



Gentle care for life



CSR Report 2011

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Unicharm has been reviewing its CSR activities in light of ISO26000, the international standard giving guidance on social responsibility. As part of this process, in CSR Report 2011 we linked our CSR activities to date with the seven core subjects stated in ISO26000 and organized them according to the structure and titles of the guidelines.

Contents

Areas Covered	Business operations, CSR vision, activity goals, organizational structure, business performance, accounting data, etc. This report presents details of results for FY2010 as well as the latest information for the early part of FY2011.
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.
Readers	All Unicharm stakeholders inclusive of customers, employees, business partners, shareholders and society in general
Period	April 1, 2010 to March 31, 2011 (including some activities prior to and after the above period and future targets)
Reference guidelines	● GRI Sustainability Reporting Guidelines 2006 ● Environmental Reporting Guidelines, 2007 of the Ministry of the Environment
Date of issue	June 24, 2011
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Available at	● CSR & Environmental Information at the Unicharm website (All items reported) ● Booklet (Digest Report)

Editorial Policy

Preparation of the "CSR Report 2011"

This report has been prepared as both the Unicharm company prospectus and Unicharm's corporate social responsibility (CSR) report for fiscal 2011. As a combined report, it explains the Unicharm ideals, details of the Company's business activities, and information about our products and services. Continuing on from the last fiscal year, we look at corporate activities in light of our corporate slogan "Creating gentle care. Supporting gentle care." This year, for the first time, we also follow the guidelines recommended by ISO26000 in presenting the details of this CSR report. In our features, we also present the development of Unicharm's contributions to society through the business activities of the Unicharm Group as we approach our 50th anniversary. As a member of the United Nations Global Compact, we also actively engage in initiatives that comply with the Global Compact 10 Principles. To increase the transparency and reliability of our numerical data and business processes, Unicharm also undergoes auditing by an independent party, and we have included the results of this third party audit in this report. In the future we will continue to provide accurate, beneficial information to as wide an audience as possible. We welcome your frank opinions and comments.

- **For more information about our CSR activities, please contact:**
Corporate Social Responsibility Department
TEL: +81-3-6722-1041 (Direct Line) FAX: +81-3-6722-1018

- **For general corporate information, please contact:**
Public Relations Group Planning Department TEL: +81-3-6722-1019
• For IR information, please visit: <http://www.unicharm.co.jp/ir/index.html>
• Unicharm Corporation's Annual Report 2011 will be released at the end of September 2011.

Eighth Medium-Term Business Plan of the Unicharm Group (2011-2013)

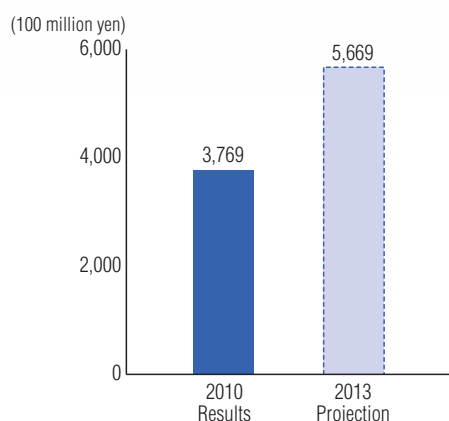
Vision

We constantly provide the world's No.1 and unprecedented products
and service to everybody around the globe,
and deliver comfort, impression and satisfaction.
We are committed to Management with Resonance,
where each one of us think, help,
and achieve the goal together.

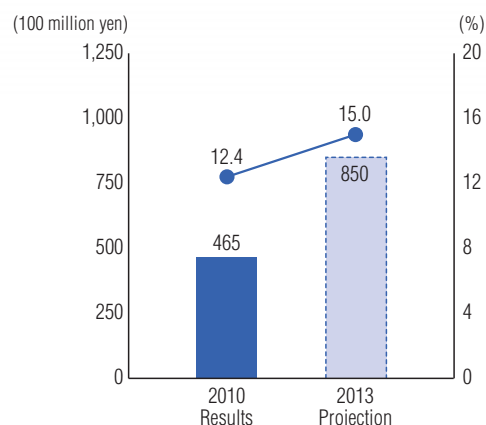
To realize our vision, we formulated our Medium-Term Plan for the three-year period until March 2013.

As a company in the position of a world challenger, we aim to increase our presence in the world by acquiring an overwhelming share of the market in Asia where growth is occurring at a remarkable pace. We are currently expanding our business areas and strengthening our supply framework. Under the new Medium-Term Plan, we are pursuing growth strategies in the Asian market where demand is set to expand significantly, in our home market in Japan, and in the pet care business, where we have recently strengthened our position through a merger. Our aim is to solidify our position in international markets by securing the No.1 share of sales in our respective business sectors.

Net Sales



Operating income and profit ratio



We will fulfill our global CSR by creating the finest products and services



A handwritten signature in black ink, consisting of stylized characters.

Takahisa Takahara
President and CEO
Unicharm Corporation

Changes in consumer awareness following the earthquake disaster

On behalf of all our staff at Unicharm, I wish to express my heartfelt sympathy to all of the victims of the Great East Japan Earthquake disaster and I offer my sincere prayers for the safety and early restoration of their communities. We at Unicharm will continue to give as much support as we can to the people in the communities affected by the disaster. Although our Fukushima plant sustained damage during the earthquake disaster, we have been able to maintain the stable supply of products through our other factories.

Shortly after the disaster struck, we received many requests for products from people in the disaster areas as well as those assisting at evacuation centers. The urgency of meeting people's basic needs once more reminded us how essential our products are in the everyday lives of people.

I also believe that the recent earthquake disaster is making us strongly aware of the problem of excess use of resources. For Unicharm, as a company that deals with daily consumables like diapers and sanitary napkins, the earthquake and its aftermath have served as an important opportunity for us to reflect on the excessive use of resources. In Japan, in particular, we are determined to concentrate our energy on creating products that incorporate the three essential elements of comfort, hygiene and resources saving. We will also expand the number of products that bear our Eco Charming mark, which identifies our environmentally friendly products that comply with very strict environmental standards. To achieve these ends, we will redouble our efforts to reduce the environmental impact of our products and improve their product value.

CSR that fulfils the Unicharm Ideals

At Unicharm, we view fulfilling our corporate social responsibility as realizing the Unicharm Ideals and the Five Great Pillars. For the sake of society and the sustainable development of our Group companies, we also require all of our staff to strive for the aspirations expressed in our corporate philosophy of NOLA&DOLA*1: Necessities 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. Based on these ideals, we at Unicharm endlessly pursue new value for our customers through our proprietary research and development and the development of new technologies.

At Unicharm we encourage all employees to "think and act as individuals" and at the same time we encourage our management team to apply the wisdom of the workplace in their own corporate management in what we refer to as "resonating management." We first put these principles into practice in our SAPS*2 management meeting in October 2003. The greatest strength of our company as an organization, I believe, is the harmonization of values of all our employees. Every week we have all staff announce their weekly strategies, activities, and review of past results and mutually share constructive advice. SAPS management is essentially a mechanism for standardizing and spreading Unicharm's DNA to every corner of the Company.

At the time of an unparalleled crisis like the one we experienced in March this year, the capability required of an organization and individuals is "flexible autonomic nerves." Even at the time of the recent earthquake disaster,

I believe that our staff were able to respond to the situation rapidly and adeptly because their Unicharm DNA, cultivated over months and years, went into action when it was needed. I believe that this is the kind of capability required as we move toward the creation of a new Unicharm Group and the capability required if we are to create a new Japan.

Future global development

In developing our global business, we will promote our Global 20^{*3} Plan by carefully focusing on the principle of the three actuals, that is, by observing first hand the “actual site, the actual thing and the actual time” before deciding on our strategies in our overseas markets. At the moment it is difficult to predict major trends 10 years from now, particularly in view of the recent earthquake disaster and its aftermath. Nevertheless, Unicharm’s fundamental commitment to transforming people’s discomfort to comfort remains the same. What has changed, however, is people’s expectations of comfort, sanitation and economy. People’s expectations for an improved lifestyle continue to grow. In addition, we must also take another close look at women’s participation in society and the lives of the very elderly in our so-called hyper-aged society and further demonstrate the value of Unicharm from their perspectives. Both in countries where the markets are set to grow as well as countries whose markets are maturing, we intend to respond to the respective characteristics of different geographical regions and the stage of their market development by launching appropriate products in a timely way.

Furthermore, in the future we will require global staff who will be able to make value judgments based on established principles and who have expertise that is applicable across national and cultural borders. We will expect such staff to train capable local personnel. If our staff are capable of passing on the “traditions” of Unicharm and communicating the DNA

of innovation, I believe that we will be able to take the ideas and ideals of Unicharm to every corner of the globe.

As we expand our business throughout the world, bearing in mind the aims of the UN Global Compact, I would like Unicharm to contribute to society on a global scale through the concerted efforts of the entire Group by addressing the diverse and complex issues that society faces including ageing societies with declining birth rates, the environment, public health, resources, labor, education and poverty.

In 2011 Unicharm celebrates its 50th anniversary. I would like to think of this year as the third founding^{*4} of Unicharm, following on from the first founding with the establishment of Unicharm in 1961 and the second founding when I became the second-generation president of Unicharm. This 50th anniversary is merely a signpost in Unicharm’s future development of the next 100 years or 200 years. At this signpost, however, it is vital that we refresh in our minds the importance of safeguarding and continuing the founding spirit and corporate culture Unicharm has established over the years while responding flexibly to the changing environment. Both tradition and innovation are essential elements for the sustainable development of a company. I want to carry on the spirit of the Unicharm tradition and innovation into the third founding and to advance the Unicharm Ideals while responding promptly and flexibly to the changes of time and society.

We will continue to provide to all people in the world the finest products and services that are sure to bring comfort, excitement and joy. Through our efforts in our mainstay businesses, I want Unicharm to continue to be a company that is valued by our customers.

Unicharm Ideals

1. We contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers, both at home and abroad.
1. We strive to pursue proper corporate management principles which combine corporate growth, associate well-being and the fulfillment of our social responsibilities.
1. We bring forth the fruits of cooperation based on integrity and harmony, by respecting the independence of the individual and striving to promote the Five Great Pillars.

*1. NOLA&DOLA: Abbreviation for “Necessities of Life with Activities & Dreams of Life with Activities”

*2. SAPS: Schedule (Think and plan action) → Action (Execute the action) → Performance (Measure the effectiveness and identify future issues) → Schedule (Review issues and reflect them in the next week’s plan)

*3. Global 20: describes the state of development Unicharm should achieve by the year 2020 if it is to become a company that thrives for a century or more.

*4. The third founding: Following on from the first founding in 1961 when Unicharm was established in Kawanoe, Ehime Prefecture as a manufacturer of building materials in 1961 and the second founding when Takahisa Takahara’s succeeded to the position of President and Representative Director in 2001 from the founder Keiichiro Takahara.

CSR of the Unicharm Group

In our Unicharm Ideals we make a promise to all our stakeholders that we will provide the finest products and services to people all over the world and that every employee will practice proper corporate management.

◆ Framework of Unicharm's CSR Philosophy

Unicharm Group's CSR = Fulfillment of the Unicharm Ideals

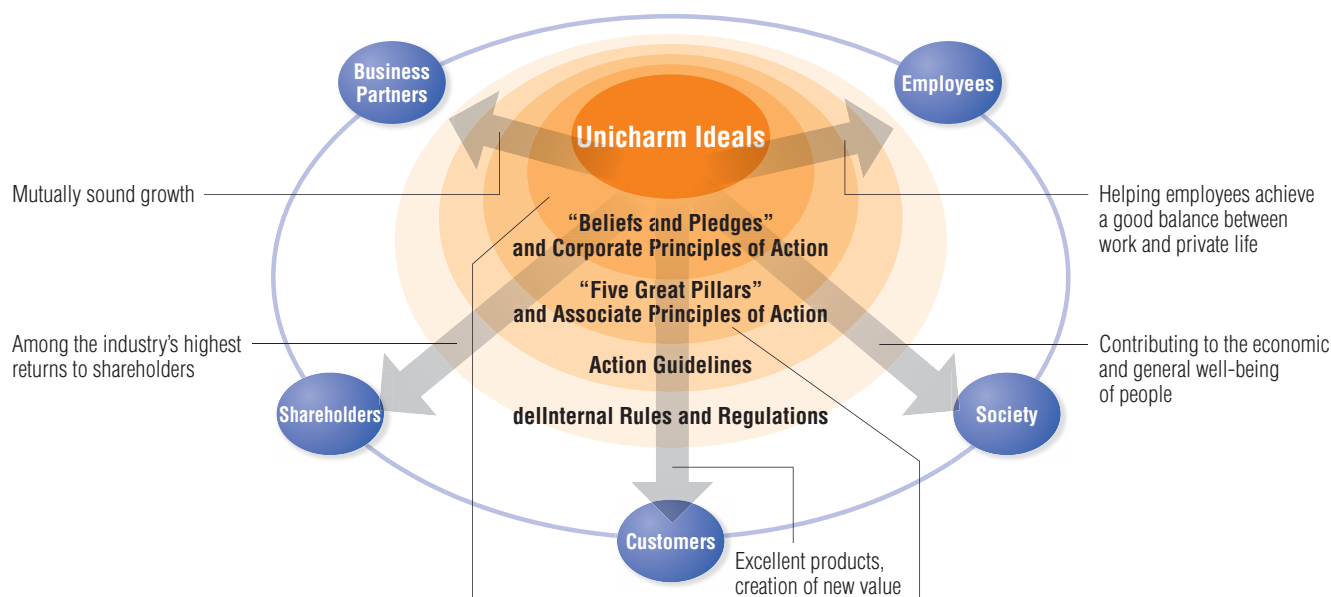
Unicharm Ideals

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Unicharm Group CSR Vision

We constantly provide the world's No. 1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression and satisfaction.

◆ Unicharm Group's Corporate Philosophy Framework



"Beliefs and Pledges" and Corporate Principles of Action

Pledge to our customers	We pledge to earn the full support of customers by always doing everything we can.
Pledge to our shareholders	We pledge to distribute industry-leading returns to shareholders.
Pledge to business partners	We pledge to achieve mutual growth by maintaining a fair and equitable relationship.
Pledge to associates	We pledge to achieve the happiness of associates and their family members by filling each of them with confidence and pride.
Pledge to society	We pledge to contribute to the economic and emotional fulfillment of the entire population through our corporate activities.

"Five Great Pillars" and Associate Principles of Action

Creativity & Innovation	We will respect the creation of new society values and maintain a spirit that always seeks out innovation.
Ownership	We will follow in the footsteps of our founder, striving to uncover issues from a company-wide perspective and solve them to achieve our management targets.
Spirit of challenge	We will continue to transform our abilities without fear of failure and maintain a positive attitude, based on our belief in the capacity of challenge to tap into unlimited potential.
Leadership	We will become leaders who are able to motivate others with our own determination by clearly showing the way for the organization to follow.
Fair play	We will carry out fair corporate activities that combine the spirit of respecting human life and dignity with high ethical standards.

◆ Direction of Unicharm's CSR

Creating gentle care. Supporting gentle care

At the foundation of Unicharm's CSR is each and every employee contemplating what social responsibility should be and taking steps to achieve it.

World Trends

Regional Trends

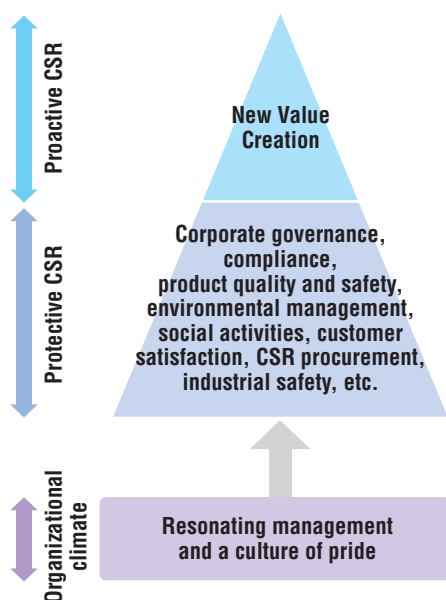
Developments
in the Industry

Expectations
of Stakeholders

Unicharm Ideals
and Company Policies

At Unicharm, alleviating people's burdens in managing their everyday lives and pursuing gentle care are principles underpinning our corporate philosophy. We create gentle care to support each and every person - promoting the sound growth of babies, the radiance of women, and the dignity of the aged. We believe that these efforts in themselves lead to gentle care in our immediate society and gentle care for the environment. We want to fulfil our duties as corporate citizens by realizing one step at a time initiatives for increasing the environmental value of products through means such as our company-initiated Eco Charming mark for recognizing environmentally friendly products and carbon offset initiatives.

CSR Areas of the Unicharm Group



Deployment of Global CSR Initiatives of the Unicharm Group

Phase 3 2011-

CSR Global Management

- Integrated CSR Management × Communication × Environmental Management

Phase 2 2006 - 2010

Global Deployment

- 2006 Participated in the UN Global Compact
- 2006 Established CSR office at Shanghai Unicharm
- 2008 Established ISO/CSR Department at Uni-charm Thailand
- 2009 Commenced CSR procurement overseas

Phase 1 2003 - 2005

Establishment of a CSR Promotional Framework

- 2003 Established the CSR Department (commenced initiatives centered on quality, the environment and ethics)
- 2005 Established a CSR committee (expanded items for CSR promotion)



Masakatsu Takai

Director & Senior Executive Officer
General Manager of Global Human Resources and General Affairs Department,
General Manager of CSR Department,
Officer in Charge,
Customer Consultation Center
Unicharm Corporation

Moving forward with CSR activities as a company that cares for the environment and society

Our Unicharm CSR began in Japan with a view to realizing our Unicharm Ideals through our main business activities. It has now spread globally and encompasses society in countries around the world where we operate. Our initiatives in CSR procurement undertaken in cooperation with suppliers started in China in fiscal 2009 and from there have expanded and developed in other areas in fiscal 2010 in Thailand, Indonesia, Taiwan and Korea.

As a measure to promote a deeper understanding of CSR among our staff, we held small group CSR reading meetings in fiscal 2010. In all, there were 306 small groups including all divisions in Japan as well as our offices in China and Thailand. Examining the meaning of CSR in terms of the activities of their respective departments, Unicharm staff gained a broad picture of how their business activities contribute to society as a whole, and this engendered in them a sense of pride in their work and a feeling that their work was worthwhile.

The recent earthquake disaster also made us again realize the social importance of our Unicharm products in the everyday lives of people. We at Unicharm want our company to always exist as a company known for its "gentle care" for both the environment and society and as a company that is loved and trusted by society. To achieve that, we will continue to value our communication with all our stakeholders as we pursue our CSR initiatives.

