



Gentle care for life



CSR Report 2010

Today and tomorrow We will continue our care for people

Since the establishment of Unicharm, our efforts have been devoted to care aimed at promoting the comfort of women in their everyday life, the healthy development of babies and young children, and the peace of mind and quality of life of men and women in their latter years.

Thanks to Unicharm, people today can lead more enjoyable and comfortable lives.

As a company whose very business is to contribute to the well-being of society the social responsibility that we must continue to fulfill today and in the future... is to provide that special kind of care only Unicharm can provide.

The kind of care that makes each and every person's life more enjoyable, more comfortable.

This is the dream that we at Unicharm must realize.

A dream that envelops the world and people with gentle care.

The challenge for Unicharm continues.



Company Profile

Company Name	Unicharm Corporation
Date of Establishment	February 10, 1961
Paid-in Capital	15,992 million yen (as of March 31, 2010)
No. of Shares Issued	68,981,591 (as of March 31, 2010)
Head Office	182 Shimobun, Kinsei-cho, Shikokuchuo-shi, Ehime, Japan
No. of employees	988 (Total employees in group companies: 7,108) (as of March 31, 2010)
Listed Exchange	First Section of the Tokyo Stock Exchange
Business Operations	baby and child care products
Sales of	feminine care products health care products cosmetic products household products pet care products (Unicharm PetCare Corporation) 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 PetCare Corporation Unicharm Molnlycke K.K.
Overseas	United Charm Co., Ltd. (Taiwan) Uni-Charm Co., Ltd. (Thailand) Unicharm Consumer Products Co., Ltd. (China) LG Unicharm Co., Ltd. (Korea) PT Uni-Charm Indonesia (Indonesia) Uni.Charm M6Inlycke 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)
Others	14 companies (as of March 31, 2010)



Contents

Areas Covered	Business operations, CSR vision, goals of activities, framework, results of promotions, accounting data, etc. This report presents details of results of FY2009 as well as up-to-the minute information for FY2010.
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 (Customers, employees, business partners, shareholders and society in general)
Period	April 1, 2009–March 31, 2010 (including some activities prior to and after the above period and future targets)
Reference guidelines	<ul style="list-style-type: none"> ● GRI Sustainability Reporting Guidelines 2006 ● Environmental Reporting Guidelines, 2007 of the Ministry of the Environment
Date of issue	June 24, 2010
Next date of issue	June 2011
Available at	<ul style="list-style-type: none"> ● CSR & Environmental Information at the Unicharm Corporation website (All items reported) ● Booklet (Digest Report)

CONTENTS

Message from the President	4
Business Operations	6
Features: Global Expansion of the Unicharm Vision	
● Global deployment of CSR initiatives	8
● History of the global development of Unicharm	10
● Current global development and the future	12
Topics in CSR activities	14
Creating gentle care (Initiatives for customers and the environment)	
● Marketing and Research & Development	17
● Production	19
● Sales and follow up	22
Supporting gentle care	
● Together with employees	24
● Governance and compliance	26
● Together with business partners, shareholders, and investors	27
● CSR Promotional Structure	28
● Together with society	29
List of booklet and website contents	30
Third Party Auditor's Report	31

Preparation of the "CSR Report 2010"

This report has been prepared as both the Unicharm company prospectus and Unicharm's corporate social responsibility (CSR) report for fiscal 2010. As a combined report, it explains the Unicharm Ideals, details of the Company's business activities, and information about our products and services. Following along the theme of our corporate slogan "Gentle care for life," we took particular care in the preparation of this report to provide information about our CSR activities through a presentation of our products in a format that is both easy to read and understand. In the Features section, we provide a look at Unicharm's CSR initiatives and their global expansion. Unicharm continues to undergo audits by a third-party organization as part of our ongoing commitment to promoting transparency and trustworthiness regarding the procedures we employ and the numerical figures we present and the results of this audit are included independent Auditor's Report as an addendum of this report. We remain committed to providing accurate and beneficial information to our many stakeholders and society as a whole and we welcome your frank opinions and advice.

