked No. 1 in the Best Beauty Goods division of the @cosme Best Cosmetics Award for third year in a row and entered Hall of Fame | @cosme | Unicharm Corporation |

GRI Standard Comparison Table

This cross-referencing table shows how the content of the 2018 CSR Report corresponds to the GRI Sustainability Reporting Guidelines, and also shows where individual items are located within the company's website.

| GRI Items | Contents of GRI Index | Page to Refer |
|----------------------------------|---|--|
| GRI102: General Disclosures 2016 | | |
| 1. Organizational profile | | |
| 102-1 | Name of the organization | Company Profile |
| 102-2 | Activities, brands, products, and services | Integrated Report 2018: Unicharm's Value-creating Business and Presence in the Market |
| 102-3 | Location of headquarters | Company Profile |
| 102-4 | Location of operations | Overseas Operations Offices and Group Companies |
| 102-5 | Ownership and legal form | Company Profile |
| 102-6 | Markets served | Overseas Operations Offices and Group Companies |
| 102-7 | Scale of the organization | Investor Information > Financial Data Human Resources Data Company Information > Company Profile > Offices and Group Companies |
| 102-8 | Information on employees and other workers | Human Resources Data |
| 102-9 | Supply chain | Supply Chain (Society) Supply Chain (Environment) |
| 102-10 | Significant changes to the organization and its supply chain | Not applicable |
| 102-11 | Precautionary Principle or approach | Business Continuity Plan Pollution Prevention and Resource Utilization Forest-derived Raw Materials Procurement Guidelines Approach to Materials Procurement |
| 102-12 | External initiatives | Reference framework for Unicharm's CSR strategy Initiatives of the Japan Business Initiative for Biodiversity (JBIB) Promoting Environmentally-Friendly Supply Chain Management |
| 102-13 | Membership of associations | Reference framework for Unicharm's CSR strategy Initiatives of the Japan Business Initiative for Biodiversity (JBIB) Promoting Environmentally-Friendly Supply Chain Management |
| 2. Strategy | | |
| 102-14 | Statement from senior decision-maker | Message from the President Message from Management |
| 102-15 | Key impacts, risks, and opportunities | Risk Management Unicharm Group's CSR CSR Key Topic 1: Lengthening Healthy Life Expectancy CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene CSR Key Topic 3: Contributing to the Global Environment CSR Key Topic 4: Contributing to the Community |
| 3. Ethics and integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | Unicharm Group's CSR View Concerning Human Resources Human rights Compliance |
| 102-17 | Mechanisms for advice and concerns about ethics | Compliance |
| 4. Governance | | |
| 102-18 | Governance structure | Corporate Governance Corporate Governance Report CSR promotional structure |
| 102-19 | Delegating authority | CSR promotional structure Corporate Governance > Management structure |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | CSR promotional structure Corporate Governance > Management structure |