50 Years of Development at Unicharm and the History of Gentle Care

From Japan, to Asia, to the world

As we approach our 50th anniversary, we aim to become a leader in the life support

Our living environment is changing day by day and our customers' needs are becoming more diverse and sophisticated. At Unicharm, one of our strengths over the years has been our quick response to our customers' evolving needs. Since the founding of our company, we have taken the lead in the market in developing new products that make use of our proprietary processing and forming technologies in nonwoven cloth and absorbent materials that we have progressively improved over the years. Our perseverance in these areas has resulted in an ability to provide to our customers products with new value that never existed before. At Unicharm we take pride in contributing to changing people's lifestyles for the better. In the future too, we will continue to uphold the traditions that we have built on since our founding and to promote innovation in a framework of "resonating management" based on consultation with all staff. Through top-class services and products we will continue to provide comfort, excitement and joy to people of all ages all over the world.

1960s – 1970s

In 1961, Unicharm's predecessor Taisei Kako Co., Ltd. commenced operation in Kawanoe in Ehime Prefecture as a construction material manufacturer. Two years later in 1963, it began to manufacture and distribute sanitary napkins. As a feminine care product created to make women always feel and look their best, the first product was released under the name "Charm." After a long process of trial and error to produce an improved, high-quality sanitary napkin, "Sawayaka" was released in 1968. Gaining in popularity largely through word of mouth, this product was recognized among women as a superior product that "feels soft and does not leak." In 1974 the name of our company changed and officially became Unicharm, Co., Ltd. Two years later in 1976, it was listed in the Second Section of the Tokyo Stock Exchange. In the same year, we released Charm Nap Mini, a thin sanitary napkin, which, like its predecessors, won wide acclaim, this time as a convenient product that women could carry with them for use when away from home. Charm Nap Mini was also recognized as a product that provided support to the increasing number of women joining the workforce.



Charm Nap Mini



TV commercial at the time



1980s

As the number of working women increased in Japan, Unicharm began to enter new business areas such as childrearing and nursing care support in response to women's needs. In 1981 we announced our NOLA&DOLA philosophy as our corporate commitment to alleviating burdens in women's daily lives and helping them realize their dreams. In 1984 Unicharm set up operations in Taiwan, establishing its position as one of the leaders in the industry in globalization. At that time Unicharm was also busy releasing several newly developed products including the round-tipped Charm Soft Tampon (1980) and Sofy (1982), the world's first contoured sanitary napkin. In the baby diaper business, Unicharm was actively developing disposable diapers for babies and in 1981 released Moony followed by Ultra Moony in 1987. In that same year Unicharm also entered into the disposable diaper market for adults. In 1989 Unicharm released Lifree Nyotori Pads for mild incontinence.



Sofy



Moony



Lifree Nyotori Pad



TV commercial at the time



industry that provides comfort, excitement and joy to people the world over



1990s

Unicharm continued to develop disposable diaper products to make life easier for mothers of babies and young children. These products included Torepan Man, a training pants product (1990), Oyasumi Man, a pants-type diaper for night-time wear (1991), and Moony Man (1992). All of these are pants-style diapers that can be changed while babies are standing up. This technology also led to innovation in the world of nursing care and in the release of Lifree Rehabili-Pants for adults in 1995. As a product that enables the aged to put on and remove the pants-type diaper on their own, it was hailed for preserving the dignity of the aged and at the same time it was welcomed as an innovation that alleviated the burden of carers. In addition to these, Unicharm released various other products during this decade including Charm Nap Sawayaka Liner, a urine-absorbing liner for women with mild incontinence concerns (1997), and Silcot Wet Tissues, an all-purpose wet tissue (1998).

2000s

In 2001 we announced our “NOLA&DOLA” for a new century by declaring as our business philosophy a commitment to “make dreams come true by providing products and services that will support the physical and mental well-being of all people with gentle care.” Since then we have responded to people’s diverse needs as their needs evolved in various ways over time. For example, we entered into new markets with the release of products such as cleaning product Wave Handy Wiper (2001) and the Chorittai Mask (2003). In the baby care business we also released products such as Moony Man Ase Sukkiri (2006). In the feminine care business we released Sofy Hada-omoi, a sanitary napkin that incorporates a third napkin surface layer that prevents itching and chafing (2007). In the health care business we released Lifree Zubon wo nugazuni koukan Rehabili-Pants (2008). In the pet care business we released disposable diapers for pets (2001) and Aiken Genki Best Balance (2008), a food that provides a balanced diet for dogs. During this period the globalization of Unicharm continued, and today our products are sold in over 80 countries and regions. At Unicharm we will continue to provide new value to our customers all over the world through our proprietary R & D and the development of new technologies.



Development of the Health Care Business

Japan has already become a hyper-aged society and the provision of adequate nursing care is becoming a serious national issue. In our health care business, we engage in regular business activities to find ways to support both givers and receivers of nursing care by transforming the discomfort all people encounter in their lives into comfort.

History of Health Care Products

Established in 1987



Unicharm entered into the health care business in 1987 with the launch of Lifree toilet care products for adults. In 1989 we released Lifree Nyotori Pads. Proposing the world's first toilet care model combining an outer diaper and inner changeable pad, Unicharm played a leading role in promoting the widespread use of diapers for adults in Japan. In 1995 when we released Lifree Rehabili-Pants, we announced that our goal was to "reduce the number of bedridden adults to zero." At that time we were also intent on communicating to society at large that people's well-meaning intentions to make the lives of the elderly more comfortable could also have the opposite effect of allowing them to remain bedridden and neglect their activities of daily living (ADL). We emphasized that supporting the rehabilitation of the elderly in independent toilet care was important in helping them to maintain and restore functions of normal everyday life.

At an early stage we also became aware of the problem of mild incontinence that is a concern of many women who have experienced childbirth and women in middle age, yet who remain hesitant to talk about this condition. In 1994 we entered into the market for mild incontinence care and in 1997 released Charm Nap Sawayaka Liners, our first incontinence care liner.

In the mask & medical business, we released the Unicharm Chorittai Mask in 2003 in response to people's need for protection against pollen, which is said to be a nationwide affliction in Japan, and thus created an opportunity to widely promote the use of nonwoven sanitary masks. At present we are also contributing to the revitalization of the mask market in Japan by releasing mask products for people's needs when they suffer from colds, influenza or coughing to help prevent the spread of infection and as a polite gesture out of consideration for others.

The Lifree vision: Assisting people to live life to the fullest every day

In the health care business, we declared "pursuing the joy of living" as our business philosophy, and through our Lifree brand we provide the best products as well as the best care systems and services to enhance the quality of life of all people engaged in nursing care. In efforts to realize our ideal of "assisting people to live life to the fullest every day," we have consistently played a key role in toilet care since the launch of this sector of our business.

We began making inroads to achieving this vision in 1989 with the release of Lifree Nyotori Pads, a world-first in an absorbent pad for localized use. It was a time when cloth diapers were still widely used and even though consumers were aware of the comfort and hygienic advantages of disposable diapers, the economic cost of their use was still out of reach for many. On the other hand, a Lifree Nyotori Pad could be used as an inner liner in a diaper and removed after urination without the need to change the diaper. This innovation eased the burden of carers while maintaining the hygiene and comfort of the receivers of care. The benefits of this system were the reduced economic burden in comparison with costly disposable diapers, greater ease in changing, and less waste than disposable diapers. This proposal rapidly caught the attention of Japan's consumers and the combined diaper/pad system contributed to raising the standard of Japan's toilet care model.

In 1995 we released Lifree Rehabili-Pants and sent out the message that our goal was to "reduce the number of bedridden adults to zero." Toilet care is an important area of care relating to the dignity of people. We at Unicharm felt that we could make a significant social contribution if we were able to reduce the number of bedridden people through the use of our absorbent technology. Our intention was not simply to apply technology developed for babies' pants-type diapers for products for adults. Our goal was more far-reaching. It was a concept starting with the use of disposable diapers as a substitute for use of the toilet by preventing the leaking of bodily waste, and then progressing to "toilet rehabilitation" to support care providing for the dignity of people and their desire to use the toilet on their own. This concept was a major milestone in enhancing the value of receivers of care by preventing them from becoming bedridden and enabling them to maintain and improve their activities of daily life and at the same time in enhancing the value of carers by reducing their burden.

After the release of Lifree Rehabili-Pants, we began to receive many encouraging messages such as the following one from carer:

"Since introducing Rehabili-Pants that the elderly can put on and take off by themselves like ordinary underwear, some of our elderly have begun to make renewed efforts to use the toilet. Some of these were people who had been kept in bed like babies, despite their ability to stand on their own,



because they were incontinent and had to have their diapers changed. They had basically lost their will to live. Their recent efforts are not only preventing a decline in their physical strength but are also resulting in a new desire to live."

In an era that viewed taking care of the elderly in a bedridden state as a matter of course, messages like this renewed our strong commitment to "aim for zero bedridden patients." We also wanted to communicate that Lifree Rehabili-Pants, as an essential product for supporting toilet care for nursing at home, could contribute significantly to preventing receivers of care from becoming completely bedridden. At present sales of pant-type diapers have grown to more than half of the adult diaper market.



This trend has continued with the release in 2008 of a new type of Lifree Zubon wo nugazuni koukan Rehabili-Pants and with the "Rehabilitation through living" campaign series which enlisted the support of celebrity jazz singer Chie Ayado, who herself has experience of caring for her own mother at home.

Lifree Zubon wo nugazuni koukan
Rehabili-Pants

Future expansion of Lifree products

About eight million so-called baby boomers born shortly after the war will turn begin to celebrate their 65th birthdays from 2012 onwards. As a country, Japan is already experiencing a severe shortage of nursing care capacity and having difficulty coping with the serious burden of nursing care insurance. When these baby boomers begin to require nursing care, Japanese society will find itself in very grave circumstances. Therefore, prolonging the health expectancy of the baby boomers into their twilight years is vital for the health of Japanese society as a whole. In this environment, the social value of our Lifree rehabilitation concept will only continue to grow in importance.

Japan, however, is not the only country faced with an ageing society. In many countries around the world including Asia, the rapid ageing of society is set to continue. There are even countries in the world where it is predicted the ageing of society will occur at a more rapid pace than in Japan, where society has aged more rapidly than in any other country of the world. Lifree products and the Japanese aged care model that have developed in tandem with nursing care in Japan, home to the world's first hyper-aged society, will deliver the benefits of Japan's toilet care model to the aged and their carers around the world.



Satoru Kiuchi
Health Care SBU General Manager
Global Marketing Division
Unicharm Corporation

Growth of the mild incontinence, mask and health care businesses

In the same way as people's hair turns gray or their eyesight begins to fail as they age, we at Unicharm see the development of mild incontinence as part of the natural ageing process. And in the same way that people color their hair to cover the gray or wear corrective eyeglasses to address their farsightedness, we want people to turn to our products without hesitation to address their mild incontinence. To prevent symptoms from worsening, we also believe that it is important for people to be able to engage in appropriate exercise and take regular walks outdoors without feeling self-conscious. Unicharm provides appropriate products that people can use with confidence as they participate in everyday activities.

From the manager of the "Unicharm Iki-Iki Dial" consultation service



It is important to train staff to be sympathetic listeners so that they can truly "hear" what the customer is saying.

Hideyo Sakamoto

Consumer Life Advisor
Unicharm Corporation
Customer Support Center

At the center we receive not only inquiries about products but also inquiries from customers seeking various types of advice on nursing care. Therefore, we make efforts to ensure that our staff have adequate practical knowledge in nursing care by requiring all of our telephone consultants to have at least a Level 2 Home Helper qualification and to undergo practical training at a nursing care facility.

Because there are many elderly among our customers and some who find it difficult to speak methodically or whose speech is unclear, it is important not only to train our staff in hearing skills but also to listen with a sympathetic ear, bearing in mind that satisfying our customers is the No. 1 priority of our service. Due to the nature of our work, all of our staff are highly motivated and mutually develop a culture of assisting each other. The feedback we receive from customers on the whole is also very positive, with encouraging comments such as "I am so grateful for your advice," and "We are now able to sleep the whole night through, after taking your advice. Gone are the nights of waking up to change soiled clothing and bedding." Hearing these words is truly rewarding for our staff. The feeling that they have truly helped others is in itself a motivating force and also a source of job satisfaction.



Mild incontinence is not a condition that is limited to the aged. It is not unusual for this condition to present after childbirth or as people age. To dispel feelings of embarrassment over symptoms of mild incontinence and encourage people to accept this condition as a natural progression in life, Unicharm has been promoting awareness of mild incontinence through the dissemination of information about this condition, which is experienced by one in three women in their forties. We began addressing this condition in 1997 with the release of our Charm Nap series of panty liners for the care of mild incontinence. In 1999 we released Lifree Sawayaka Pads with a view to making a product that was easy for women 50 and over to purchase. In 2007 we released Lifree Slim Wear. In the future we will continue to provide excellent products that will enable people to fully participate in life's activities as active adults. At the same time we will continue to promote awareness of mild incontinence in efforts to dispel the taboo surrounding this common condition.

In the mask & medical area of our business, we released the Unicharm Chorittai Mask in 2003 and have been encouraging people to adopt the habit of wearing masks outdoors during periods of heavy pollen and as a practice of good etiquette when people have or suspect they have infectious diseases like the common cold or the flu. In comparison with conventional gauze or pleated masks, the Chorittai Mask has fewer gaps and acts

to block pollen and airborne viruses. Unicharm's important areas of health care that deliver peace of mind and good health to people are growing.



Lifree Slim Wear

Initiatives in FY2010

Lifree Cho-usugata Shitagi kankaku Pants



In recent years an increasing number of older people want to continue to live a very active life that includes going out shopping and traveling. The reality is, however, that many of these people are hesitant to do so due to their aversion to wearing disposable diaper pants. Among their comments are, "I don't want anybody to notice that I am wearing disposable diaper pants," and "diaper pants feel 'rough and uncomfortable.'"

Taking comments like these very seriously, Unicharm developed super-thin disposable pants that feel just like ordinary underwear when worn and released them in September 2010 under the name Lifree Cho-usugata Shitagi kankaku Pants. These pants feature a super-thin absorbent material that is even thinner than that used in Unicharm's Usugata Keikai Pants. The close-fitting pants reveal no telltale signs, so they can be worn outdoors with confidence. The gathered elastic in the leg tops also fits snugly around the legs, making the pants feel more like underwear than a disposable pants-type diaper. Even the packaging reflects Unicharm's sensitivity towards the customer. Reduced to half the surface area of the packaging of Usugata Keikai Pants, the compact packaging also reduces the burden of the customer's shopping. Since their release, Lifree Usugata Keikai Pants have won the support of many customers.

From the Sales Manager of "Light Counseling"



Providing accurate product knowledge and nursing care information through light counseling at retail stores

Osamu Honda

Sapporo Sales Office, North Japan Branch,
Sales Headquarters
Unicharm Corporation

To alleviate the burden of both carers and receivers of care and help them live more comfortable and fulfilling lives as the hyper-ageing of our society continues, communicating accurate product knowledge and nursing care information directly to customers through retail staff in stores is vital.

At Unicharm we have been conducting what we call "light counseling" study meetings to assist retail staff of stores to accurately determine the condition of receivers of health care and to learn first hand the differences in sensory aspects of Unicharm products so that they can give appropriate advice to customers.

I believe that we can demonstrate maximum results by coordinating customer counseling by retail staff who are highly skilled in customer service with the distribution of promotional fliers. In this way the retail industry and Unicharm in cooperation can establish a venue for analyzing data obtained by numerically quantifying and confirming results of what is happening at sales counters. Such an approach will also promote the development of a sense of mutual trust that will grow on a daily basis.

We intend to widely promote our concept of light counselling and hope to create sales counters where customers will find it easy to buy the products most appropriate for their needs.





Development of the Clean & Fresh Business

The Clean & Fresh business utilizes Unicharm's proprietary nonwoven fabric technology and absorbent material techniques to provide a variety of products such as wet tissues, cosmetic puffs and cleaning products to make everyday living more comfortable. The key words in the clean & fresh business are "cleanliness, safety and comfort." Unicharm aims to maintain and uphold the cleanliness, safety and comfort that our customers seek.

History of Clean & Fresh business

Established in 1974



From the latter half of the 1970s, Unicharm began to focus attention on the development of products that utilized its strengths in nonwoven fabrics and absorbent materials. Silcot puff, released in 1978, is a cosmetic puff that prevents fibers from remaining on the skin by sandwiching the cotton pad between nonwoven fabric. It is a long-running product that has proven to be popular among customers for over 30 years. This year for the 14th consecutive year it maintained its position as the No.1 product in the market. In 1998 we released Silcot Wet Tissues. Since then we have expanded our product line to cater to the various needs of consumers to include wet towels with alcohol disinfectant, non-alcohol disinfectant and pure water. Unicharm also holds the top position in the wet tissue market in Japan. In 2001 we released Wave Handy Wiper that has unique pile fibers that are capable of effectively absorbing dust and dirt in uneven surfaces and crevices. Handy and easy to use, Wave cleaning sheets have won wide acclaim from customers as an efficient cleaning product.

A fresh approach to "cleanliness, safety and comfort"

Utilizing our know-how in nonwoven fabrics and absorbent materials, we have presented consumers with new approaches to making everyday life more comfortable. In all our business initiatives in this area we concentrate on

"cleanliness, safety and comfort" as our key words. The driving force that creates new products is the discovery of the needs of our customers through dialogue with them. From this source, new concepts are born. We then ask ourselves how we can realize the cleanliness and comfort that our customers seek. Next, we come up with ideas that no one has thought of before by asking questions such as, "What if there were a nonwoven cloth that could absorb abundant moisture like a sponge but could also release that moisture without retaining any," or "What if there were a nonwoven cloth that could trap and lock in mites or pollen." After this process, we think up ways of realizing these ideas. We recognize that such ideas and the know-how to realize them lead to successful brands like Silcot and Wave that are widely acclaimed by consumers.

In Japan today people tend to take "cleanliness, safety and comfort" for granted. When we are faced with a crisis like the recent Great East Japan Earthquake disaster, however, we come to realize how blessed and fortunate we are to have those very things we take for granted. Maintaining and supporting through products and services the cleanliness, safety and comfort we take for granted – this is the realization of CSR through our products.

Initiatives in FY2010

Release of Silcot Uru Uru Sponge-Jitate



Released in September 2010, Silcot Uru Uru Sponge-Jitate is a unique new concept in cosmetic pads. Utilizing an innovative nonwoven material, the pad releases on to the skin every bit of toning lotion that it has absorbed, so users generally need to apply only half the normal amount of toning lotion they normally apply. Already this product is being well received among women and was judged on one cosmetic-related website as the No. 1 cosmetic product, with one user praising it for its economical value, since no cosmetic liquid is wasted.



Michiaki Hashimoto

C&F SBU General Manager
Global Marketing Division
Unicharm Corporation





Development of the Pet Care Business

As Japan's birth rate declines and the population ages, the status of pets as valued companions and family members is becoming more prominent. In the pet care business, we provide a wide range of products that include both pet food and pet toilet items.