For more information about our CSR activities, please contact:

Corporate Social Responsibility Department
TEL:03-6722-1041(Direct Line) FAX:03-6722-1018

For general corporate information, please contact:

Office of the Secretary and Public Relations,
Planning Department
TEL:03-6722-1019

- For IR information, please visit:
<http://www.unicharm.co.jp/ir/index.html>
- Unicharm Corporation's Annual Report 2010 will be released at the end of September.

At Unicharm we will fulfill our corporate social responsibility by creating products and providing services that will enhance the convenience and comfort of people around the world today and every day.

□ Realizing the Unicharm Ideal

Each and every one of our staff at Unicharm is committed to making products that not only surpass the expectations of our customers but also provide for the sustainable development of the Company and society. Our products and initiatives are underpinned by two important sets of principles. The first is the Unicharm Ideals established by Unicharm as a mission that we must fulfill and the second is the Five Great Pillars that serve as guidelines for achieving the Unicharm Ideals. In each of our five main business segments at Unicharm we have also established individual mission statements and set targets that we aim to achieve for society and customers in these five businesses: Baby and Child Care, Feminine Care, Health Care, Clean and Fresh, and Pet Care.

We believe that the clear articulation of our goals and determining on an individual basis the course of action and the creation of products for achieving these will naturally lead to realizing our CSR at Unicharm. This is because all of the products offered by Unicharm's five core business sectors are products that are essential to peoples' daily lives all over the world. They are products that not only provide safety and peace of mind to our customers but also contribute to improving hygiene standards in every country where they are sold.

□ "NOLA&DOLA" and technical innovation

From infants to the elderly, Unicharm aims to provide to people of all ages products that will allow them to fulfill their dreams by freeing them from psychological and physical concerns over basic bodily functions. This aspiration, which is included in our corporate philosophy in the concepts of "NOLA & DOLA" (Necessities of Life with Activities & Dreams of Life with Activities), is underpinned by our "insight" into the problems our customers experience and the discovery of their particular needs. It is also supported by Unicharm's proprietary technology and science incorporated into Unicharm products to address our customers' needs.

The insight we gained into the needs of our customers as well as the advances we achieved in R&D and the development of technology over long years of experience as a producer and developer of sanitary products and baby diapers makes it possible for us to provide even more comfort and, hopefully, a more fulfilling life to our customers. Following the corporate philosophy of "NOLA&DOLA," we believe that our products, which are made possible through new technologies and materials, are vital not only in assisting our customers realize their dreams but also in the achievement of our own corporate social responsibility.

□ Initiatives to reduce the environmental impact

Unicharm is currently engaged in various initiatives to address environmental problems and create a sustainable society that practices recycling as a matter of course. In addition to curbing CO₂ emissions at our plants in Japan, in China we built a new plant equipped with new technology that generates significantly lower CO₂ emissions. We are also implementing various measures to increase the level of recycling within the Unicharm Group. For example, we are currently utilizing waste material generated during the production of paper diapers to produce pet care cleanup sheets. With the introduction of the "Eco Charming" mark, we are also promoting various environmental initiatives from the production stage to sales aimed at two objectives: reducing the environmental impact and increasing product value.

In the future, we will continue our activities to care for the environment and take active steps to develop high-function, high value-added products where we will reduce as much as possible the use of raw materials in their production without sacrificing functionality, particularly in products such as paper diapers.

□ Global strategy and product development

At Unicharm we always take into account conditions and characteristics specific to each region. In Indonesia, for example, to cater to customer needs we offer three product categories under the labels "Best," "Standard" and "Every." "Every" products provide the essential basic functions of Unicharm products at a very reasonable price. This makes Unicharm products affordable to all customers wherever and whenever they are needed.