| GRI Items | Contents of GRI Index | Page to Refer |
|---|--|---|
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | Unicharm Group's CSR |
| | | Communicating with stakeholders |
| | | Meetings with stakeholders to exchange views during the drafting process of Eco Plan 2020 |
| | | Biodiversity Initiatives |
| | | Meetings with stakeholders to exchange views during the drafting process of the Unicharm Group Policy on Human Rights |
| 102-22 | Composition of the highest governance body and its committees | Corporate Governance |
| | | Corporate Governance Report |
| | | CSR promotional structure |
| 102-23 | Chair of the highest governance body | Corporate Governance |
| 102-24 | Nominating and selecting the highest governance body | Corporate Governance |
| | | Corporate Governance Report |
| 102-25 | Conflicts of interest | Corporate Governance Report |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | Corporate Governance |
| | | CSR promotional structure |
| 102-27 | Collective knowledge of highest governance body | Corporate Governance |
| | | CSR promotional structure |
| 102-28 | Evaluating the highest governance body's performance | CSR promotional structure |
| 102-29 | Identifying and managing economic, environmental, and social impacts | Unicharm Group's CSR |
| 102-30 | Effectiveness of risk management processes | CSR promotional structure |
| 102-31 | Review of economic, environmental, and social topics | CSR promotional structure |
| 102-32 | Highest governance body's role in sustainability reporting | CSR promotional structure |
| 102-33 | Communicating critical concerns | CSR promotional structure |
| | | Response to the occurrence of ESG risks |
| 102-34 | Nature and total number of critical concerns | Not applicable |
| 102-35 | Remuneration policies | Corporate Governance Report |
| 102-36 | Process for determining remuneration | Corporate Governance Report |
| 102-37 | Stakeholders' involvement in remuneration | — |
| 102-38 | Annual total compensation ratio | — |
| 102-39 | Percentage increase in annual total compensation ratio | — |
| 5. Stakeholder engagement | | |
| 102-40 | List of stakeholder groups | Communicating with stakeholders |
| 102-41 | Collective bargaining agreements | Human Resources Data |
| 102-42 | Identifying and selecting stakeholders | Communicating with stakeholders |
| 102-43 | Approach to stakeholder engagement | Communicating with stakeholders |
| | | Meetings with stakeholders to exchange views during the promoting process of Eco Plan 2020 |
| | | Meetings with stakeholders to exchange views during the drafting process of the Unicharm Group Policy on Human Rights |
| 102-44 | Key topics and concerns raised | Unicharm Group's CSR |
| | | Meetings with stakeholders to exchange views during the promoting process of Eco Plan 2020 |
| | | Biodiversity Initiatives |
| 102-45 | Entities included in the consolidated financial statements | Contents |
| 102-46 | Defining report content and topic Boundaries | Contents |
| 102-47 | List of material topics | CSR Key Topics |
| 102-48 | Restatements of information | Not applicable |
| 102-49 | Changes in reporting | Not applicable |
| 102-50 | Reporting period | Contents |
| 102-51 | Date of most recent report | Contents |
| 102-52 | Reporting cycle | Contents |
| 102-53 | Contact point for questions regarding the report | For more information about our CSR activities, please contact: |
| 102-54 | Claims of reporting in accordance with the GRI Standards | GRI Standard Comparison Table |
| 102-55 | GRI content index | GRI Standard Comparison Table |
| 102-56 | External assurance | Third Party Assurance Report |
| GRI103: Management Approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundary | Unicharm Group's CSR |
| | | CSR Key Topic 1: Lengthening Healthy Life Expectancy |
| | | CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene |
| | | CSR Key Topic 3: Contributing to the Global Environment |
| | | CSR Key Topic 4: Contributing to the Community |
| | Environmental Management | |

| GRI Items | Contents of GRI Index | Page to Refer |
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| 103-2 | The management approach and its components | Message from Management |
| | | Unicharm Group's CSR Key Topics and Indicators (KPI) |
| | | CSR Key Topic 1: Lengthening Healthy Life Expectancy |
| | | CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene |
| | | CSR Key Topic 3: Contributing to the Global Environment |
| | | CSR Key Topic 4: Contributing to the Community |
| 103-3 | Evaluation of the management approach | Environmental Management |
| | | CSR promotional structure Validation of Environmental Protection Activities |
| GRI201: Economic Performance 2016 | | |
| 201-1 | Direct economic value generated and distributed | Financial Data |
| | | Presentation Materials for Investors |
| 201-2 | Financial implications and other risks and opportunities due to climate change | Climate Change |
| | | Risk Management |
| 201-3 | Defined benefit plan obligations and other retirement plans | Presentation Materials for Investors |
| 201-4 | Financial assistance received from government | — |
| GRI202: Market Presence 2016 | | |
| 202-1 | Ratio of standard entry level wage by gender compared to local minimum wage | — |
| 202-2 | Proportion of senior management hired from the local community | Human Resources Data |
| GRI203: Indirect Economic Impact 2016 | | |
| 203-1 | Infrastructure investments and services supported | CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene |
| | | CSR Key Topic 4: Contributing to the Community |
| 203-2 | Significant indirect economic impacts | Communicating with stakeholders |
| GRI204: Procurement Practices 2016 | | |
| 204-1 | Proportion of spending on local suppliers | Confidential information not disclosed |
| GRI205: Anti-corruption 2016 | | |
| 205-1 | Operations assessed for risks related to corruption | Core themes and categories of CSR Committee initiatives |
| | | Risk Management |
| 205-2 | Communication and training about anti-corruption policies and procedures | Core themes and categories of CSR Committee initiatives |
| | | Compliance |
| 205-3 | Confirmed incidents of corruption and actions taken | Whistle-Blowing System |
| GRI206: Anti-competitive Behavior 2016 | | |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Whistle-Blowing System |
| GRI301: Materials 2016 | | |
| 301-1 | Materials used by weight or volume | Energy/material flow from the entire lifecycle perspective |
| | | Activities towards recycling disposable diapers |
| | | Waste disposal reduction and effective utilization of resources |
| | | Eco Plan 2020 Sustainable Material Procurement Targets and Results (Excerpt from Eco Plan 2020) |
| 301-2 | Recycled input materials used | Prioritizing the use of waste paper in cardboard of R70 or above in carton packaging materials |
| 301-3 | Reclaimed products and their packaging materials | Energy/material flow from the entire lifecycle perspective |
| | | Activities towards recycling disposable diapers |
| | | Recycling rate |
| | | Initiatives to reduce waste at production sites (Scope 3 Category 5) |
| GRI302: Energy 2016 | | |
| 302-1 | Energy consumption within the organization | Energy/material flow from the entire lifecycle perspective |
| | | Addressing global warming and energy saving measures |
| 302-2 | Energy consumption outside of the organization | Energy/material flow from the entire lifecycle perspective |
| | | [Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2) Addressing global warming and energy saving measures |
| 302-3 | Energy intensity | Addressing global warming and energy saving measures |
| 302-4 | Reduction of energy consumption | Addressing global warming and energy saving measures |
| 302-5 | Reductions in energy requirements of products and services | [Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12) |
| GRI303: Water and Effluents 2018 | | |
| 303-1 | Interactions with water as a shared resource | Energy/material flow from the entire lifecycle perspective |
| 303-2 | Management of water discharge-related impacts | Water discharge and water consumption |
| 303-3 | Water withdrawal | Energy/material flow from the entire lifecycle perspective |
| | | Reducing water usage |
| 303-4 | Water discharge | Energy/material flow from the entire lifecycle perspective |
| | | Water discharge and water consumption |
| 303-5 | Water consumption | — |