History of Pet Care

Established in 1986



In 1986 Unicharm launched its pet care business. Initially a pet food business offering products such as Freshy Aiken Genki, a dry-type food brand for dogs, and Freshy Neko Genki, a dry-type food for cats, in 2000, Unicharm began to diversify its products to cater to pet food needs in line with trends at that time. Products for dogs centered on four orientations: aged dogs, overweight dogs, miniature dogs, and indoor dogs. In 2004 we released the Gin no Spoon, a gourmet brand for cats and in 2008 we released the Best Balance brand for dogs, focusing on dog health and targeting miniature dogs. In March 2011 we released Best Life, a new brand dedicated to supporting immunity maintenance. In the animal toiletry business, we started our product line with the release of deodorant pet sheets in 1987. At present we provide various toilet care products such as Neko Genki Deo-Sand cat litter and Deo-Toilet, an antibacterial cat toilet system that eliminates odors and bacteria for up to one week. In the future we plan to continue to contribute to the comfort of pets and their owners in everyday life through pet care products.

Making people's life with their pets more comfortable

- Contributing through pet care products -

In promoting the pet care business, Unicharm has two main aims: to enable pets to live a long, healthy life in a clean environment and, by achieving this, to make their owners happy.

In the pet food business we aim to create products that are "healthy and tasty," and we have developed various brands that include Aiken Genki, Neko Genki, Gaines, Gin no Spoon, and Gin no Sara. To enable customers to choose products that best suit their pets, we have categorized our pet food products according to the age and physiology of pets. While Unicharm recognizes that providing dogs with balanced nutrition is of utmost importance, at the same time we strive to create foods with superior flavor that pets will truly enjoy eating.

Today we see a trend in ageing pets and a high degree of involvement of owners in the lives of their pets. At the same time, we see an increase in the number of cases of obesity and cats suffering from lower urinary tract infections due to lack of exercise and stress. In view of these problems, we have further focused our attention on the state of pet health in recent years and we are providing high value-added products in response to the diverse needs of animals, including premium pet food that combines a balance of high-quality nutrition and flavor.



Aiken Genki Best Balance



Aiken Genki Best Life



Hiroe Inaba
Food Business General Manager
Unicharm PetCare Corporation
Unicharm Corporation



Utilizing our nonwoven technology and absorbent materials for the “comfort” of pets too

The increase in the number of pets living indoors in recent times has created a need for various products for toilet care, care for incontinence and care for physical hygiene, just the same as for human beings. Using Unicharm nonwoven cloth and absorbent material technologies, we have developed various pet products such as pet toilet care sheets, pet paper diapers and wet tissue for pets to meet the needs of pets and their owners.

Pet sheets in particular were developed as a product for pet toilet care. Japan has the highest number of pets living indoors. Reflecting this state of affairs, Japan also boasts the most advanced products for pet toilet care in the world. A requirement for all of these products is the elimination of odors. As a result, we devote ongoing efforts to improving deodorizing technology.

At Unicharm when we are developing products, we carefully consider the best way to promote pet health and cleanliness. To do this, we gather information and opinions from various sources as a reference including consumer surveys based on home visits, questionnaire surveys on product purchases, and opinions of veterinarians, dieticians and other experts.

There are many people who consider their pets as important members of their families. For the sake of pet owners and for the comfort of pets themselves, we at Unicharm want to be of assistance in helping people's pets live long, healthy lives.



Deo-Toilet system

Initiatives in FY2010

From Aiken Genki, Neko Genki and Gin no Spoon to the provision of products to respond to advanced health needs



In hopes that pet owners can enjoy life with their pets as long as possible, in the pet food business we have been devoting efforts to development pet food products that are both healthy and delicious for dogs and cats.

In March 2011 we released Aiken Genki Best Life dog food for maintaining and supporting immunity in dogs which declines with age. For cats we released the product “As Age 15 approaches” in our Neko Genki, Gin no Spoon, and Gin no Spoon Premium Three Star Gourmet brand. In particular, these products are aimed at maintaining the health of kidneys of ageing cats.

Release of Deo-Sheets for small dogs for greater peace of mind and cleaner living



It is said that more than 70 percent of pet dogs in Japan are miniature breeds. Bearing this in mind, we released small-size Deo-Sheets for dogs in March 2011.

In designing this product, we took into consideration the physique of miniature dogs and accelerated the sheet's absorbency. In this way, we resolved the problem of small dogs' legs becoming wet with urine as it spread during urination.

Masanori Murakami

Toiletry Business General Manager
Unicharm PetCare Corporation
Unicharm Corporation



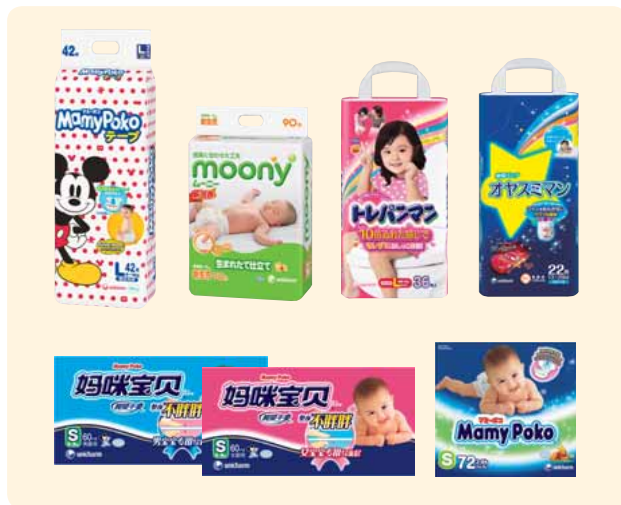


Development of the Baby Care Business

In the baby care business, our aim is not only to guarantee the health and safety of babies but also to contribute in some small way to their sound growth and development. From this aspiration, we have been striving to develop products that follow the development of babies based on our business ideal to improve baby care. In overseas markets, we also provide products for babies in countries around the world to meet the respective needs in those countries.

History of Baby Care Products

Established in 1981



In 1981, 20 years after the founding of Unicharm, we entered the baby care business with the release of Moony high-quality disposable diapers for babies. With superior absorbency, the diapers were quickly recognized for their efficiency in preventing leakage and won the strong approval of consumers. In 1984 we released Mamy Poko disposable diapers with high functionality at a reasonable price. We then proceeded to develop two further brands, high-quality Moony brand with varied functions to suit the growth and development of children, and Mamy Poko, featuring colorful designs to delight children and stimulate conversation between mother and child and provided at a reasonable price. In 1992 we released Moony Man, the world's first pants-type diapers. With the arrival of this product in the market, disposable diapers became more like "underwear" for babies. We then released in rapid succession new diaper products that catered to the particular needs of infants and babies at various stages of their growth and development. Among these were Moony Man Ase Sukkiri (2006), which incorporated the world's first perspiration-absorbing antibacterial sheet, and Moony Umarete-Jitate (2009), a diaper for infants with an innovative top sheet to protect the delicate skin of newborn babies. During this time Unicharm was also developing Mamy Poko as a global brand and provided it widely overseas in countries of East Asia, Southeast Asia, as far as the Middle East.

Supporting the sound growth of children as a "company enhancing the baby care"

At Unicharm we openly declare our commitment to improving the experience of childrearing in our business ideals. In addition to promoting our dedication to toilet care for babies and young children and our guarantee of health and safety, we are committed to contributing in some small way to the sound growth of babies. Communicating to a small baby the feeling of being cradled in his mother's arms, and to a mother the healthy laughter of her baby – it can be said that these are the kinds of messages we communicate in a concrete way through all of our baby care products and services.

Take for example our pants-type Moony Man diapers, which were a world first. These innovative diapers can be rapidly put on a toddler that does not stand still for a moment, thus providing for the comfort and freedom of the child and reducing the stress of the mother at the same time. In the brief period from birth until the time they no longer need diapers, our Unicharm mission is to follow babies closely through this period of remarkable growth and assist in whatever way we can to increase the happy moments they and their parents can share together as much as possible.

Both Moony, which provides highly efficient functions to meet the needs of children at various stages in their growth, and Mamy Poko, with delightful designs that feature popular Disney characters and make the diapers a fashion item, are brands that are highly regarded by customers in Japan.

We are currently going global with our corporate ideal of "improving the experience of childrearing." To do this, we have been developing products that are sensitive to the needs of customers in each country. To promote sales, we have been making efforts to reduce the costs of our products as much as possible to suit local pricing conditions while retaining high quality in our products. Through these efforts, we have been able to



Interior of a store in Indonesia



© Disney © Disney Based on the "Winnie the Pooh" works by A.A. Milne and E.H. Shepard. © Disney/Pixar

capture the top share of the disposable diaper market in many countries including Thailand and Indonesia.

In India where consumers are not used to diapers with tapes, pants-type diapers that are generally used for babies after they begin to crawl or stand are growing in popularity in the market. Delivering our baby care products to all people who have a desire to provide their children with “nice things” in life will, I believe, lead to improving hygiene in areas where running water and other basic infrastructure are not available.



Interior of a store in China

Initiatives in FY2010

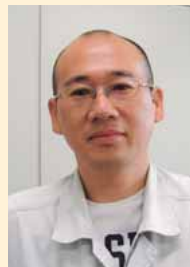
Release of Moony Pants Shitagi-Jitate



In the summer of 2010 we released Moony Pants Shitagi-Jitate, an innovative pants-type diaper with “Softletch®,” a new material that is soft like cloth and expands and contracts flexibly, bringing to pants-type diapers the new added value of feeling soft like underwear. No elastic material is used around the stomach area to fasten the diaper. Instead, the diaper softly hugs the baby's body like baby's first training pants. Many customers have expressed their admiration

and pleasant surprise at the transformation. Among the comments made were, “They have an entirely different feel,” and “Because they are thin, they do not sag even when they are wet. Babies seem to have greater freedom of movement.”

From the Developers



Pursuing extreme comfort for babies themselves

Toshimitsu Baba

Chief Technologist
Product Development Division
Global Development Headquarters
Unicharm Corporation

Previous pants-style diapers utilized elastic at the waist area to fit snugly to the body and prevent leaking. While we were satisfied that the diaper did not leak, we had reservations as to whether the baby was actually comfortable with this design. Our persistent efforts at pursuing the comfort of babies resulted in the development of Moony Pants Shitagi-Jitate. We started by reviewing the material of the diaper itself and from there began to develop a material in cooperation with our material suppliers. The result was the development of Softletch®, a material that offers high retractility in a small area, so while the diaper fits snugly on the baby's body it can be easily put on and taken off. Softletch® is a nonwoven fabric that stretches and contracts on its own. The surface fits to the body, so there is no need to have elastic at the waist.

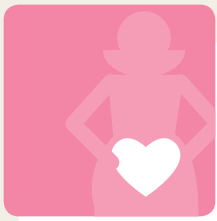
No elastic is used around the top of the legs either, so this innovation provides significantly improved comfort. Developing a product that simultaneously achieved basic efficiency in making the baby comfortable and preventing leakage was a very long, drawn out process which took us 12 years to develop. It was only with the dedicated cooperation of our suppliers that we were able to succeed in the development.

Our customers' reactions to the product have been positive. One customer commented, “I have been waiting for a product like this.” Magazines dedicated to child rearing also highly rated our product. We are determined to continue our efforts at product development so we can continue to hear our customers say “thank you” to us.



Tadashi Nakai
Baby Care SBU General Manager
Global Marketing Division
Unicharm Corporation





Development of the Feminine Care Business

In the feminine care business we have promoted the brands Sofy and Charm. To these we added Hadaomoi, an innovative product based on a new material, and we are making possible the provision of products to suit the diverse lifestyles of women. We make a science of women's comfort so that we may create freedom for women. This is our business philosophy which underpins the feminine care business.

History of the Feminine Care Business

Established in 1963



For Unicharm, the feminine care business in the area of personal care is the founding business of our company. From the release of our first sanitary napkins in 1963, we have transformed sanitary products for women from being products kept behind closed doors to products with a presence out in the open. This has come about through our constant efforts to support women in their everyday life. To this day we remain committed to developing and improving products that promote that extra "comfort" that our female customers seek.

In our products aimed at improving the comfort of women, we released our first contoured sanitary napkin under our Sofy brand in 1982 and later offered a napkin with gathering on the sides to prevent leaking. In 2007 we released Hadaomoi with an innovative FCL sheet that protects delicate skin by keeping most of the menstrual blood away from contact with the skin. Through ongoing proposals of innovative functions such as the above, we have continued our efforts to maximize our customers' satisfaction. We also developed a unique Unicharm approach to assist our customers in the selection of our products. With an abundant line up of products that cater to our customers' various needs, including their physique and the situations where they use our products, we present ready-made proposals that enable them to make the best choices for personal their needs. Through both our products and services, we have transformed the discomfort of women to comfort.

In addition to sanitary napkins, Unicharm has provided feminine care products such as tampons, liners, synchro fit shorts for use during menstruation. As Japan's only manufacturer of a full line up of feminine care products, Unicharm has provided comprehensive support to women. At present, Unicharm is promoting greater communication concerning Charm Soft Tampon to familiarize women with the comfort of tampons, which in Japan are used by a relatively small proportion of women even at present.

Bringing comfort and peace of mind as people who understand feminine concerns better than anyone else

Making a science of women's comfort to create freedom for women. This is the ideal we profess in our feminine care business. Since the inception of our business activities, we have consistently made it a point to protect women from the prevailing negative image associated with menstruation. While the most basic value in feminine care products is the assurance of "no leakage" during menstruation, the continual innovations in technology have for the most part allayed women's anxiety concerning the risk of such leaking.

At the same time the diversity of lifestyles of women today call for diverse values and functions in feminine care products. Women require reassurance that they can live everyday with a positive outlook free of the feeling that "that time of the month" is an inconvenience. For a company like Unicharm to achieve this, ongoing dialogue with our customers is essential.

Expressing dissatisfaction about feminine care products is not a topic that women are apt to openly discuss. Therefore, to find out their latent needs, they must allow us to observe their daily lives and we must be sufficiently perceptive to be able to "hear" the words that are not spoken. In the feminine care business in addition to the developers and persons in charge of marketing feminine care products, our male staff must also strive to create products from a women's perspective. This can only come from a deep understanding of women's lives. Unless we uphold this ideal, we will not be able to keep the promise our Sofy brand makes: to bring peace of mind and comfort to women.

Our "ready-made" proposals consisting of a wide selection of products that allow women to choose shape, thickness and functions to suit their individual lifestyles and physique is a single response that realizes solutions for the comfort and freedom that all customers seek from their perspectives as individuals. Our new innovative Hadaomoi is the culmination of our ongoing



Store featuring the extensive product line up



dialogue with customers and our tireless pursuit of technology.

In countries in Asia today women are joining the workforce at a rapid pace. When it comes to customer needs, national boundaries are basically irrelevant. Applying the technologies we have developed in Japan in markets overseas, we are continuing to propose superior products that carefully take into consideration the economic conditions, penetration, and the preferences unique to each country.

From one of the developers



Providing comfort by combining gentleness on the skin and greater thinness

Hideyuki Kinoshita

Product Development Division, Unit Leader
Global Development Division
Unicharm Corporation

Since we proposed Hadaomoi as an option in sanitary napkins, many customers have expressed their approval of this product including many customers who had previously experienced skin problems during menstruation. At the same time, however, we continued to receive further requests from women who looked to us to meet their very sophisticated needs. For example, some customers told us that they wanted to enjoy wearing fashionable clothing during menstruation. Some customers claimed that the ordinary slim-type products were uncomfortable on their skin. And some customers told us they wanted a product that was both gentle on the skin and slimmer.

Therefore, with a strong desire to provide a sanitary napkin that would allow customers to live their daily lives during menstruation in comfort by minimizing the burden on sensitive skin and at the same time give reassurance that the napkin would have no impact externally, we set about the development of a new product. The result was Hadaomoi Goku Usu Slim. After absorbing menstrual blood, the surface of this napkin remains dry and comfortable, free of any feeling of stuffiness.

With the creation of Hadaomoi Gokuusu Slim, I believe that we were able to achieve a truly comfortably fitting product for our customers. We hope that this product will help our customers maintain an active, satisfying life during their menstrual period.

Initiatives in FY2010

Release of Hadaomoi Gokuusu Slim



In 2007 we released Hadaomoi as an innovative sanitary napkin that incorporated an FCL sheet, a new material with unprecedented absorption used to rapidly draw in menstrual blood to prevent it from coming into contact

with the skin. As a new added value, this product offered "gentle on the skin," and since its release this value has steadily penetrated the market. Following on from the success of Hadaomoi, we released Hadaomoi Gokuusu Slim in March 2011. While it is very thin, it retains the characteristic absorbency and gentleness to sensitive skin of the Hadaomoi brand. This is a product where our aim was to bring absorbency and softness to women and to simultaneously eliminate discomfort and anxiety. As a product that consumes less resources, it is also contributing to the environment.

Release of "Cho-ryukusui Guard" Slim Type in China

In China's market, there are many customers who prefer thin-type sanitary napkins to meet their needs for greater comfort in their everyday lives during menstruation and this type of product is steadily penetrating the market. To cater to customers in that market, we released Cho-ryukusui Guard, a product that had already gained in popularity as a sanitary napkin for night use due to its guarantee of "peace of mind against leaking." We have received positive feedback from customers including remarks such as "This is the type of product I really wanted."



Daisuke Iguchi

Feminine Care SBU General Manager
Global Marketing Division
Unicharm Corporation



Responding to the Great East Japan Earthquake Disaster

We wish to express our deep sympathy to all those people who have been affected by the devastation of the Great East Japan Earthquake of March 11, 2011. A report on Unicharm's initiatives after the earthquake disaster and its aftermath follows.



All of our employees responded promptly to the emergency situation and have been doing everything in their power to assist in the restoration process.

Shinya Takahashi

Senior Executive Officer, General Manager
Planning Department
Unicharm Corporation

As a manufacturer whose mission is to provide life's necessities such as disposable diapers, feminine care products and pet care products, we at Unicharm believe that it is our social responsibility to deliver products to our customers and ensure their stable supply. As we made efforts to restore our Fukushima Factory that sustained damage in the recent earthquake disaster, we stepped up production at the Shizuoka and Shikoku factories by changing over to a nonstop 24-hour a day production system. As government and businesses joined forces, we made a decision to give priority to shipments to the affected areas and focused our efforts on delivering products to those areas as soon as we could.

Immediately after the earthquake disaster we received an exceptionally large number of telephone calls and emails from evacuation centers and facilities in affected areas and from various government and municipal disaster countermeasure offices seeking assistance. There were numerous desperate pleas for various supplies. One party reported that there were no disposable diapers at their facility and no means of transport to go out and purchase some. A similar request came from another facility that had no diapers for toddlers and no sanitary napkins. There were also other reports that evacuees had no access to water, that people at the facility had begun to come down with colds and there was a need for masks. At this time we keenly felt that our business activities and our social contribution activities coincided.