Although in our society Unicharm products are essential items in everyday living, the use of disposable diapers throughout the day is not common in some countries. In fact, in many countries disposable diapers are considered a luxury item. Unicharm takes into account the various cultures and needs of countries in which it offers its products so that it may provide products with functional capability at an affordable price to all customers. In this way, Unicharm assists in the everyday care of children and women's participation in society by offering new value through prices and convenience that did not exist previously. It is with this perspective that Unicharm intends to proceed with the global expansion of its products.

□ Future CSR activities and promotion of SAPS management

In realizing the Unicharm Ideals and promoting CSR activities, it is essential that all Unicharm employees as individuals share the same code of conduct and attitude with respect to customers by upholding the principle “to make life better for all” as stated in the United Nations Global Compact. One method for supporting this principle is the promotion of SAPS*management. SAPS management is a method for increasing the effectiveness of management by (1) clarifying management objectives and the significance of achieving those objectives, and (2) concentrating time and energy on tasks with high priority and added value. At present, all staff as individuals are involved in planning activities whereby as a matter of course they review their weekly plans, prepare “next action sheets” based on their review, and consider what important tasks they must complete to achieve their targets. In our overseas operations, we introduced SAPS management for key management personnel in local Unicharm offices in 2007. We also distributed “The Unicharm Way,” a booklet which explains the Unicharm Ideals and the “Five Great Pillars and Associate Principles of Action” mentioned above. This booklet was translated into a number of local languages. In this way we are striving to share and widely promote our corporate philosophy.

To constantly consider what is important in the course of our daily work and to act with an awareness of our customers. This process of constantly reviewing the meaning and importance of our activities is the source of Unicharm's strength. It is also the source of Unicharm's strength in promoting CSR activities.

We intend to make Unicharm a valuable company for all our stakeholders by continuing to create products needed by people the world over and by helping our customers realize their dreams.



President and CEO
Unicharm Corporation

Unicharm Ideals

- We will contribute to creating a better quality of life for people by offering only the finest products and services to the market and customers both at home in Japan and abroad.
- We will devote our efforts to promoting sound corporate management that combines corporate growth and development, the well-being and fulfillment of our employees and the realization of our social responsibilities.
- Respecting the autonomy of every individual and striving to promote the Five Great Pillars, we will reap the benefits of working together in a spirit of integrity and harmony.

*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)

Making everyday life more convenient and comfortable



Baby and Child Care

Established in 1981

Making the experience of raising children more enjoyable for both babies and parents

In the CSR activities of our Baby and Child Care business we aim to contribute to society by making the experience of raising children more rewarding for parents by continuously supplying products with new features that reflect a deep understanding of the relationship of parent and child. In the Japanese market, we have earned the strong support of customers in two of our disposable diaper brands in particular: "Moony" with an innovative concept of providing for the most practical functions to suit each stage of the child's development, and "Mamy Poko" featuring colorful designs to delight children. Overseas we offer disposable diapers for babies mainly through our global brand "Mamy Poko," which is sold widely in countries throughout the world including East Asia, Southeast Asia and the Middle East.



Feminine Care

Established in 1963

Making everyday life more comfortable for all women

Following the underlying principle of the Feminine Care business to "scientifically study women's comfort and create freedom for women", Unicharm relentlessly looks at women's physical comfort from the standpoint of women to identify their needs in the context of today's modern society and continually offers superior sanitary care products and services based on its advanced technologies and concepts. In Japan, Unicharm offers brands such as "Sofy," "Center-in" and "Charm," which are designed with an understanding of the physical and psychological mechanisms of the female body. Overseas we have been actively promoting "Sofy" as a global brand which has already proven to be popular among women in East Asian and Southeast Asian countries.



Health Care

Established in 1987

Ensuring that people in their latter years can fully enjoy life

Unicharm's Health Care business is divided into two areas: Adult Incontinence and Mask & Medical. All products support the independence and dignity of people who suffer from incontinence with a range of superior products and care system services under the "Lifree" brand. These products are aimed at improving the quality of life for all people receiving and providing nursing care either at home or in a hospital or other institution.