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| GRI304: Biodiversity 2016 | | |
| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Factories are located in industrial parks, and protected areas and adjacent areas are avoided |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | Biodiversity |
| 304-3 | Habitats protected or restored | No applicable activities are conducted |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | Not applicable for the scope of business activities |
| GRI305: Emissions 2016 | | |
| 305-1 | Direct (Scope 1) GHG emissions | [Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3) |
| | | [Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2) |
| | | Energy/material flow from the entire lifecycle perspective |
| | | Addressing global warming and energy saving measures |
| | | Ozone depleting substances (Japan) |
| 305-2 | Energy indirect (Scope 2) GHG emissions | [Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3) |
| | | [Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2) |
| | | Energy/material flow from the entire lifecycle perspective |
| | | Addressing global warming and energy saving measures |
| 305-3 | Other indirect (Scope 3) GHG emissions | [Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3) |
| | | [Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12) |
| | | [Japan] Sharing importance of climate change measures with suppliers (Scope 3 Category 1) |
| | | [Japan and overseas] Initiatives to reduce waste at production sites (Scope 3 Category 5) |
| | | Energy/material flow from the entire lifecycle perspective |
| | | Addressing global warming and energy saving measures |
| 305-4 | GHG emissions intensity | Reducing CO ₂ emissions |
| 305-5 | Reduction of GHG emissions | [Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3) |
| | | [Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2) |
| | | Reducing CO ₂ emissions |
| 305-6 | Emissions of ozone-depleting substances (ODS) | Ozone depleting substances (Japan) |
| 305-7 | Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions | Initiatives to reduce the use of hazardous chemical substances |
| GRI306: Effluents and Waste 2016 | | |
| 306-1 | Water discharge by quality and destination | Energy/material flow from the entire lifecycle perspective |
| | | Site Data |
| 306-2 | Waste by type and disposal method | Energy/material flow from the entire lifecycle perspective |
| | | [Japan] Reducing water usage |
| | | Waste disposal reduction and effective utilization of resources |
| | | Waste disposal volume |
| 306-3 | Significant spills | [Japan] Water quality, soil contamination and offensive odor |
| 306-4 | Transport of hazardous waste | [Japan] Initiatives to reduce the use of hazardous chemical substances (business waste) There were no hazardous wastes that was transported domestically |
| 306-5 | Water bodies affected by water discharges and/or runoff | Seto Inland Sea, Ina River system |
| GRI307: Environmental Compliance 2016 | | |
| 307-1 | Non-compliance with environmental laws and regulations | Environmental audits for risk management and enhancing performance |
| GRI308: Supplier Environmental Assessment 2016 | | |
| 308-1 | New suppliers that were screened using environmental criteria | Evaluating New Suppliers |
| 308-2 | Negative environmental impacts in the supply chain and actions taken | Evaluating Existing Suppliers |
| GRI401: Employment 2016 | | |
| 401-1 | New employee hires and employee turnover | Human Resources Data |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Human Resources Data |
| 401-3 | Parental leave | Human Resources Data |
| GRI402: Labor/Management Relations 2016 | | |
| 402-1 | Minimum notice periods regarding operational changes | Dialogue between labor and management |
| GRI403: Occupational Health and Safety 2018 | | |
| 403-1 | Occupational health and safety management system | Health and safety |
| 403-2 | Hazard identification, risk assessment and incident investigation | Health and safety |
| 403-3 | Occupational health services | Group safety conference |
| 403-4 | Worker participation, consultation and communication on health and safety | Group safety conference |
| 403-5 | Worker training on occupational health and safety | Group safety conference |
| | | Health & Safety Committee |
| 403-6 | Promotion of worker health | Group safety conference |
| | | Health & Safety Committee |