To help speed up the recovery even by a day, we at Unicharm are determined to cooperate in whatever way we can.

Response Immediately after the Earthquake Disaster

● Establishment of the Crisis Management Team

Two hours after the recent earthquake disaster hit, we established a Crisis Management Office with Senior Executive Officer Shinya Takahashi at the head in accordance with our Crisis Communications Manual. To ensure the safety of staff who had to walk home on the day of the earthquake, we distributed emergency kits to them before sending them on their way. On the following day, March 12, we checked conditions at each of our plants and after putting in place a disaster response framework we rapidly set about responding to calls for assistance from government, businesses and local government organizations.

Damages and Arrangements at the Fukushima Plant

The Fukushima Factory, where approximately 300 employees including employees of cooperating companies work, sustained significant damage as a result of the Great East Japan Earthquake Disaster. Thanks to regular emergency drills held at the plant, however, emergency evacuation instructions were issued one minute after the earthquake hit and the safety of all employees was confirmed approximately 15 minutes after the earthquake. With the assistance of Unicharm affiliates, we undertook restoration work with all staff to resume operations at the plant. On March 26 we were able to recommence production in parts of the plant and by May 9 we were able to fully resume all operations.

Assistance to Affected Areas

● Provision of relief supplies to disaster-stricken areas

While staying in contact with local disaster countermeasure offices in the disaster-affected areas, the Crisis Management Office ascertained local conditions and assisted in providing necessary supplies. Taking into consideration the roads that had been restored and other conditions, staff members dispatched relief supplies using Unicharm's delivery systems as much as possible. Members of the team dispatched not only disposable diapers but also masks at the request of disaster countermeasure offices that believed they would be effective in dust prevention during rescue and restoration activities.

Itemization of Relief Supplies (as of May 31)

Disposable diapers for babies	220,000
Disposable diapers for adults	120,000
Sanitary napkins, etc.	740,000
Pet food	8 tons (80,000 individual serves)
Wet tissue, toilet wipes	1.8 million
Masks	880,000



Vehicles that transported relief supplies



Message of support pasted on the relief supplies

● Establishment of a matching fund

To assist those people whose lives have been seriously affected by the earthquake disaster to return to ordinary everyday life as soon as possible and to assist in the restoration of the disaster-affected areas, Unicharm set up a matching fund whereby Unicharm will match donations made by staff and directors of the 24 group companies in Japan and overseas with a contribution of the same amount. The goal of the fund is to have every employee and officer donate an amount equivalent to one day's work. Almost all employees of the 24 group companies have participated.

● Tie-up with a Korean Partner

LG Household & Health Care Co., Ltd. (Head office: Seoul, Korea; President: Mr. Suk Cha), a partner company of our overseas subsidiary LG Unicharm Co., Ltd. (Korea) and leading manufacturer of toiletry products such as toothpaste, shampoo, soap and detergent, offered to provide relief supplies to the earthquake-affected areas. The supplies were subsequently delivered by Unicharm.

Itemization of Relief Supplies from Unicharm's Korean Partner Company

Disinfectant and liquid soap for hands	8,500 bottles
Soap	5,000 bars
Shampoo	4,000 bottles
Toothpaste and toothbrushes	6,000 sets

● Aid from Osotspa Football Club, a Soccer Team from Thailand

The Osotspa Football Club of Thailand's Premier League and owned by Osotspa Co., Ltd., the general agent of Unicharm Thailand Co., Ltd., donated to people in the earthquake disaster areas through Unicharm a total of about 440,000 baht (about 1.2 million yen). The money was raised from revenue from matches and sales of autographed shirts.

● Managing Logistics

Tying up with our cooperation partner Nakanihon Distribution Center, we quickly secured vehicles and fuel for delivering relief supplies. Five trucks carrying the first delivery left the night after the disaster. The next morning the trucks, laden with relief supplies, arrived in the Tohoku area and we were able to deliver the first relief supplies to affected areas.

After the earthquake disaster we covered production normally done at the Fukushima Factory through other plants, and we gave top priority to delivering the relief supplies to affected areas and providing stable supplies to people in other areas.



Managing Logistics

Takashi Ishikawa

Manager
Planning G, Logistics Division
Unicharm Products Co., Ltd.

The shipment capacity of the North Japan Distribution Center stood at zero one week after the earthquake disaster. To make matters worse, there was an increase in orders. Thanks to the cooperation of our logistics partners, we were able to cope with the situation and resume operations. Our North Japan Distribution Center partners assisted us with both warehouse operations and information processing work. I sincerely believe that we were able to overcome the difficulties we faced because of the way we usually go about our business with the common goal of ensuring we can deliver our products to our customers no matter what. Our thoughts are with the people in the disaster areas. We hope their communities can be restored as soon as possible.

Modification of Product Specifications

A number of the companies that we do business with including material manufacturers also sustained damages in the recent earthquake disaster, and we experienced problems procuring certain raw materials immediately after the disaster. As a manufacturer whose mission is to supply necessities for daily life, we at Unicharm believe delivering our products to wherever our customers are located is of primary importance. To ensure the steady supply of our products we decided to proceed with production using substitute materials for the raw materials we were having difficulty procuring. For a period we had to produce Mamy Poko Pants without the tape for sealing the diaper after use. This tape has no impact on the fundamental function of the product. We announced our decision and the surrounding circumstances on television and in newspapers.



Ordinary product

with tape for sealing before disposal

Product with modified specification

no tape for disposal after use

© Disney

From the Site of the Great East Japan Earthquake Disaster



Haruo Hidaka

Fukushima Plant Manager
Unicharm Products Co., Ltd.

The Great East Japan Earthquake caused damage to our Unicharm Products Fukushima Factory and we had no choice but to suspend operations.

At the time of the earthquake, there were about 300 of us altogether at the plant including our employees and other personnel from cooperating companies. Fortunately, however, we were able to evacuate without even one injury. I firmly believe that this good fortune was a result of the appropriate instructions given by leaders and the plant culture established by our predecessors since the commencement of operations in 1993. By this I mean appropriate discipline – which is one of the commendable traits of the people of Tohoku – and the strong patience of the staff. Following the disaster we received one request after another for goods. We even had many customers come directly to the factory, including people from nursing facilities that had received victims of the disaster. At that time we realized how essential our products were to so many people. Once we get beyond the aftermath of this disaster, I hope to devote even more energy to creating products for all our customers who depend on Unicharm Products.



Tatsuyoshi Yaguchi

Fukushima Plant Safety Manager
Unicharm Products Co., Ltd.

Suddenly my mobile telephone began to ring and just at the moment that I realized it was an emergency earthquake warning, we were overcome

by powerful tremors. Getting up from my seat and holding on to things to support myself, I waited for the tremors to subside but they gradually grew even stronger. As a person who had never before experienced an earthquake of this magnitude, I instinctively felt that this time there would be significant damage, so I immediately gave instructions in an emergency evacuation broadcast for all staff to evacuate. Thanks to the appropriate and rapid guidance of the leaders at every worksite, we were able to confirm that all employees had evacuated safely to the appointed evacuation areas. Upon confirming damages at the production site as the aftershocks continued, we found that the disposable diaper factory had sustained significant damage and a section of the ceiling had fallen down. We again felt the terror of the extent of this earthquake. On the other hand, the fact that all staff were able to safely evacuate without even one injury in these conditions attests to the sound judgment of the work site leaders and the effectiveness of the evacuation drills we conduct twice a year. I am very grateful for the appropriate responses at the work sites.



Tadashi Imai

North Japan Branch Manager, Sales Division
Unicharm Corporation

Although our office sustained significant damage during the recent disaster, the efforts and experience of restoring the office to its former

state served to further deepen our relations with one another at the Company. We in sales reconfirmed our awareness and joy at being a company that produces and distributes necessities of everyday life. We felt a strong sense of pride to be able to make good on our word to provide a stable supply of products to our customers even under such challenging circumstances. We are determined to continue our concerted efforts within the Company and the community to promote recovery efforts and we will move forward together without becoming discouraged.

Global Expansion of Unicharm CSR

The Unicharm Group actively engages in CSR activities all over the world through our overseas offices. As we share the spirit of our Unicharm Ideals with people in various countries, we implement CSR activities that are both appropriate and beneficial for each region where we operate.

No. 1 support for MamyPoko Pants Standar in Indonesia

In Indonesia in December 2007 we released MamyPoko Pants Standar, a new product in pants-type disposable diapers. Through this product we succeeded in providing to customers at an affordable price pants-type disposable diapers that had previously been out of their reach economically. Below our Unicharm managers relate the behind-the-scenes story of the marketing and development concept that ultimately led to the release and success of a new product created with Indonesian consumers in mind.



The desire for parents to provide “nice things” for their children is the same the world over



Daigo Fujiwara
Brand Manager Representative
Baby Care SBU
Global Marketing Division
Unicharm Corporation

Mamy Poko is a high-quality brand that has already penetrated the markets of Asia and other countries. For many consumers, however, it is quite expensive and the pants-type diaper of this brand that we wanted to promote was a product that many could not have bought even if they wanted to. To address this issue, we decided to launch a project in 2005 to review both the cost and value of the Mamy Poko brand with a view to providing disposable pants-type diapers to as many people as possible.

Based on our research of the competitive environment and needs of various countries, we decided to promote the brand in Indonesia where the brand penetration was high and demand from high-income earners downwards was growing. We interviewed over 200 average households through door-to-door surveys. While consumers were consistent in their requirement for a diaper that did not leak, in areas where they did not feel there was particular value, they were not insistent on a particular standard. In stores where the average price per diaper was 30 yen, we decided to keep our price to around 20 yen and to sell our product as individual items. In this way we succeeded in launching MamyPoko Pants Standar at an affordable price to local consumers.

In 2010, we released S size for infants from two to four months old, the age at which infants start moving their hands and feet vigorously. This completed all sizes in the product line up. At present there are indications that sales will exceed our forecasts and we are receiving positive very positive feedback from local consumers. In addition, in 2010 MamyPoko Pants Standar received the Nikkei Superior Products and Services Award.

In Asia there are still many countries where disposable paper diapers are not widely used. In the future we hope to make a social contribution to local markets by providing products that take into consideration local conditions in emerging countries including India and Vietnam.

Through cooperation in the supply chain, disposable diapers that can contribute to the world



Hiroyuki Tanji
Senior Manager
Blue Sky Project
Global Development Division
Unicharm Corporation

In 2005 we began to develop a very affordable disposable diaper that consumers who could not afford most of the available brands in Indonesia could buy without difficulty. Starting from zero, we launched a project to develop a new product with the idea of keeping the cost down while retaining all basic product functions. Incorporating only the minimum essential elements, we finally came up with what we thought was a viable product.

However, no matter how much we tried to cut down on the cost of materials, there was a limit to what we could do. Realizing this, we decided to explain what we were trying to do to all of our Unicharm managers at every stage in the supply chain from raw materials to transport. After sharing our goal with them, they gave their full cooperation in keeping costs down at every stage.

Ultimately, however, even a superior product will not sell unless it reaches the consumers for whom it is created. Appropriate retail sales channels are essential to promote and sell a new product successfully. To address this gap in the supply chain, the sales managers began to develop small retail stores to ensure the product was delivered to the end user. It was only through the collective efforts of all divisions of Unicharm that we were able to achieve our goal, which was the creation of the product that became MamyPoko Pants Standar.

Our perseverance in development centered not only on keeping the product simple but also on keeping the manufacturing process simple. Our idea was to create a product that did not involve the Japanese side in the manufacturing process by establishing a production line that could be entirely operated and managed by local personnel. This approach would also result in local job creation and could even help raise the income of the local people. We also felt that this approach could act as a catalyst in raising the quality of life of the local people.

MamyPoko Pants Standar is a product that embodies the essential spirit of Unicharm CSR. After the release, when I heard about the positive feedback from a customer who exclaimed that this was a product the Indonesian people had longed for, I had the firm conviction that our development of this product had been a worthwhile initiative.

China

Booth at the Shanghai World Expo

Through its products and services, Unicharm aspires to build bridges between countries, not only between Japan and China but also between Japan and the rest of Asia and the world. To promote our efforts in this area, we participated in the Shanghai World Expo and set up a booth at the Japan Industry Pavilion. Foremost on our minds was the lives of more than 400 million women who use sanitary napkins, 160 million babies, 160 million aged, and 40 million pets in China and we made proposals for improving their lives. We also reconfirmed that the realization of the Unicharm Ideals is essentially the reason for Unicharm's existence. During Corporate Week at the Expo in May 2010, we featured Mamy Poko and Sofy product displays and held various activities and events. Among these were a diaper changing contest and a gathering for taking photos with Poko-chan, one of our product mascot characters. During the Expo we had the opportunity to interact with over 1,000 visitors who dropped by our booth. One business partner who visited our booth commented, "The Unicharm booth is filled with a very gentle atmosphere that made me automatically think of the fine quality of your products. I could really sense your motto - 'Creating gentle care. Supported by gentle care.' Unicharm is an irreplaceable partner in the retail industry." It was very pleasing to receive such a comment. All of China's Unicharm staff, more than 1,000 altogether, also participated in the Expo, and I could sense both their pride and joy as staff working for Unicharm.



Unicharm (China) staff pay a visit to the Japan Industry Pavilion at the Shanghai World Expo

Taiwan

Proactive fundraising activities

United Charm Co., Ltd., Unicharm's first overseas office, donates products to various charity organizations. In fiscal 2010 we donated disposable diapers for adults, disposable diapers for babies and sanitary napkins to organizations such as United Way of Taiwan, the New Life Society of Taiwan and Eden Social Welfare Foundation.

Korea

Products bearing the Eco Package mark

To reduce the environmental impact of its products, LG Unicharm has been reducing the amount of plastic used in the inner wrapping of individual items of its products. This year PIBUSAENGAK and Hada-omoi were released with the new reduced-impact wrapping. These products also now display the "Eco Package" mark to let consumers know the packaging is environmentally friendly. To further advance the company's environmental activities, LG Unicharm also commenced Environmental Management System (EMS) activities in preparation for acquiring ISO14001 in July 2011.

Eco Package with simplified wrapping



Thailand

A percentage of sales for social contribution activities

This year marked the 20th time Uni-Charm Thailand and The Mall department store of Thailand made a commitment to donate a percentage of their sales as a social contribution. Both businesses will donate a ratio of their sales for a three-month period during the year and funds raised during that time will be spent on carrying out repairs and adding toilets to a school in Kohlahpuri in Nakhon Ratchasima Province located in northeast Thailand. Through Thailand's Food and Drug Administration of the Ministry of Public Health and TV Channel 3,



Uni-Charm Thailand also donated sanitary napkins and disposable baby diapers for people living in areas affected by the country's severe record-breaking floods.

Donation ceremony at a school in Thailand

Indonesia

Reducing waste by simplifying individual packaging

We previously reduced consumption of resources in the production of BF-Extra Maxi Non Wing 1P. To further reduce the environmental impact of this product, we turned our attention to simplifying the wrapping of the individual pads inside the package with a view to reducing the amount of waste and releasing the product with the new simplified wrapping in October 2010. To reinforce our environmental activities, we also obtained ISO14001 in April 2011 and became the fourth overseas Unicharm office to receive this international standard.

Global CSR Conference

In December 2010 local CSR managers from China, Thailand, Indonesia, Taiwan and Korea came together for a global CSR conference. Following on from a global meeting with representatives from two countries in fiscal 2009, the meeting grew in scale to a conference with representatives from five countries who came together to discuss the promotion of CSR and CSR procurement and safety as the conference themes. In CSR promotion, participants shared information on ISO26000 and CSR activities of their respective local offices. On the topic of CSR procurement, the managers from China and Thailand, where CSR procurement procedures are already in place, presented case studies and gave advice to local managers of other countries who will be promoting CSR procurement in their regions in the future. In the course of the conference the representatives were able to establish personal as well as business relations between local offices. In discussions on safety initiatives, representatives from each of the countries presented case studies, shared issues, discussed solutions, and shared their future vision for safety.

In the future we look forward to developing healthy competition between offices and promoting CSR activities globally.



Global CSR conference

What is expected of Unicharm's CSR?

In March 2011, Unicharm hosted a Stakeholders' Dialogue at Head Office in Tokyo. Participants included representatives from NPOs, leaders in the business community and experts in their fields. The theme of the event was "Expectations for Unicharm's CSR Activities in a Global Society." This year we celebrate the 50th anniversary since Unicharm's founding and we used this important occasion as an opportunity to explore from an objective viewpoint what social responsibility should be for a company like Unicharm. In the course of the dialogue, we received various constructive suggestions from participants.



Participating in CSR activities in both the global and local through our core businesses

Ogawa: I would like to proceed with today's discussions by first dividing today's theme into three main areas. To start, I would like to ask your opinions on areas in CSR activities Unicharm has undertaken to date that you can evaluate positively as well as areas you see as possibly having issues that should be addressed.

Ono: Unicharm is a unique company whose business and products themselves embody CSR. In countries with different political systems from ours, however, CSR activities may be perceived differently. In such cases, how Unicharm deals with these differences in the global development of its CSR activities is an issue the company will need to consider.

Tajiri: In the Unicharm Ideals established in 1974, the company was already using phrases such as "social responsibility" and "cooperation of all employees." I would like to highly commend Unicharm as a company that had already adopted self-analysis of areas stated in ISO26000. On the other hand, when it comes to community participation, I would like Unicharm to place importance on local activities in Japan in the same way it does globally.

Murata: Unicharm's ECO Charming mark won the Eco-Efficiency Award of the Director-General, Industrial Science and Technology Policy and Environment Bureau of METI* last year. I think it is wonderful that Unicharm has taken the decisive step to implement LCAs of its products.

* METI: Ministry of Economy, Trade and Industry

Oikawa: One question is how Unicharm will establish its position in globalization. Making contributions to local communities in various countries would also seem to be an important aspect of your role as a company that sells daily necessities such as sanitary products and disposable diapers.

"Transforming discomfort to comfort" as CSR befitting a company aiming for 100 years of corporate activity

Ogawa: As the next point in our discussion, I would like to ask how you see Unicharm's orientation regarding CSR, that is, engaging in CSR through its regular business activities.

Ono: I think that the development of technology is extremely important, as well as how a company as a whole accumulates knowledge and experience.

Tajiri: As BOP business – that is, base of the pyramid business that targets the lowest income segment – develops around the world, having technologies capable of reducing the cost of products will become a critical point. I believe that incorporating the ideals of health, safety, and culture into a single product can be a good start for making a worthwhile contribution in a particular area.

Murata: I also think that it's important to establish sales approaches that match local needs as well as the values and brands unique to Unicharm.

Oikawa: We can describe Unicharm's products as being necessities required for humans who give birth to humans, for children who are born, and for humans after they grew old. In this context, transforming discomfort into comfort can be considered a contribution to the welfare of human beings.