Unicharm's Mask & Medical business utilizes nonwoven fabric as a core technology for protecting the health of people and contributing to public hygiene and offers products with a wide range of applications from general home use to hospital and industrial use.



Unicharm has five core businesses that contribute to the convenience and comfort of people's daily lives. Each of these businesses has its own "mission statement" which is underpinned by the Unicharm Ideals. Unicharm bases its business activities on these mission statements.



Clean & Fresh

Established in 1974

Providing comfort, convenience, and hygiene in everyday life

Unicharm's Clean & Fresh business offers products that promote cleanliness, hygiene, and freshness to create a comfortable environment. Clean & Fresh products utilize advanced nonwoven fabric technology (a core technology of Unicharm) and processes. "Wave" cleaning sheets make cleaning simple yet demonstrate outstanding results. "Silcot Wet Tissues" are highly functional wet tissues, and "Silcot" is a high-quality cosmetic puff. These products have proven to be very popular among customers because of their superior functionality and quality.



Pet Care

Established in 1986

Making living with pets more convenient

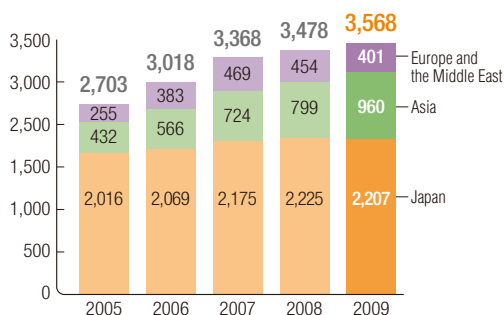
Pet care is a booming industry in Japan today. In the Pet Care business, Unicharm has set its sights on providing products that will enable pets to have a healthy and active long life and live in a clean environment. Therefore, to provide new satisfaction for dogs and cats, Unicharm has concentrated its efforts on pet food products to promote good health and toiletry products to maintain a clean living environment. As wholesome food products for dogs and cats, Unicharm offers "Aiken Genki" and "Neko Genki" respectively. Products that are both tasty and nutritious, they are also adaptable to the ages of dogs and cats and their living environment. In the animal sanitation business, Unicharm offers a range of products that contribute to making life with pet companions more convenient and comfortable. These include cleanup sheets and diapers for pets that incorporate Unicharm's nonwoven fabric and absorbent material technologies.



Financial Data

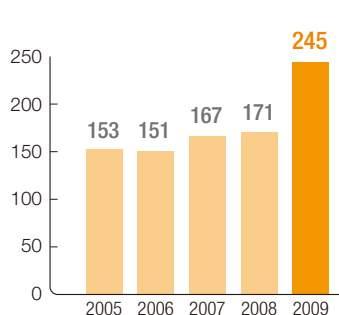
Net sales

(Unit: 100 million yen)



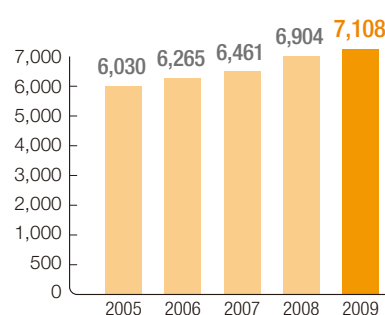
Net income

(Unit: 100 million yen)