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| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Group safety conference Health & Safety Committee |
| 403-8 | Workers covered by an occupational health and safety management system | Human Resources Data |
| 403-9 | Work-related injuries | Human Resources Data |
| 403-10 | Work-related ill health | Human Resources Data |
| GRI404: Training and Education 2016 | | |
| 404-1 | Average hours of training per year per employee | Expansion of education and training programs |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Expansion of education and training programs |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Evaluations for career development |
| GRI405: Diversity and Equal Opportunity 2016 | | |
| 405-1 | Diversity of governance bodies and employees | Human Resources Data |
| 405-2 | Ratio of basic salary and total remuneration of women to men | — |
| GRI406: Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | Compliance |
| GRI407: Freedom of Association and Collective Bargaining 2016 | | |
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Supply Chain (Society) Human rights |
| GRI408: Child labor 2016 | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | Supply Chain (Society) Human rights |
| GRI409: Forced or Compulsory Labor 2016 | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Supply Chain (Society) Human rights |
| GRI410: Security Practices 2016 | | |
| 410-1 | Security personnel trained in human rights policies or procedures | — |
| GRI411: Rights of Indigenous Peoples 2016 | | |
| 411-1 | Incidents of violations involving rights of indigenous peoples | No incident |
| GRI412: Human Rights Assessment 2016 | | |
| 412-1 | Operations that have been subject to human rights reviews or impact assessments | Supply Chain (Society) > Management Structure Supply Chain (Society) > Initiatives |
| 412-2 | Employee training on human rights policies or procedures | Education on human rights Initiatives aimed at education and penetration Our distinctive training programs (excerpt) |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | Supply Chain (Society) > Management Structure Supply Chain (Society) > Initiatives |
| GRI413: Local Communities 2016 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | CSR Key Topic 4: Contributing to the Community Communicating with stakeholders |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | Overseas Operations Offices and Group Companies |
| GRI414: Supplier Social Assessment 2016 | | |
| 414-1 | New suppliers that were screened using social criteria | Supply Chain (Society) > Our basic approach and strategy |
| 414-2 | Negative social impacts in the supply chain and actions taken | Implementation of human rights and labor monitoring |
| GRI415: Public Policy 2016 | | |
| 415-1 | Political contributions | 320,000 yen (Japan) |
| GRI416: Customer Health and Safety 2016 | | |
| 416-1 | Assessment of the health and safety impacts of product and service categories | Safety Initiatives |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Initiative for appropriate product labeling |
| GRI417: Marketing and Labeling 2016 | | |
| 417-1 | Requirements for product and service information and labeling Initiative for appropriate product labeling | [Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12) |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling | Initiative for appropriate product labeling |
| 417-3 | Incidents of non-compliance concerning marketing communications | Initiative for appropriate product labeling |
| GRI418: Customer Privacy 2016 | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Communicating with customers |
| GRI419: Socioeconomic Compliance 2016 | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Compliance |