The participation and empathy of our stakeholders are vital in getting across our CSR message

Ogawa: Next, I would like to ask your views on how we should get our CSR message across both inside and outside the company.

Tajiri: What I believe is very important at the moment is "getting the message across." There is a problem in this regard, because while the correct procedures in Japan are widespread, inaccurate information overseas is quite widespread.

Oikawa: The challenge as I see it is how we can incorporate Unicharm's philosophy into information about appropriate childrearing and nursing care. It is important to take Unicharm's views in these areas into consideration when communicating the company's message.

Murata: The concept of "carbon footprint" is also one method of communication that should be considered.

Ono: Unicharm must convey to society, using every means available, information regarding its social contributions and the fact that the company is constantly making efforts to produce better products.

Oikawa: Unicharm must consider the methods for getting across its CSR message outside the company, taking into consideration initiatives to deal with customer problems from the perspective of the customer. This essentially means "empathy" on the part of Unicharm.

Tajiri: The main focus of ISO26000 – community participation and development – refers to the participation of all employees. I believe the future challenge for Unicharm is to take this involvement one step further to encompass the participation of customers, shareholders and leaders including the president.

Yamamuro: The key issues for advanced companies in the world are "transparency" and "cooperation in the supply chain." Another issue is what to do with supply chain management in global development, including emerging countries. I believe these issues are the same for Unicharm.



Message from Unicharm

At this 50-year milestone in the history of Unicharm, we will use the valuable views and opinions of our stakeholders to renew our commitment to CSR activities.

As we aim for 100 years as a corporation, we intend to take full advantage of the views and opinions our stakeholders shared with us as we embark on new directions in our CSR. This dialogue brought home the realization that we live in an age where companies can choose countries and markets where they wish to do business, and we are also already moving into an era where society and the market can choose the companies they want to do business with. Essentially, we can say that we have made the transition from global management to sustainable management and survivability. All of the views and opinions participants shared at the Stakeholders' Dialogue have become valuable assets to us at Unicharm. Bearing in mind these views and opinions, we will promote the visibility of our CSR activities (disclosure of the medium- to long-term goals and specific processes in terms of figures of our CSR activities), reinforce our supply chain management including CSR procurement, send out messages of resonance and empathy, and steadily execute our CSR activities with the participation of our employees.

Overview of the Event

Venue: Unicharm Corporation, Tokyo Head Office

Date: March 3 (Thursday), 2011

Facilitator



Mr. Mitsuo Ogawa, CEO
Craig Consulting Co., Ltd.

Participating Stakeholders



Mr. Ken Oikawa,
Director
E-Square Inc.



Mr. Yu Murata, Director
Environmental Industries Office,
Environmental Policy Division,
Industrial and Technology Policy
and Environment Bureau,
Ministry of Economy,
Trade and Industry



Mr. Yoshitaka Yamamuro,
Assistant Manager
Environmental Industries Office,
Environmental Policy Division,
Industrial and Technology Policy
and Environment Bureau, Ministry
of Economy, Trade and Industry



Mr. Shinya Ono,
Senior Managing Director
Toppan Editorial
Communications



Mr. Yoshifumi Tajiri
Executive Director,
Secretary General
Japan NPO Center

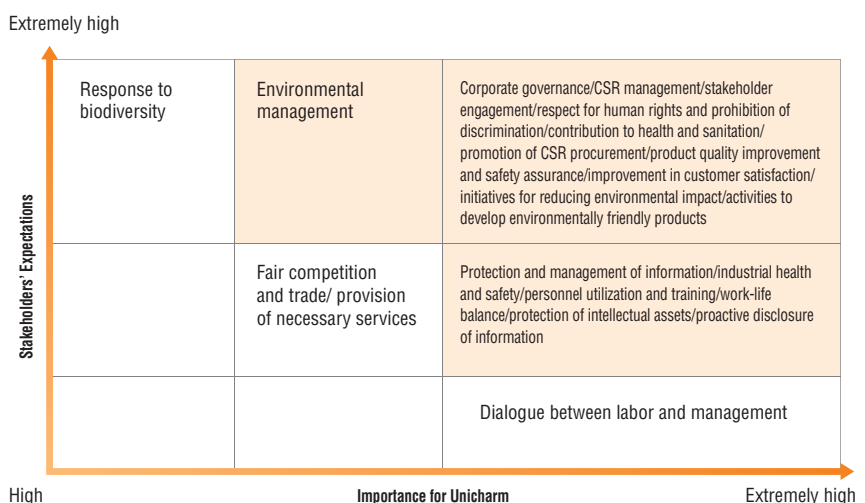
Participants from Unicharm

Masakatsu Takai	Senior Executive Officer, General Manager, Global Personnel and General Affairs Department, General Manager, CSR, In charge of Customer Center
Takamitsu Igawa	Senior Executive Officer, Assistant General Manager, Global Development Department
Shinya Takahashi	Senior Executive Officer, General Manager, Planning Department
Atsushi Iwata	Executive Officer, General Manager, Intellectual Property and Legal Department
Kenji Takau	Executive Officer General Manager, Global Marketing Department
Yasushi Akita	Executive Officer General Manager, Accounts and Finance Department
Yoshiaki Mimuro	General Manager, Quality Management Department, Unicharm Product Co., Ltd.
Takashi Masuda	Vice Manager, CSR Department
Nayoshi Kurita	Director, Quality Assurance Office, CSR Department

*Titles of the stakeholders were current at the time of the event.

CSR Materiality of the Unicharm Group

Establishing the "Stakeholders' Expectations of the Unicharm Group" and "Importance for Unicharm" as the two coordinate axes, we selected elements that comprise the materiality of the Unicharm Group. For the "elements" we referred to ISO26000 and views expressed by participants at the Stakeholders' Dialogue. In the future we will focus our CSR activities on this materiality.



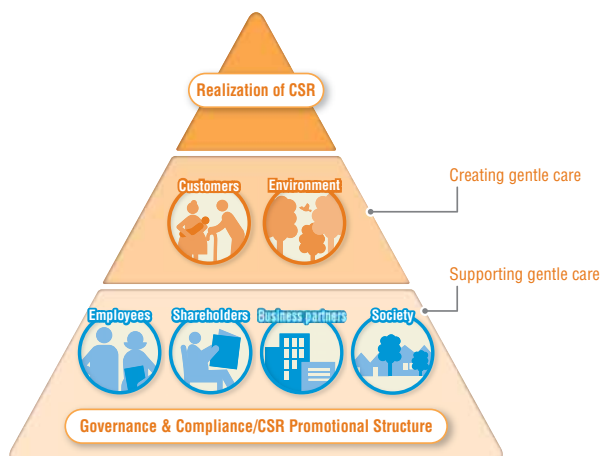
Creating gentle care

Without the love of people and acceptance by society a corporate entity cannot achieve sustainable growth. The dedication of each and every Unicharm employee to creating the finest products and services generates a feeling of gentle care that makes Unicharm a brand preferred by people the world over.



Initiatives for realizing CSR at Unicharm

Following our corporate slogan "Creating gentle care. Supporting gentle care," we have divided our CSR initiatives in this report according to those two themes. In "Creating gentle care," we present CSR through products that cater to the needs of our customers and at the same time are environmentally friendly. In "Supporting gentle care," we report on our CSR initiatives for our employees, customers, shareholders and society as well as the various systems that support the creation of our products and services.



Global development with the local community in mind

Eiji Ishikawa

General Manager of Global Development
Headquarters Unicharm Corporation
Representative Director, President,
Unicharm Product Co., Ltd.

In the Development Department we aim to realize the Unicharm Ideals through our daily efforts at creating and producing excellent products. To continue to realize products that are truly needed by our customers, we always start by considering matters from the perspective of our customers.

The Development Department works closely with the Marketing Department and the Purchasing Department from the conceptual stage of a product at Unicharm. Working within a framework where they start with product creating by first getting a firm grasp of the customer's needs, these departments then cooperate with suppliers in the procurement of materials, sometimes even getting involved in the development of the materials that go into the product.

In fiscal 2010 Unicharm reinforced its development framework overseas. Until then Unicharm had conducted exhaustive research on the customs and lifestyle in each of its overseas markets and developed products to suit those markets. To get closer to our markets and customers overseas, last year we put in place a framework for promoting grass-roots research and the development of technology in local markets. As the location for our first foray, we chose China, a steadily growing market, and posted experienced staff of our Development Department there to spearhead this initiative.

A major challenge in developing any product is reconciling quality and cost, two generally conflicting elements. We intend to meet this challenge and continue our efforts to create products that customers truly need so that we can further increase the comfort of our customers.



Striving to deliver products to the customers who need them

Shinobu Seki

Director & Senior Executive Officer
and Shikoku Plant Manager
Unicharm Product Co., Ltd.

In the Production Department, the Shikoku, Shizuoka and Fukushima plants cooperate in the manufacture of our products. After the Great East Japan Earthquake, the Shikoku and Shizuoka plants joined forces to make up for lost capacity when production at the Fukushima plant was temporarily suspended. During that time, staff at our plants worked around the clock on a 24-hour schedule.

Although the products we handle in each department vary, the dedication of our staff and the efforts they put into their day to day work are consistent throughout Unicharm. At any plant it goes without saying that consistent quality cannot be achieved unless staff follow procedures and rules, but at Unicharm we believe that following rules meticulously as we go about our daily work is more important than anything else in the execution of our work.

To keep improving quality in production, we must also train employees capable of becoming effective leaders. Sharing a commitment to training others in the course of our daily work is also the most challenging task we face in the Production Department as we move ahead with global expansion.

I look forward to maintaining a Production Department that can continue to respond flexibly to conditions so that we can steadily deliver products to the customers that need them and create products that customers truly feel fulfill their needs.

Together with our customers

— consumer issues —

Research and Development

Our View of Marketing and Research & Development

Customer-centeredness is the most important principle in all Unicharm's activities. Our aim is not just to be a producer of good products. We want to be a brand that customers continue to choose because they are satisfied with the products we create for them. This is the driving force behind our tireless efforts. This is also essential for our existence as a company.

When we develop new products, we try to get an accurate understanding of the problems our customers encounter in their everyday lives ahead of any other manufacturer. To do this, we listen carefully and closely to what our customers have to say on a regular basis and we observe them first hand in their environment where they use and purchase products. In the course of our interaction with customers and our first hand observations, we sometimes even discover latent needs that our customers themselves were not aware of and these needs become our inspiration for future products.

One example of how our customer-centeredness resulting in a new product is the development of the MamyPoko Pants Standar product for our Indonesian customers. We found that the average consumer in Indonesia who may want to buy products of the same quality that we offer in Japan are unable to afford them. People the world over, irrespective of their economic status, share the same love for their children and are eager to provide "nice things" for them. Understanding the sentiment of Indonesian parents, we introduced MamyPoko Pants Standar as a product that average consumers could purchase without straining their budgets.

We have learned that when we make products that please our customers, we can receive their firm support. This makes us try even harder to create new products that will bring even greater customer satisfaction. By perpetuating this positive cycle we are able to meet the expectations of our customers and at the same time promote the sustainable development of Unicharm as a company.

Cooperation between R & D & E

In an organizational structure consisting of research, development and engineering (R&D&E), Unicharm promotes research and development in an interdepartmental approach that encompasses five departments. With the aim of turning people's "discomfort" into "comfort," these departments engage in various types of basic research on an ongoing basis. The new technologies and materials they develop continuously provide improvements in existing products and create wholly new products.



Research and development in progress

Cooperative research between academia and industry

Low-stress disposable diapers for babies

In joint research with Professor Masaki Yamaguchi (Graduate School of Engineering Research, Iwate University) conducted at the Unicharm Life Science Institute, scientists evaluated the stress of babies wearing disposable diapers by studying amylase levels in their saliva and found that babies could feel the difference in softness of disposable diapers. The results of this research were reported at the 10th Annual Meeting of the Japanese Society of Baby Science in June 2010.

In this research, scientists announced that they had confirmed a simple assessment method capable of measuring the stress levels of babies based on psychophysiological responses. This method determined the babies' stress levels by measuring the amylase activity in their saliva. The findings of the research indicated that the use of a softer material for the outer diaper could alleviate the baby's stress during diaper changes.

Reducing risk of femoral neck fractures

The risk of falls that can go from a broken bone to making a person bedridden is a major cause of fear in the elderly. Muscle weakness that results from refraining from going outdoors due to fear of falling is also a problem for the elderly. To help address this problem, Unicharm in cooperation with Yonex Co., Ltd. released a special girdle that offers protection to the base of the femur by reducing the impact of falls to one-third. Since the release of this product we have received positive feedback from many users and institutions.

In May 2010 Dr. Tatsuya Koike, associate professor at Osaka City University Medical School, who had participated in the above research as a development supervisor, spoke about the Korobanu Saki no Anshin protective girdle in a lecture entitled "The Latest Information on Falls and Broken Bones Sustained by the Elderly" at the 83rd Annual Meeting of the Japanese Orthopaedic Association.

R&D in cooperation with other companies

At Unicharm our aim is to reduce the psychological, physical and economic burden of toilet care through our various products. In 2001 we commenced joint research with Hitachi, Ltd. to develop an automatic urine collection system. In May 2009 we established Unicharm Humancare Corporation, a new joint venture company with Hitachi, and commenced sales of "Humany," a urine-aspirating robot. Customers have shown strong approval of this product. One user commented, "No urine is left on the pad, so it increases comfort," and another stated, "I can sleep through the night free of worry."



Urine-aspirating robot "Humany"

Communication with customers

Initiatives of the Customer Consultation Center

At the Customer Consultation Center we strive to improve customer satisfaction by responding to the valuable feedback and opinions we receive from our customers in a prompt, fair and sincere manner. We receive correspondence from our customers concerning a wide range of subjects and issues including inquiries about products, details of package labeling, product efficiency, questions about use of products, suggestions for products and consultation regarding nursing care. At the center we provide information that customers are looking for, such as what products to buy, how to use products, and answers to their particular needs. In answering customers' questions, we make every effort to assist them so that they can use our products with confidence and peace of mind.

In July 2006 we made a voluntary declaration of conformity in our complaint response management system in line with ISO10002 and we are currently engaging in companywide activities to promote appropriate customer handling. Company manuals and other literature on procedures for handling complaints set out our policy for handling complaints and our vow to respond to customers with sincerity and promptness at all times. Through companywide training and orientation we also ensure that staff are not only familiar with this policy but also know how to follow procedures for handling complaints. We also conduct customer surveys twice a year by interviewing customers when they make inquiries at the Customer Consultation Center. We ask about their level of satisfaction and views regarding our customer service. The feedback we receive from them helps us improve our customer service.

In our customer consultation centers overseas in countries such as China, Thailand, Taiwan and Indonesia, we have been promoting the horizontal deployment of a complaint response management system that complies with ISO10002. This is one of our initiatives for improving customer satisfaction across the entire Group.

In fiscal 2005 Unicharm received the Minister's Award from the Ministry of the Economy, Trade and Industry for being an outstanding consumer-centered company. We intend to continue our efforts to promote management that listens carefully to what customers have to say and quickly reflects their views in our products.

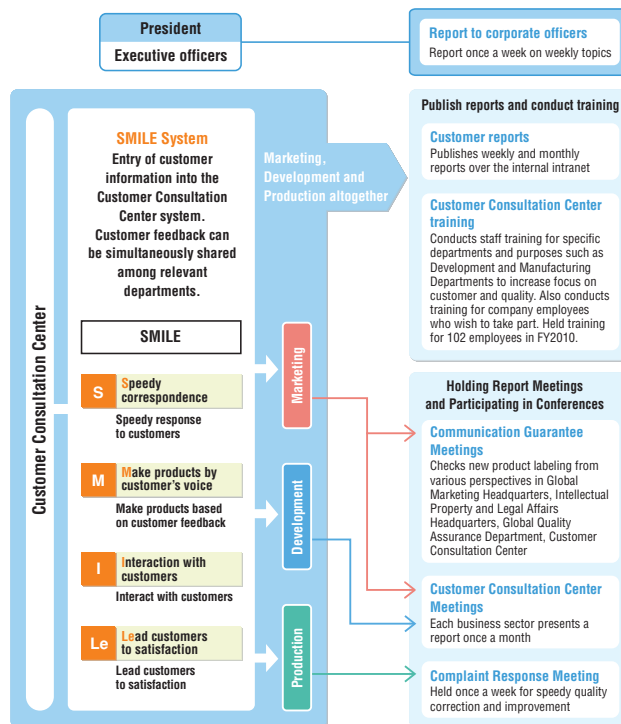
Reflecting customers' views in our products

Since 2010 we have received approximately 54,000 customer opinions, views and suggestions. We regularly share this information internally through weekly and monthly reports and meetings and we also share it with top management. In this way we ensure that customers' ideas and expectations are communicated in a timely way to the managers of the Production Department and other relevant departments. This valuable information from customers is used for improving products and developing new products as we continually strive to provide products our customers can use with peace of mind. In January 2008 we introduced our SMILE system to enable the integrated management of customer feedback and sharing customer feedback with relevant departments. This system makes it possible to search directly for case studies using key words and to view, process and analyze information. At Unicharm developers and marketing managers use this information on a regular basis.



Communication Guarantee Meeting

Information from the Customer Consultation Center



Case 1 Inclusion of a product comparison chart

One customer wrote to us saying, "The length of the liners isn't shown on the package. I find that quite inconvenient. Could you please include this information on the package?" In response to this request, we now include the length of the liners and a liner napkin chart on the package of Fuwagokochi Kaiteki Long.



Product comparison chart added to package

Case 2 Illustrations easy to understand

A customer commented, "On the package of Lifree Zubon wo nugazuni koukan Rehabili-Pants the illustrations indicating the temporary tape to be removed are hard to see." In October 2010 we replaced these with illustrations that show the temporary tape more clearly.



before

after

Customer Consultation Center training for staff to enhance customer-centeredness

To “increase customer-centeredness” and “enhance quality,” the Customer Consultation Center conducts regular Customer Consultation Center Training for Unicharm staff. In fiscal 2010, 102 staff participated in the training. The center holds general training sessions for staff who wish to participate as well as targeted sessions for managers responsible for manufacturing, development and marketing and varies its curriculum accordingly.

During their training, staff have the opportunity to listen first hand to customers and to deepen their understanding of customer communication. Staff also make actual home visits to customers who have made inquiries or complaints to Unicharm so that they can listen to customers in the environment where they are using Unicharm products and gather information relevant to their work at Unicharm.

The customer home visit component of the training was added at the request of product developers and marketing managers who expressed a keen desire for an opportunity to speak with customers first hand. This component has also become a very popular part of the training. After the training one participant commented, “I want to create products with excellent basic functions that will benefit customers even more.” Another participant commented, “I want to devote my sincere efforts to developing products that will bring the words “thank you” to the lips of the customer.” The personnel training conducted by the center increases opportunities for staff to interact with customers and helps deepen their understanding of the customers’ feelings and true needs. In this way, the training promotes “the pursuit of customer satisfaction” by individual staff members at Unicharm.