Number of group employees

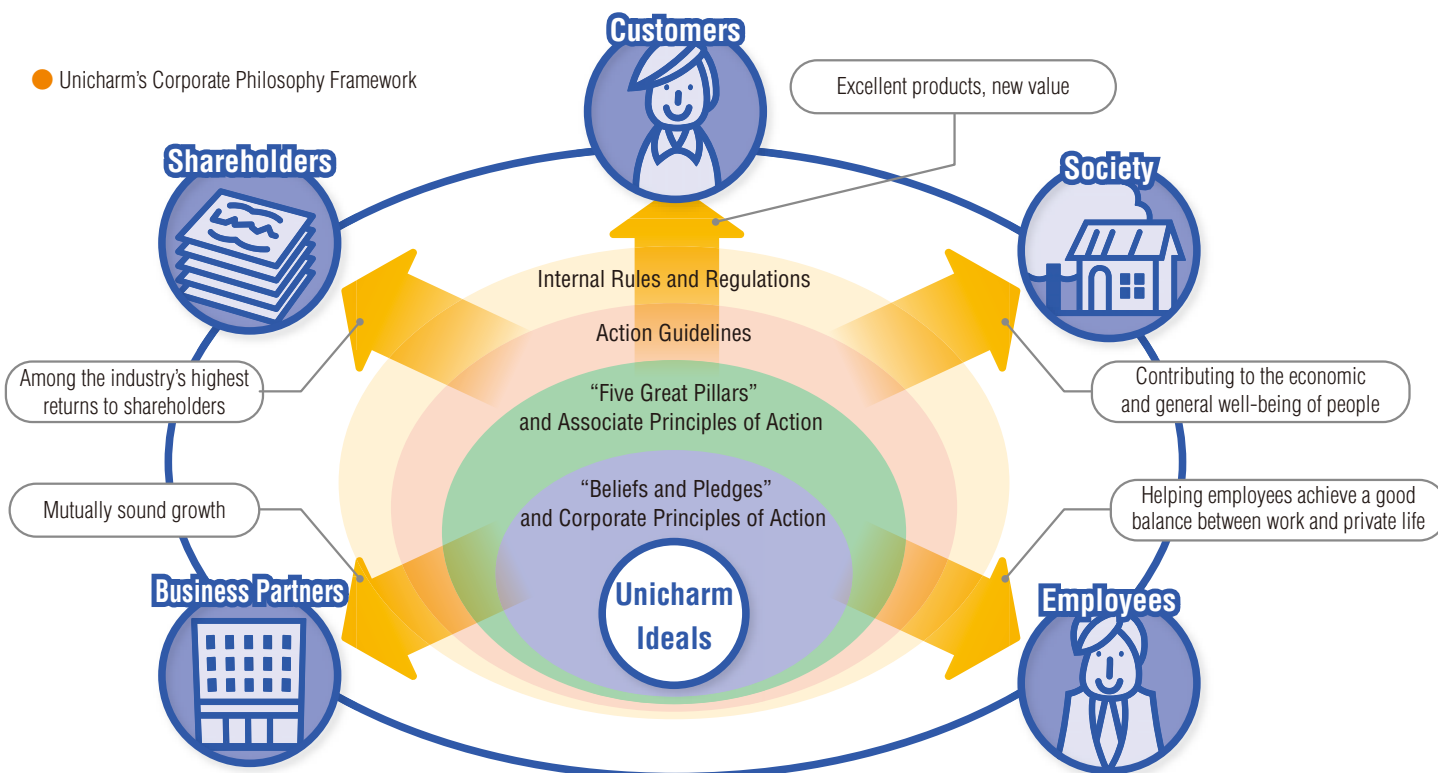
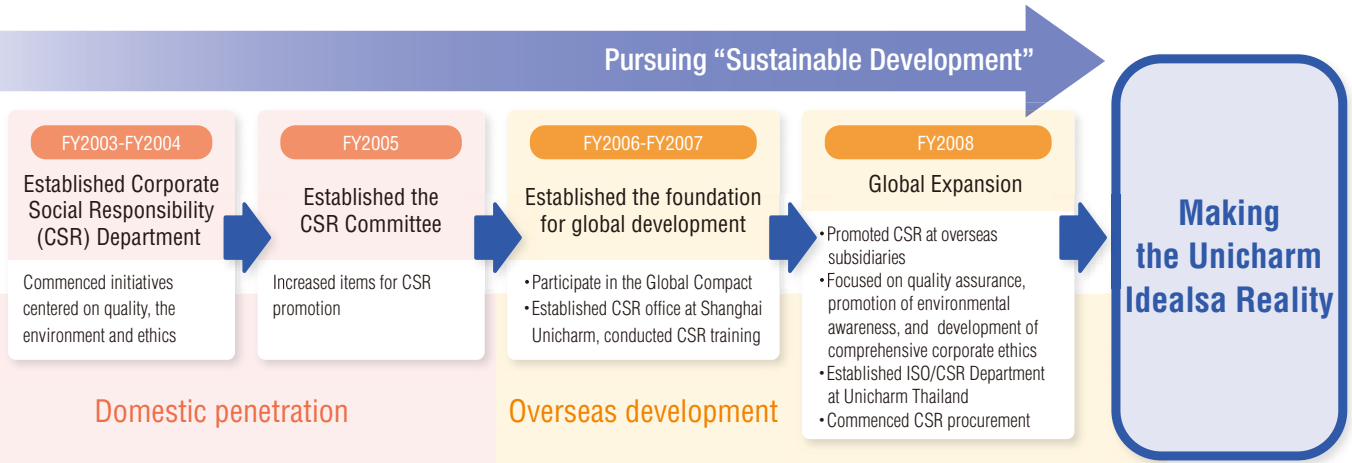
(Unit: persons)