Customer Consultation Center

Internet communication supporting customers in their everyday lives

Education in first menstruation

To help young girls approach their first menstruation with a positive outlook, Unicharm provides information about menstruation for both children and parents as well as advice on sanitary care products on its dedicated website, First Body Navi. In an imaginative approach to the subject, children attend the site’s “First Menstruation School” where they learn about changes taking place in their bodies as they grow. During their “classes,” children receive factual explanations accompanied by age-appropriate illustrations. As children “study” the subject of menstruation, the program aims to dispel children’s anxiety by providing them with explanations and helpful information about physical and psychological changes they are undergoing.

First Body Navi
<http://www.unicharm.co.jp/girls>



Support for expectant mothers

“Baby Town” and “Pre-Mama Town” are websites for supporting parents and babies by providing information on each stage of the baby’s development and the mother’s pregnancy. These websites are sponsored by Unicharm and Unicharm affiliates engaged in the baby and child care business. Parents who access the websites can search for information on pregnancy, birth and raising children as well as concerns they might have regarding these. These websites also offer advice and serve as venues for exchanging information. In the past year we reorganized the entire layout of the sites. We also increased the size of the screen view of the Pre-Mama Town site. These improvements make it easier for women to search for information they require during

each stage of pregnancy as they experience physical and psychological changes. We also gave the site a new design before unveiling it on April 1, 2010.



Premama Town
<http://www.premama.jp>



Baby Town
<http://www.babytown.jp>

Reinforcing information provided to overseas customers

As expectations of Unicharm’s overseas stakeholders grow, we decided to revamp our existing website and to create new international websites in fiscal 2010. In our ongoing efforts to improve our services to our customers around the world, we will continue to provide as much corporate and product information as possible to our customers in various countries via our international websites.

International Sites



China



Thailand



Indonesia



Malaysia

Quality Management

Unicharm's view of quality assurance and framework

To promote quality management at Unicharm, we align our quality policy with our Medium-Term Business Plan and undertake internal and external audits to confirm the appropriateness and effectiveness of our systems. We continually strive to improve these by putting in place corrective and preventive measures.

In our business offices both in Japan and overseas we have acquired ISO9001 and based on this standard we have applied a quality management system (QMS) throughout our supply chain from marketing to delivery and we have established a companywide quality assurance system. It is our intention to keep pushing ahead with initiatives for uniform quality improvement in the management of our business and operations globally.

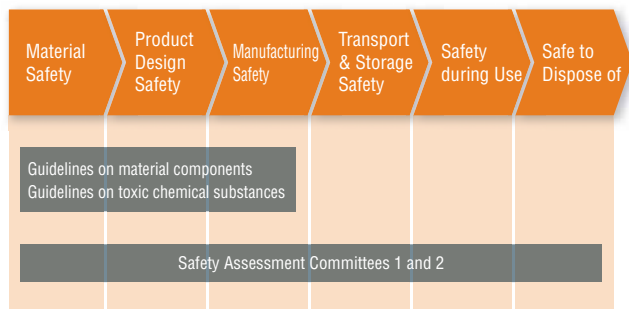
Ensuring product safety

To provide safe products that our customers can use with peace of mind, a framework that thoroughly checks safety in the manufacturing processes is vital.

To prevent the commingling of chemical substances toxic to humans and the environment at the material procurement stage, we have established our standards in Guidelines for Material Components and Guidelines for Toxic Chemical Substances.

Our respective specialist departments undertake prior confirmation of materials. At the product development stage we also hold Safety Assessment Committee meetings on a monthly basis as a "gate check" function and we conduct risk assessments that take into consideration misuse of new materials and new structures.

● Safety Assessment Framework



Initiatives in Unicharm Product

As initiatives in quality assurance at Unicharm Product, we undertake improvement measures based on information concerning faulty products that we receive from customers and from routine checks as well as inspections of products at the production site.

Our basic approach to improvement is to investigate both hard and soft areas in efforts to prevent recurrence of faults as well as the release of faulty products.

In addition to these ongoing practices, as part of our system of improvement at Unicharm Product, we sometimes target specific quality improvement areas as UTMSS* activity topics. UTMSS is a system whereby each department and individual employee proactively undertake improvement measures at every stage of a product from production to delivery through to recovery after use of the product in efforts to increase efficiency and produce better products. When a UTMSS topic is decided on, target values are set

and plant-wide initiatives are launched. Although the topics generally relate to improvement in some aspect of productivity, areas such as "management visibility" and "standardization" are also targeted in these activities where the aim is to enhance the "reproducibility" of products through operations that can be performed by anyone with certainty.

Activities undertaken at this time include, for example, making labels on products consistent, color coding labels to prevent errors, revising operation manuals and reviewing performance standards so that anyone at any time can perform the same operation. These activities are not limited to operations in Japan but are deployed in overseas factories throughout the Company. Successful business examples in Japan are also deployed to overseas offices. At Unicharm we will continue on an ongoing basis to engage in activities to improve productivity and quality through practical initiatives including UTMSS improvement activities so that we can always provide products of a high standard and uniform quality to customers.

* UTMSS: Unicharm Total Management Strategic System



UTMSS initiatives in Taiwan



UTMSS initiatives in Korea

Global safety activities

Unicharm's policy on safety is to comply with laws and industry standards in the countries where we operate and to additionally apply our own company standards on top of these.

In China, where appropriate laws and regulations are already in place, we focus on complying with existing legislation. In Thailand and Indonesia, we provide for material and product safety through existing laws and regulations in those countries in addition to Unicharm's corporate standards.

Since April 2007 we have had a safety framework in operation and our local offices in China, Thailand and Indonesia take charge of managing safety activities for the most part.

In Korea and Taiwan we have made progress in the establishment of safety confirmation frameworks based on laws in those countries and Unicharm's corporate standards. In February 2011 we also held a briefing session for suppliers in Korea. In the future we will continue to strengthen mutual communication with safety officers in all countries where we operate and continue efforts to promote safety in cooperation with those countries.



Supplier briefing session in Korea



Suppliers gathered for the supplier briefing session

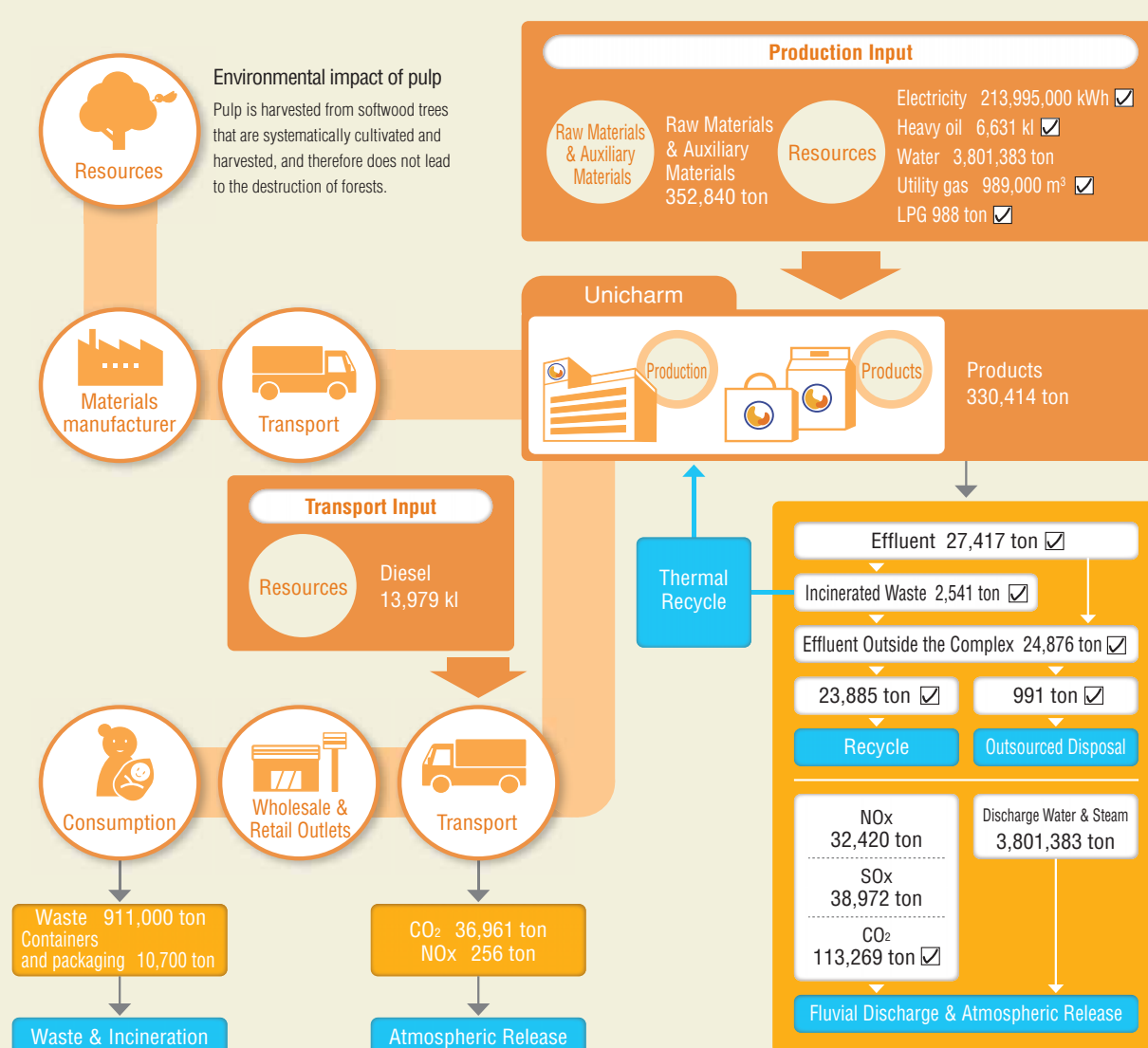
Together with the environment – the environment –

Environmental impact and environmental goals

Environmental impact during the entire life cycle

As a manufacturer of consumables, Unicharm uses resources in various areas of its business activities, which have an impact on the environment. As a responsible manufacturer that utilizes resources in the course of business activities, 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 the manufacture, transport, and disposal of materials after use.

Environmental impact from a life cycle perspective



Third party guarantee (P41): A check mark is shown where applicable ✓
Aggregation Period: April 1, 2010-March 31, 2011
Aggregation: Unicharm Group companies in Japan as stated below:
Unicharm Corporation (Head Office, Global Development Headquarters, Mie Factory, Itami Factory, Sales Headquarters (Electricity and CO₂ only), Unicharm Product Co., Ltd. (Fukushima factory, Shizuoka factory, Shikoku factory), Unicharm Kokko Nonwoven Co., Ltd. (Plant No. 1, Plant No. 2, Plant No. 3, Kokko Plant), Uni Care, Mieux Products Co., Ltd., Cosmotec Corporation
Policies and standards: Aggregation based on company rules concerning the management of

environmental information conforming to relevant environmental laws and regulations Notes:

1. Discharge includes industrial waste, general waste from offices, and recyclables.
2. Figures estimated from production results are used in part for discharge volume.
3. Figures estimated from incinerator operations at the Fukushima factory are used for the volume of incinerated waste materials.

* The Great East Japan Earthquake had no significant impact on figures on the subject areas during the term.

Basic Environmental Policy and Environmental Action Guidelines

Unicharm established its environmental policy in 2000 and its environmental action guidelines in 2001. In April 2009 Unicharm updated both the policy and the guidelines to reflect recent changes in the environment and at the same time to simplify the wording to make Unicharm's initiatives easier for staff to understand so that as individuals they would recognize the relevance of environmental activities in their own lives and incorporate them in their daily work and conduct.

Unicharm ensures that all employees within the Company are thoroughly familiar with the Basic Environmental Policy and the Environmental Action Guidelines and will continue to promote new and ongoing environmental activities.

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 the next generation. 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 conservation of earth's environment and economic growth.

Environmental Action Guidelines

Let's obey laws and regulations!
Let's make good choices for the environment!
Let's eradicate waste!
Let's learn more about environmental issues!
Let's increase productivity!
Let's spread our efforts to improve the environment!
Let's reduce our use of valuable resources!

Environmental Goals and Action Plan

FY2010 results and FY2011 goals

In fiscal 2010 we were able to reach all of our initial goals. In CO₂ reduction, where we focused on energy conservation activities in particular, we were able to achieve our goals through large-scale capital investment to replace an air conditioning system and to reduce heat treatment processes at our production facilities.

In fiscal 2011 we are planning on a significant increase in production to support an anticipated increase in demand following the recent earthquake disaster. Increased production will result in a slight increase in CO₂ emissions and waste generation. However, we intend to make every effort to reduce these as much as possible through UTMSS improvement activities at production sites.

Our view on medium-term goals

At Unicharm we employ SAPS management, a management tool that we developed at Unicharm, to respond to changes in the management environment and to set annual goals and medium-term goals that we achieve over a three year-period. This year we set new medium-term goals to be achieved in 2013.

Activity Theme	Indicator	Target Year	FY2010 Goal	FY2010 Result	Assessment	FY2011 Goal	FY2013 Goal
Reducing CO ₂ emissions	Total CO ₂ Emissions	2000	-20%	-23%	○	-21%	-22%
Reducing waste	Total emissions at the 3 main plants	2000	-8%	-12%	○	-12%	-13%
Recycling resources	Recycling ratio at 3 main plants	—	99% or over	99% or over	○	99% or over	99% or over
Development/launch of environmentally friendly products	Ratio of environmentally friendly products	—	55% or over	55.40%	○	55% or over	55% or over

Assessment ○: Achieved target △: Rate of achievement: 70% – under 100% ×: Rate of achievement: Less than 70%

Installation of solar power facilities at the Technical Center and Unicharm Kyoshinkan

In December 2010 we installed a solar power generation system at the Technical Center in Kagawa Prefecture. Preliminary estimates indicate that the system is capable of generating 56,000KWh annually and reducing CO₂ by 22 tons. We have also installed solar power generation facilities at the new Unicharm Kyoshinkan, our building commemorating Unicharm's 50th anniversary. The majority of the electricity for lighting and electricity accessed through power points is generated by solar energy.



Electricity-generating solar panels at the Technical Center

Activities to Reduce Environmental Impact

Reducing CO₂

Acquisition of energy conservation activity emission credits at the Onohara factory

From 2009 to 2010 Unicharm Product introduced an energy-saving air conditioning system at its Onohara plant. This resulted in cutting the plant's annual CO₂ emissions by 10% or by 400 tons. At the same time, we earned carbon credits through Japan's emission credit system.



Tsuyoshi Kawakami (left)
Atsushi Matsumoto,
Onohara Plant Manager (right)

Tsuyoshi Kawakami

Onohara Plant, Shikoku Factory
Unicharm Product Co., Ltd.

By choosing an environmentally friendly system that both conserves energy and cuts down on CO₂ emissions to replace our former air conditioning system, we succeeded in reducing the entire plant's CO₂ emissions by

10%. The carbon credit auditing process required retrieving old documents from our archives and our former managers cooperated in facilitating this process. Although it was a laborious task, we are pleased that our activities to conserve energy and improve the environment have been recognized outside the Company.

Initiatives for the Environment through Products

Promoting the Eco Charming mark

Unicharm created the Eco Charming mark as its own environmental label to raise consumer awareness of the environment. At Unicharm we aim to make product choices easier for our customers as we endeavor to reduce our impact on the environment.

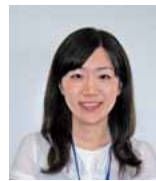
Only products that satisfy strict standards for both "reduced environmental impact" and "product value improvement" are allowed to display the Eco Charming mark. Decisions on applying the Eco Charming mark to a product are based on the Unicharm factor,* an environmental standard we have established in our Eco Label Guidelines

Currently 11 of our Unicharm products bear the Eco Charming mark. In fiscal 2010 we added two further products: Lifree Cho-usugata Shitagi kankaku Pants (Lifree Slimline Disposable Briefs) and Deo-Toilet system for dogs.



Deo-Toilet system for dogs
These two-ply pet toilet sheets received the Eco Charming mark for cutting waste by about 75% compared with the previous single-ply pet sheets.

* Factor: An environmental indicator whereby new and former products are compared by quantifying the environmental impact and the value (function, etc.) of the respective products.



Ayano Imafuku

Unicharm Pet Care Company
Unicharm Corporation

Deo Toilet for Dogs is a newly developed toilet system for dogs. Consisting of a deodorizing filter and a deodorizing/absorbent sheet that absorbs

urine and eliminate odors for an entire week, there is no need to change the sheets for an entire week. This system not only simplifies toilet care for pet dogs but also cuts down on the volume of waste. At Unicharm we intend to continue to provide products that not only make life easier for pet owners but at the same time are environmentally friendly.

Environmental Efficiency Award 2010 recognizes Unicharm's environmental efforts

In 2010 Unicharm was presented with the Award of the Director-General, Industrial Science and Technology Policy and Environment Bureau of the Ministry of the Economy, Trade and Industry at the Eco-Efficiency Awards 2010. Sponsored by the Japan Eco-Efficiency Forum, the Eco-Efficiency Award honors companies that have been recognized for their efforts in improving environmental efficiency, particularly those companies that have made outstanding achievements.

On this occasion Unicharm was recognized for enlisting the cooperation of material suppliers in assessing the environmental impact of its products throughout the product life cycle and for voluntarily establishing strict internal standards based on environmental efficiency through the development and application of the Eco Charming mark.



Environmental Efficiency Award 2010

Initiatives with Our Partners

Promoting environmental initiatives with Aeon Co. Ltd.

The cooperation of distribution companies is essential in providing environmentally friendly products to our customers. Unicharm joined forces with the Aeon Group, a company reputed for its proactive promotion of environmentally friendly activities, to promote carbon-offset activities and CO₂ reduction. We plan to continue these joint activities in the future as well.



Ippei Watanabe

Metropolitan Branch, Sales Headquarters
Unicharm Corporation

As a company that plays a leading role in promoting initiatives for the environment, Aeon engages in a wide variety of environmental activities. We at Unicharm are very proud to have been able to assist in Aeon's campaigns through our products. As a partner that delivers new value to our customers through contributions to the environment and society, we will continue to build new partnerships with like-minded companies to cooperate in promoting CSR initiatives.

Supporting gentle care

At Unicharm we see our business itself and the products we deliver to customers as CSR. Each and every one of our employees, our business partners and our shareholders support us in our efforts.



Together with our employees — human rights —

View concerning human resources and respect for human rights

View concerning human resources

At Unicharm we recognize that a company's growth and development depend on the growth and development of the individuals who make up the organization. Therefore, we clearly state in our human resource philosophy that the training and development of our human resources are among the most important tasks of management. We plan and put into practice a range of programs for training personnel where we focus time and curriculum on high-priority, high value-added activities. At Unicharm we also carefully review employees' use of time as their most important resource and consider how we can help each individual to live a more fulfilling and happier life.

Philosophy of human resources

● Growth and creation

At Unicharm we recognize diverse values and we recognize that change creates value. With this understanding, we endeavor to further enhance the value of each and every individual. To nurture our aspirations, we will provide opportunities for mutual growth and create opportunities to demonstrate that growth.

● Organization and the individual

Harmonizing our vision enables us to mobilize our collective strength. Together we will create a vision of the future and together we will share the joy of our growth as a whole. With market principles as one of our fundamental principles, we will pursue a new coexistence of the organization and the individual as we pursue further development.

● Human perspective

We recognize that we as human beings are autonomous individuals and we respect individual initiative based on freedom and individual responsibility. We recognize that we are all independent, active beings who think and act on our own.

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 create a corporate culture that fosters the development of confidence and pride.

Respect for human rights

The purpose of SAPS management, a system that has been in operation at Unicharm since we developed it in 2004, is to realize management centered on respect for human beings and a sense of fulfillment. Under this system, all staff cooperate in enhancing the strength of the organization through time-based management (time-based competition strategy), knowledge management (sharing of wisdom and know-how), curiosity, an entrepreneurial spirit and a spirit of innovation. At the same time, the Company as an organization respects the autonomy of the individual employees who possess diverse values and who encourage the development of each other's skills and aim to share the joy of the growth of the organization as a whole. At Unicharm, we hope to achieve the three riches of employees: will, economy, and heart and body through SAPS management.

Establishment of the new President Prize

In 2010 Unicharm established the New President's Award by combining the SAPS Benchmark Conference, which recognized employees who demonstrated improvement in the Company based on the SAPS management model and the President's Award, which recognized employees who demonstrated outstanding performance. The standard for selection is "any individual or group that has achieved outstanding results using the SAPS management model" and is based solely on the application of SAPS management and the achievement of excellent results. All employees are eligible. By making President's Award an award that is achievable to all employees, Unicharm hopes to strengthen the bond between employees and Company.



Recipient of the New President Prize



Together with our employees

— labor practices —

Achieving a work-life balance

Support systems

Unicharm has introduced a number of support systems so that our employees may lead fulfilling lives by achieving a satisfactory balance between their work and family life. Following on from 2007, the Unicharm Corporation in 2009 again received a commendation from the Tokyo Department of Labor, and in 2010 our subsidiary Unicharm Product received a commendation from the Kagawa Department of Labor as “a company supporting child-rearing.” As a result, both companies were awarded the Kurumin mark as “family friendly” companies. To create a healthy balance between work and family life, Unicharm recognizes the importance of not only ensuring that working hours are appropriate but also creating an environment and culture where it is easy for employees to access available systems. To keep staff informed of services and programs promoting work-life balance and to encourage them to utilize them, we disseminate relevant information through a special column of the company newsletter established for this purpose. In addition, during the school summer holidays each year, Unicharm Product holds a family visiting day at its plant to welcome the families of employees for a tour of the plant and various special activities. The promotion of family-friendly activities of this nature by Unicharm Product has led to an annual increase in the number of employees applying for parental leave and taking advantage of shorter working hours to spend more time with their young children. Unicharm is committed to assisting parents raise their children and to creating a strong corporate culture where there is mutual respect for the home and where the employer and employees can support each other.

Family visits to the factory

To promote work-life balance and to give families of our employees a chance to become more familiar with Unicharm's activities, we host family visits to our plants every summer. In 2010, our fifth year for holding this event, we held family tours at three of our plants during the months of July and August. In addition to the families of plant employees, families of Development Department employees also participated in the tours. Altogether 124 visitors from 34 families took part in the tours in 2010. Over the past five years Unicharm has welcomed a total of 474 family members on these tours. During the tours family members are able to get a better understanding of the



Family Factory Tour



Takeshi Oda (right)

Senior Manager, Technology Development
Department
Global Development Headquarters
Unicharm Corporation

Both my wife and daughter participated in this year's family factory visit. It was a good opportunity for them to see how the products dad is involved in are made. My daughter afterwards decided to report on the sodium osmotic pressure experiment with polymers as her independent study assignment for school, so what she learned during the tour was also quite helpful in her schoolwork.

place where our employees work by listening to explanations, visiting the factory floor and taking part in experiments.

Introduction of a summer time schedule

In response to the anticipated electric power supply shortage due to the impact of the Great East Japan Earthquake disaster in March 2011, we adopted a “summer time” schedule in May 2011 at our Mita head office and Shinagawa office as an energy-saving measure. To conserve energy used for lighting and air conditioning, staff begin and end their work one hour early every day to take advantage of the longer daylight hours of summer. The offices expect to continue this schedule until the end of September, the period when temperatures are at their highest. Both offices aim to cut their energy consumption by 30% compared to the peak period of electric power consumption in fiscal 2010.

Promoting employee health

Under the slogan, “Employees with healthy and wholesome minds and bodies support sound management,” we have been promoting various initiatives to maintain and improve the health of our employees. Unicharm and the Company union assume the expenses for regular breast cancer screening and pap smears for female employees as active measures to encourage regular health check ups and health measures that lead to early detection. To raise awareness among employees that “It's up to you to look after your health,” we also urge employees to undergo follow-up examinations after their regular check ups when required. In the area of mental health, we held the Mental Health Workshop in 2010 to train newly appointed managers of Sales Headquarters to be able to detect at an early stage and respond appropriately to potential psychological disorders of employees working under them. We also established guidelines for employees returning to work after illness and began providing support through counseling to those employees.

Introduction of a suggestion system

In June we introduced a suggestion system to promote the practice of resonating management by utilizing the wisdom, information and ideas of the work site. So far 1,510 employees have contributed 3,086 suggestions. After departmental reviews of suggestions, 570 of these were adopted. Of these, two received the Silver Suggestion Award, eight the Bronze Suggestion Award, and 10 special commendations. In November we launched “Charming Voice” as a portal site for managers to access and make use of the opinions and views of employees and to share with staff the progress of the implementation of suggestions that have been adopted. In January 2011, Charming Voice initiated a special campaign to encourage staff to “take inventory” of their work duties with a view to streamlining their work by eradicating meaningless procedures. After completing reviews of their work, each staff member contributed one suggestion. In the future we intend to use this website as a place where staff can make suggestions year round and can apply the “wisdom of the work site” throughout the Company.



Kenichi Tatsumi (right)

Kyushu Branch, Section 3 Sales Headquarters
Unicharm Corporation

In the course of my sales activities, I have come to strongly believe that creating sales areas with impact and the effective use of POP are essential elements in increasing brand value. I felt that if all sales managers could compete with each other in creating more impressive sales areas, these efforts would result in improving our skills and lead to effective product differentiation. Based on this idea, I suggested that we have a POP Award for sales managers and received the Silver Suggestion Award for my idea. I like to consider myself first and foremost as a “doer” and I want to direct my efforts to our everyday sales activities.

Respect for diversity and human resource training

Expansion of education and training programs

Unicharm has developed a number of special programs for extending the skills of employees to enable them to demonstrate their talents and abilities so that they may experience a feeling of satisfaction through their work and lead a fulfilling life.

In addition to induction, professional development, training programs aimed at different ability levels and areas, and training for newly appointed managers and officers, Unicharm also provides leadership training programs for managers through the Unicharm Business College, which has a strong management focus, and a program for accompanying the President on overseas business trips. Unicharm also assists staff to further their own learning and skills through self-enrichment programs. In cooperation with a number of other companies it organizes a curriculum centered on workplace exchanges where staff have the opportunity to experience first hand work activities at companies of other industrial sectors.

Unicharm Spirits Masters 2010

In fiscal 2010 Unicharm introduced the Unicharm Spirits Masters, a program where veteran employees share their experiences, achievements and ideas as long-term employees of Unicharm as a legacy that can benefit others in the Company. In a special workshop for staff in their fifties, staff gathered to reflect on the knowledge and ideas they gained over the years working at Unicharm. They then set specific goals for passing on their knowledge and ideas to young employees and formulated a life plan for their future. In January 2011 the workshop took place over two days and one night with 36 staff participating. The workshops and group work provided staff with a good opportunity to reflect on the past.



Unicharm Spirits Masters

10-year career vision and career plan

Unicharm implements a program entitled "My Career Vision, My Career Plan" for staff to plan their future career paths as individuals by reflecting on their past and determining their career aspirations for the future. In 2011 we completely reorganized this program. We added a 10-year time frame as a new dimension for staff to consider where they want to be in 10 years' time in both their private and professional life and what they must do to get there. This is a useful tool for guiding staff to consider and plan their individual career goals.

SAPS Trainers' Camp 2010

As part of our efforts to promote resonating management throughout the Unicharm Group, we brought together staff from our local offices around the world to take part in our SAPS Trainers' Camp in 2010. During the training, managers and officers from the Global Human Resource & General Affairs Headquarters and the Resonating Management Promotion Office gave



Participants in the SAPS Trainers' Camp

lectures and presentations on SAPS management. Participating in the SAPS Trainers' Camp 2010 were 20 staff from eight overseas offices. After returning to their respective home countries, as "new converts," they began their mission to spread SAPS management practices in their offices.

Various backup systems for diversity

Unicharm strives to provide to its employees a workplace environment where they can work with enthusiasm and a sense of fulfillment. Under the system for providing time off for a citizen judge and an adjudicator for Committee for the Inquest of Prosecution Unicharm provides paid leave to employees selected for service so that they may participate in civic duties without worry. Unicharm also introduced a system for providing paid leave to bone marrow donors to encourage employees to participate in vital services that contribute to society. Under this system, special paid leave of up to seven days is provided to all employees during the period they donate bone marrow. Unicharm also introduced a birth support program to provide women undergoing fertility treatment flexibility in their working hours to enable them to receive treatment while continuing to work. Unicharm will continue to play an active role in introducing programs that create a workplace where employees can work with peace of mind.

Career cover system

In 1990 we introduced a career cover system whereby employees who retire from employment may be re-employed within a five-year period if they meet certain requirements. The aim of this program is to ensure that skills staff have acquired in the course of their employment are not lost. This is one way in which we are creating an environment for the re-employment of staff who due to personal circumstances have to leave the workplace temporarily for various reasons including pregnancy, child-rearing, caring for family members or accompanying spouses on business transfers.

Senior expert system

In 2002 with the introduction of the Senior Expert Employee system for rehiring staff after they reach mandatory retirement age, Unicharm established an environment where staff can work with peace of mind after retirement. Of the 26 employees who reached retirement age during fiscal 2010, 19 (70 percent) took advantage of this system. Bringing their extensive experience and skills to the workplace, these employees work energetically alongside younger staff, serving as models for younger staff.

Establishment of the Unicharm Kyoshinkan

On February 25, 2011 at the site where the Unicharm Product Kinsei plant once stood, the original site of Unicharm, the new Unicharm Kyoshinkan opened. Dedicated to the employees of Unicharm in commemoration of the Company's 50th anniversary, the building houses various meeting rooms and displays including an exhibit presenting the dynamic history of the Unicharm Group and "hands on" corner featuring Unicharm's unique absorbent materials. Since the building opened, Unicharm has been using the new venue as a center for resonating management and passing on the Unicharm DNA to its employees to strengthen the bond between staff and the Unicharm Group.



Unicharm Kyoshinkan

Together with society

— Participation in the community and development of the community —

Initiatives in social contribution

View on social contribution

At Unicharm we believe the very business we engage in is an important contribution to society. We are both proud and happy to have been given this important opportunity to provide comfort, excitement and joy to people in Japan and the rest of the world. Unicharm aspires at all times to be a company that is loved and welcomed by people. In our endeavors to achieve this aspiration, we will make every effort to engage in various social contribution activities particularly in areas related to our core business in those countries and regions where we operate.

Participation in pink ribbon activities

As a company that manufactures and sells products to support women in their everyday life, Unicharm has been holding Pink Ribbon Campaign activities to promote breast cancer awareness and the importance of its early detection and treatment since 2008. In fiscal 2010, in addition to the sale of limited edition Pink Ribbon products, the Company in cooperation with the Company's labor union again subsidized the cost of physical examinations for employees and their families and continued "Pink Ribbon Study Meetings."

We also continued our employee fundraising activities internally and through events such as the Shikoku Athletic Day. The number of participants and the amount of money raised in the athletic day festivities this year exceeded last year's. Unicharm also donated a percentage of sales of its limited Pink Ribbon products to the "Smile to Eliminate Breast Cancer Fund."



Pink Ribbon Limited Design Products



Participating in the Pink Ribbon Smile Walk

Active participation in local communities

Raising Children Festival in Shikokuchuo

The Shikokuchuo City Child-raising Festival 2010 was held at Iyo Mishima Athletic Park in Ehime in October 2010. The purpose of the festival is to promote the development of an environment where single parents need not worry about raising children alone but can enjoy the support of the entire community including families, the local area, government and business through the establishment of a community child-rearing circle and volunteer groups where everyone can share the enjoyment of child-rearing activities. As a local business supporting the festival, Unicharm set up a mini steam locomotive "hand on" corner where parents and children alike had an enjoyable time.

Shizuoka factory festival

In October 2010 labor and management at the Shizuoka factory again jointly planned and held the 2nd Shizuoka Factory Festival, which proved to be an enormous success last year. The families of many employees enthusiastically took part in the day's festivities that included various forms of entertainment, dance events and a fresh vegetable market. Organizers also used the festival as an opportunity for conducting their annual Pink Ribbon Fundraising campaign.

Environmental beautification activities

On March 3, 2011 staff of the Unicharm Product Shizuoka Factory under the leadership of the Kakegawa Branch, Kakegawa Houjinkai participated in environmental beautification activities. Staff cleared the area along the Tomei Kakegawa Interchange of litter, picking up and discarding empty cans and pet bottles. On a regular basis too, staff at the Unicharm Product Shikoku Factory energetically volunteer their services for local beautification activities. The factory schedules one day a month for staff to join in the beautification of the surrounding areas as part of the Eco Adopt-a-Road initiative.

High school students' company visit

Unicharm welcomes visits from high school students as an opportunity to familiarize young people with our corporate operations. In May 2010 we welcomed six students from Odate City Minami Junior High School, Akita Prefecture and in October 2010 we welcomed six students from Obihiro Ryokuyo High School in Hokkaido to our headquarters in Mita. During their visit, the CSR Department and the Customer Consultation Center introduced them to Unicharm's CSR and the customer services the center provides. The orientation provided by Unicharm staff also gave students an insight into the Company's ideals and philosophy. Unicharm received positive comments and feedback from students who variously described their visit as a valuable experience and as providing food for thought that inspires them to study even harder.

Donation of adult diaper products

As part of our activities to support improvement in the health and nursing care environment, Unicharm donated a range of nursing care products to special nursing homes for the aged in Musashino City through People's Hope Japan, a government-recognized NPO, in February 2011. Altogether 217 boxes of nursing care supplies including disposable diapers for adults were provided, totaling 108 products in all. Six special nursing homes for the aged were the recipients of the supplies including Yutori-e, Kichijoji Nursing Home, Musashinokan, Oyano Ie, Care Court Musashino and Sakura-en. Toshiya Abe, General Director of the social welfare organization Yutori-e, who helped distribute the Unicharm products, expressed his gratitude for the donated supplies saying, "These are products that we trust and use on a regular basis and we are very grateful to secure this reserve of supplies for use in the case of a disaster. If running water and sewage utilities are damaged in a disaster, taking care of people's toilet needs becomes our biggest problem. Having a reserve supply of disposable diapers available at that time is absolutely essential."



Presentation ceremony of disposable diaper products for adults to Yutori-e social welfare organization

Corporate Governance – Governing the Organization –

Corporate governance framework

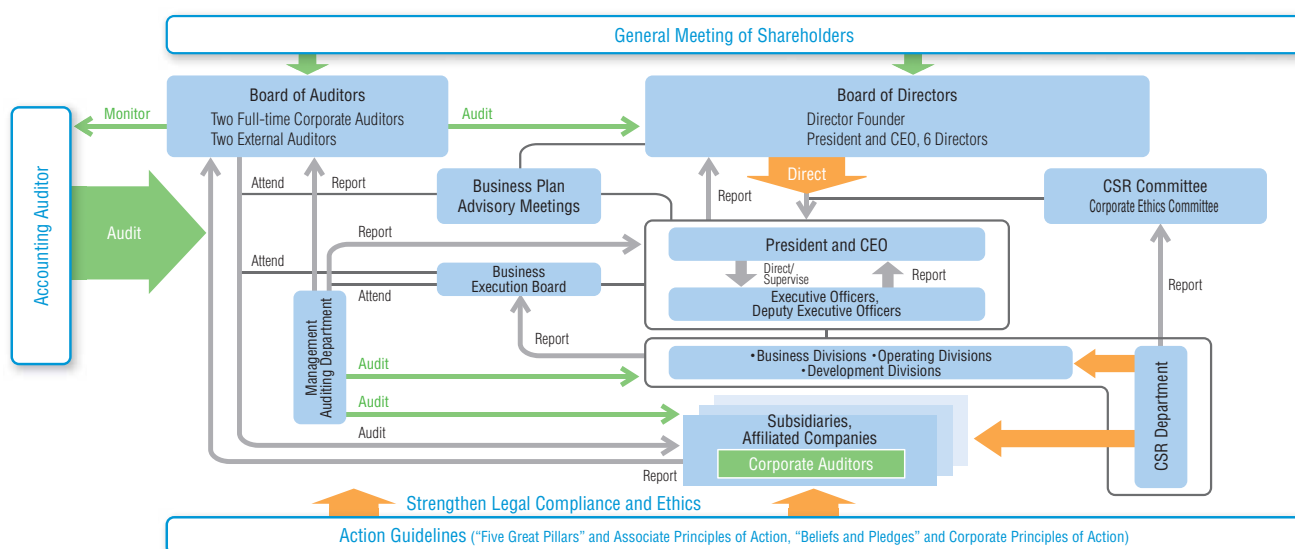
Unicharm strives to pursue correct corporate management through the Unicharm Ideals. We recognize the importance of achieving a balance between increasing corporate value and fulfilling our corporate social responsibilities through business activities undertaken by the executive divisions. Based on this principle we are reinforcing our corporate governance system as we further strengthen our executive officer structure through our corporate auditor system.

Establishment of an Internal Control System

In fiscal 2006 the Unicharm Group established the Internal Control Upgrading Project and formulated the Basic Policy for Establishing an Internal Control System based on the Companies Act. Since then we have taken active steps to establish an internal control system for trustworthy management. In fiscal 2009 the Internal Control Committee, established to take responsibility for the project, began assessing the improvements and operation of internal control in financial reporting and putting in place measures to address any areas deemed to be inadequate. In the future our staff in charge of our

business offices and process operations earmarked for assessment will take the lead in establishing highly effective internal control systems.

As the importance of responding to rapid developments in the globalization of our business increases, we launched the Project for the Preparation of IFRS Application in fiscal 2010 and have started making preparations for the application of international standards to our financial reporting. Making use of results of our internal control assessments relating to financial reporting, we are determined to establish efficiency in our operations and information system across the entire Group.

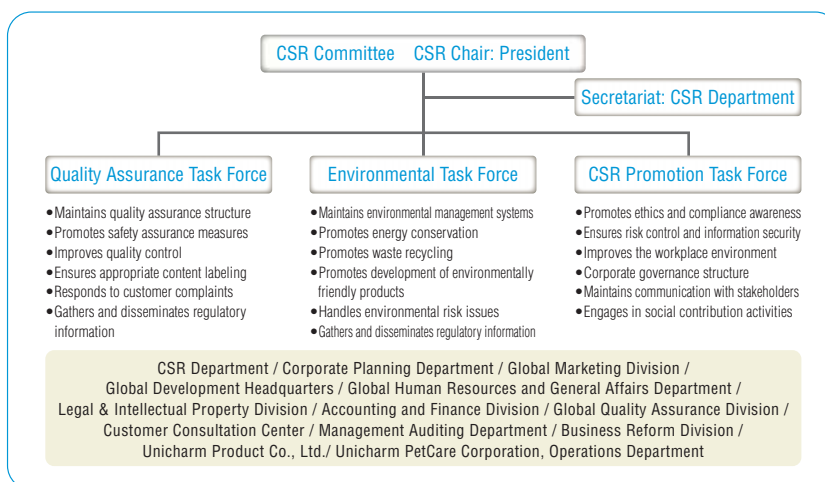


CSR Promotional Structure

Establishment of an interdepartmental CSR structure

Unicharm has established a structure to facilitate the smooth implementation of CSR activities and to ensure we meet our stakeholders' expectations. Our CSR Committee, a cross-organizational committee chaired by the President, meets four times a year to facilitate the progress of CSR activities for the entire Unicharm Group.

● Cross-organizational promotional framework supporting Unicharm CSR



Compliance & Risk Management – Fair Business Practices –

Compliance

View of Compliance

Compliance in the broadest sense means conforming to laws and ordinances but compliance in the Unicharm Group means more than that. In addition to conforming to established legislation, we see compliance as the promotion of honest corporate management practices based on sound corporate ethics and corporate philosophy. In 2005 we established the Unicharm Group Action Guidelines which express this conviction. In 2009, to realize the "Beliefs and Pledges" we make to our stakeholders, we revised these guidelines to include specific action statements. As integral elements of the Unicharm Way, we ensure that all staff throughout the Group are thoroughly familiar with these action guidelines as well as the Information Security Policy and the Crisis Communication Manual. We will continue to promote a universal understanding of compliance throughout the Unicharm Group through various initiatives and ongoing activities.



Manuals on compliance

Initiatives for increasing compliance awareness

Unicharm conducts staff training and e-learning to raise staff awareness of compliance. On an ongoing basis, Unicharm also provides staff with knowledge-based education required for their respective positions and work duties such as knowledge of laws and business contracts. To increase staff's knowledge of legal matters, we provide information on legislation and self-check quizzes for staff to test their knowledge through the Company intranet. In providing this information to staff, Unicharm endeavors to do so in a format that is easy for all staff to understand. At our overseas subsidiaries, we also provide the same legal affairs education as at our headquarters in efforts to increase compliance awareness uniformly throughout the Group.

Employee Consultation and Counseling Ring-ring Employee Hotline

Unicharm set up the Ring-ring Employee Hotline in fiscal 2004 to provide employees with guidance and advice on compliance-related issues. The Company makes employees aware of this service at employee training sessions and by distributing cards carrying the hotline number. The hotline provides advice to employees who become aware of actual or potential legal or ethical violations in the workplace and protects the identity of all callers according to the hotline's operating guidelines regarding confidentiality. The hotline also offers counseling on problems such as sexual harassment and bullying in the workplace. In fiscal 2010, the hotline responded to 34 calls.

Risk management

Thorough information security

To ensure thoroughness in information security, Unicharm has established its information security principles and procedures in various documents such as the Information Security Policy, the Information Management Security Rules, and the Personal Information Protection Rules, which are based on the Ministry of Economy Trade and Industry's guidelines for safeguarding the personal information customers entrust to Unicharm. Unicharm strictly controls information access and use and takes every precaution to prevent its leaking. To ensure that rules are strictly observed, Unicharm has established an Information Security Committee that is responsible for the Group's planning of information management security measures, employee education and the prevention of information leaks through ongoing monitoring.

For a rapid crisis management response

Unicharm has established the Crisis Communication Manual to provide details of procedures staff should take and the main departments to contact when a crisis occurs. The manual prescribes procedures according to various crisis levels. At Unicharm all employees carry a pocket version of this manual to enable them to make appropriate decisions to contain the spread of potential damage in the event of a crisis that could have an impact inside and outside the Company and to make appropriate contact with stakeholders in a timely manner.

To protect intellectual assets

The intellectual property of the Unicharm Group is centrally managed by the Legal & Intellectual Property Division which formulates and executes intellectual property strategies linked to business and development strategies at Unicharm. As its patent application strategy, it promotes the protection and utilization of intellectual property as intellectual assets of business and development results. With an awareness of Unicharm's global business development, the division also reinforces intellectual property rights through international patent applications. As a result, Unicharm holds about 80% of all global patent applications and ranks 99th in the world in the number of patent applications (30th among Japanese companies)*. Unicharm has also applied for and uses the trademark that protects the Group brands in more than 110 countries throughout the world and also actively protects its rights to proprietary packaging. The business and development departments cooperate closely with local offices in Japan and overseas concerning the control of counterfeit products and take a firm stand in protecting the Company's products and rights. Unicharm is committed to cultivating a corporate culture that promotes respect and protection of intellectual property rights of Unicharm and other companies as articulated in the Unicharm Action Guidelines by conducting staff training through a combination of on the job training, off the job training and e-learning to ensure that staff are fully versant in the handling of intellectual property rights at Unicharm.

*Investigation of the World Intellectual Property Organization (WIPO)

Together with our business partners

View on material procurement

At Unicharm we share our philosophy of safety and the environment through close cooperation with our suppliers.

In our overseas bases where we are expanding our operations, we strive to establish business relations with partners that meet our standards in product quality, functions, safety, the environment, and services in product lines of varying prices in growth markets. In promoting these efforts, we make use of our approaches to successful supplier relationships that we established in Japan. In addition to sharing our principles regarding safety and the environment since our 7th Quality Policy Briefing Session with suppliers, we have been sharing information with our partners and requesting their cooperation in regard to carbon footprint and CSR considerations. We have also been sharing information with our partners regarding the progress of our initiatives for complying with legislation and social imperatives and for giving due consideration to human rights in labor.

There is an increasing need for us to promote procurement activities with a particular emphasis on crisis management and to establish a sound understanding of Unicharm's stance and view on procurement when we commence trading with new overseas partners. We will continue our efforts to establish global procurement guidelines, source local suppliers, review our approaches, and seek the cooperation of existing partners in environmental and ethical areas.

Briefing session on quality policy

In July 2010 we held our 9th Quality Policy Briefing Session with 161 suppliers from 65 companies in attendance. During the session we shared results of efforts to improve quality over the past year and presented awards to those suppliers who had achieved outstanding results. We closed the session by asking our suppliers to continue their efforts on our behalf.

Promoting CSR procurement in cooperation with suppliers

With the cooperation of the CSR Department and the Purchasing Department, Unicharm established its CSR procurement guidelines and implemented them in 2009.

In addition to upholding existing supplier assessment criteria used in Japan, the guidelines incorporate provisions relating to applicable legislation, human rights, industrial relations, the environment and product safety including the prohibition of child labor, the prohibition of any form of discrimination, and the promotion of measures to global warming countermeasures. Using these guidelines, we held briefing sessions on CSR procurement for suppliers in China in 2009 and in Thailand, Indonesia, Taiwan, and Korea in 2010. At that time we shared with suppliers our concept of purchasing standards according to our CSR procurement guidelines. We also analyzed self-check sheets that we had suppliers prepare beforehand and on the basis of these sheets we later visited the plants of various suppliers and investigated conditions there first hand. It is our intention to continue our CSR activities with suppliers and to promote CSR throughout the entire supply chain.



Briefing session for Thai suppliers

New product presentation meeting

To promote the total assets of our industry as a whole through cooperation with our business partners, Unicharm holds new product presentations semiannually. In 2010 we held presentations in 12 venues. During that time, in the area of health care we provided suggestions for the organization of product sales areas in stores for activities of daily life (ADL) featuring, among others, disposable diaper products for adults. Likewise, we presented proposals for absorbent underwear sales areas. In feminine care, we proposed sophisticated sales corners featuring various value-added products to attract customers.



New product presentation meeting

Together with shareholders and investors

Industry's top level in return on investment

Unicharm places a high priority on returning profits to shareholders. At the same time, we recognize the importance of maintaining stable dividend payments while improving profitability and reinforcing financial robustness. To enhance corporate value, we endeavor to disclose information in a prompt and accurate manner and to promote broad disclosure that enhances the transparency of our operations.

Our basic policy for returning profits to our shareholders

Unicharm considers dividend payments as one of its most important management issues and endeavors to enhance corporate value by ensuring positive cash flows. Our policy is to provide stable shareholder returns equivalent to 50% of net income (including dividends and acquisition of treasury stock) on an ongoing

basis to shareholders. We also intend to firmly uphold our policy of steady, continuous increases in dividends. In allocating free cash flow, we give priority to the expansion of operations in Japan and overseas, research and development, and business investment in areas such as the development of information systems with a view to increasing corporate value for the future.

For the year ended March 2011, Unicharm paid a full-year dividend of 56 yen (effective October 1, 2010 Unicharm undertook a stock split, issuing three shares for every existing share).

Information disclosure for our investors

Every year Unicharm publishes half-yearly reports for its shareholders twice a year and an annual report once a year. Our website also carries current investor information, and we endeavor to keep our shareholders informed at all times about IR activities by providing up-to-the-minute detailed information. We also pay attention to providing information to our shareholders and investors in a format and style that is easy to understand.



This English language report is a translation of the original Independent Assurance Report in Japanese on Unicharm Corporation's CSR Report 2011.

Independent Assurance Report

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

June 1, 2011

1. Objectives and Scope

We, PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd., have been commissioned by Unicharm Corporation (hereafter the "Company") to provide independent assurance on the Company's "CSR Report 2011" (hereafter the "Report"). The scope of the assurance covers the environmental performance data (electricity consumption, heavy oil consumption, gas consumption, CO2 emissions (not including those from logistics) and waste production (not including after use of products)). The objective of our assurance engagement is to independently express our conclusion using the Company's policies and standards as criteria as to:

- Whether the environmental data (electricity consumption, heavy oil consumption, gas consumption, CO2 emissions (not including those from logistics) and waste production (not including after use of products)) for the year ended March 31, 2011 included in the Report were collected and reported in accordance with the Company's policies and standards, in all material respects.

The preparation of the Report is the responsibility of the Company's management. Our responsibility is limited to independently express a conclusion on the Report.

2. Summary of Assurance Procedures Performed

We performed our work in accordance with International Standard on Assurance Engagements 3000 — Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE3000), revised in December 2003 by the International Federation of Accountants. Therefore, we provide limited assurance on data included in the Report in accordance with the aforementioned standard under the scope of our assurance engagement. Accordingly, we do not intend to express auditor's opinion as this is not an audit work conducted in accordance with generally accepted auditing standards.

The summary of the procedures we performed for our assurance engagement is as follows:

- Reading the relevant documents with regard to the Company's overall status and environmental management, and interviewing personnel responsible thereof;
- Interviewing personnel with regard to the establishment and implementation of the Company's policies and standards under the scope of our assurance engagement in the headquarters and the sites visited as listed in the following;
- Reading the relevant documents in the headquarters and the sites visited as listed in the following with regard to the methodologies for measuring, compiling, and reporting the information under our scope, and interviewing personnel responsible thereof; and
- Performing mainly analytical procedures and tracing part of data provided with supporting documents available at the headquarters and the sites visited.

The sites on which we performed the above procedures are as follows:

Name of Site		Functions
Unicharm Corporation	Head Office	Headquarters
		Office
same as above	Itami Factory	Manufacturing
Unicharm Product Co., Ltd.	Shikoku Plant Central Factory	same as above
		same as above
same as above	Shikoku Plant Toyohama Factory	same as above
Unicharm Kokko Nonwoven Co., Ltd.	No.2 Plant	same as above
		same as above
same as above	No.3 Plant	same as above

The specific environmental data subject to our assurance procedures (electricity consumption, heavy oil consumption, gas consumption, CO2 emissions (not including those from logistics) and waste production (not including after use of products)) are marked (☑) in the Report.

3. Our Conclusion

Based on our work performed, we have reached the following conclusion:

- To the extent of our procedures performed, nothing has come to our attention that causes us to believe that the environmental data (electricity consumption, heavy oil consumption, gas consumption, CO2 emissions (not including those from logistics) and waste production (not including after use of products)) for the year ended March 31, 2011 included in the Report were not collected and reported in accordance with the Company's policies and standards, in all material respects.

4. Independence

In accordance with the provisions of the Certified Public Accountants Law of Japan, no reportable relationship exists between the Company and PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.

PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.

Sumitomo Fudosan Shiodome Hamarikyu Bldg.
8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan

Information about the Internet Version of the CSR Report 2011

<http://www.unicharm.co.jp/index.html>

At our website you can find more details about our CSR activities.

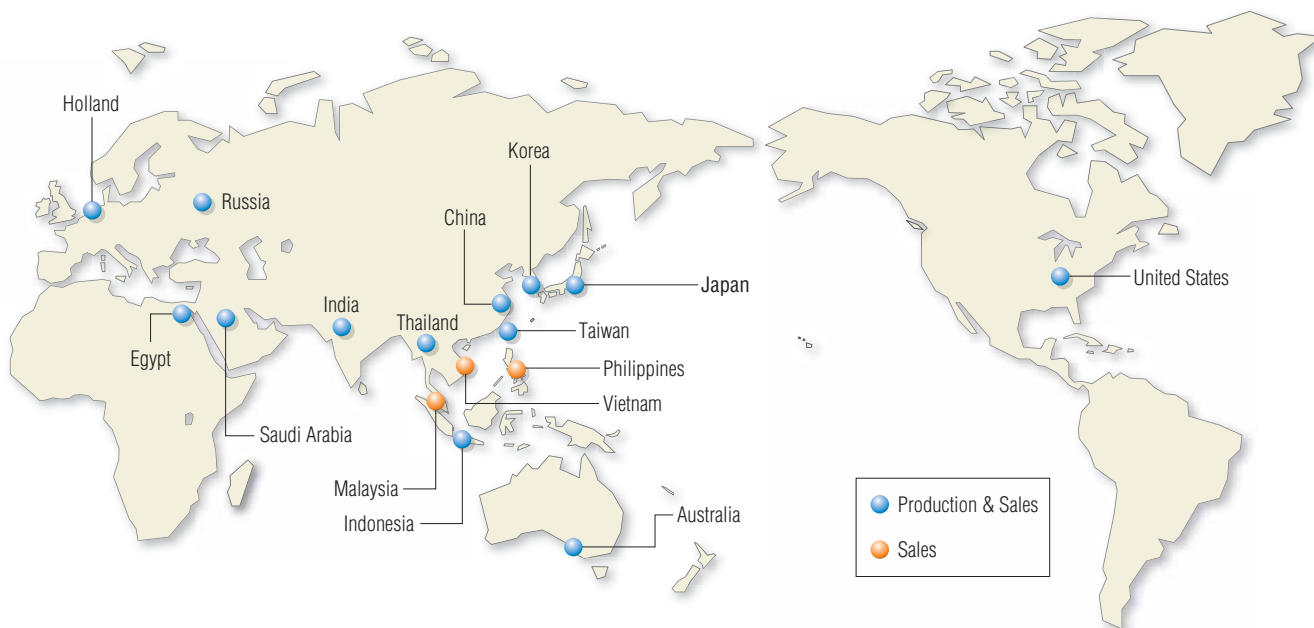
Features of the Internet Version
of the CSR Report 2011

- To provide completeness in the information we disclose to our stakeholders, we include a broad range of topics in our report based on the Global Reporting Initiative (GRI) guidelines.
- We have prepared this version to facilitate searches for specific content and easy access to information in general.
- We are constantly uploading the latest CSR information to disclose information in a timely manner.



Overview of the Unicharm Group

● Production and Sales Offices



● Company Profile

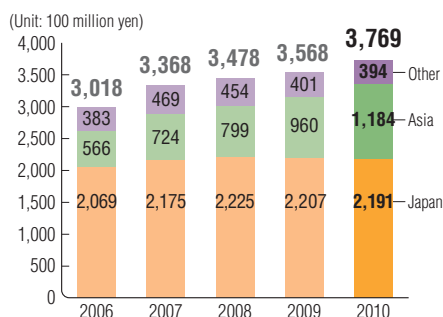
Corporate Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Paid-in Capital	15,992 million yen (as of March 31, 2011)
Number of Shares Issued	206,944,773 (as of March 31, 2011)
Head Office	Sumitomo Fudosan Mita Twin Bldg. West Wing, 3-5-27 Mita, Minato-ku, Tokyo, Japan
Registered Company Office	182 Shimobun, Kansei-cho, Shikokuchuo City, Ehime Prefecture
No. of Employees	7,317 (on a consolidated basis as of March 31, 2011)
Listed Exchange	First Section of the Tokyo Stock Exchange
Business Details Sales of:	Baby and child care products Feminine care products Health care products Cosmetic products Household products Pet care products Food-packaging materials, etc.
URL	http://www.unicharm.co.jp/

● Main Consolidated Subsidiaries and Affiliates

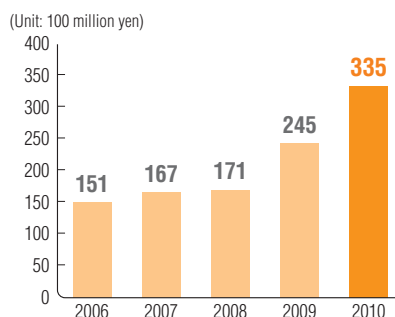
Japan	Unicharm Product Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm Mölnlycke K.K.
Overseas	United Charm Co., Ltd. (Taiwan) Uni-Charm (Thailand) Co., Ltd. (Thailand) Unicharm Consumer Products (China) Co., Ltd. LG Unicharm Co., Ltd. (Korea) PT Uni-Charm Indonesia (Indonesia) Uni-Charm Mölnlycke B.V. (Netherlands) UniCharm Gulf Hygienic Industries Ltd. (Saudi Arabia) Uni-Charm Corporation Sdn.Bhd (Malaysia) UniCharm India Private Ltd. (India) Unicharm Australasia Pty Ltd. (Australia)
Other	14 companies (as of March 31, 2011)

● Main Business Indicators

■ Net Sales



■ Net Income



■ No. of Group Employees