Global deployment of CSR initiatives

To realize the Global 10 vision, the Unicharm Group will promote on a global scale initiatives that place a premium on economic efficiency, the environment, and social considerations.



“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 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 staff**: We pledge to strive for the happiness and fulfillment of our staff and their families by providing a workplace environment where all staff may work with confidence and pride.
- Pledge to society**: We pledge to contribute to the economic and psychological fulfillment of all people we come into contact with and in society as a whole through all our corporate activities.

“Five Great Pillars” and Associate Principles of Action

- Creativity & Innovation**: We will respect the creation of new values by society and always maintain a spirit that seeks innovation.
- Ownership**: We will follow in the footsteps of our founder by identifying issues from a company-wide perspective and resolving them to achieve our management targets.
- Spirit of challenge**: With a strong belief in our untapped potential and without the fear of failure, we will continually redefine and explore what we see as new challenges.
- Leadership**: We will become leaders who can clearly show the direction the organization should take and who can motivate others through our own determination.
- Fair play**: We will carry out fair corporate activities that combine the spirit of respect for human life and dignity with high ethical standards.

As we promote our CSR activities globally, we are also trying to convey to the world the idea that our main business itself is our corporate social responsibility.



Unicharm Corporation
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
Masakatsu Takai

The CSR activities that Unicharm initiated in 2003 with a view to promoting an awareness of product quality, the environment, and corporate ethics in Japan today have expanded not only nationwide throughout Japan but also to various regions overseas.

At our overseas subsidiaries we currently conduct programs to promote the understanding that the main business areas of Unicharm are in themselves "CSR," a concept that until now was not widely understood overseas. Taking into consideration the principles of the United Nations Global Compact, we at Unicharm are creating a framework and engaging in activities that enable each and every one of our employees to personally experience and comprehend in a manner that is easy to understand the relationship between their own work as individuals at Unicharm and CSR.

● Promoting production skills and exchange of personnel

It can be said that the point of contact between Unicharm and our customers is a single sanitary napkin or one paper diaper. At the same time it can be said that the single item embodies the essence of Unicharm technologies and aspirations regarding customer safety and peace of mind.

We want our employees at local production sites overseas as well as employees at production sites in Japan to always be aware of the importance of every product item. This is why we have promoted close cooperation through a sister plant program between three plants in Japan (Fukushima, Shizuoka, and Shikoku) and overseas plants. Promoting quality assurance, reduction of the environmental burden, and corporate ethics as the main objectives, this program not only conducts activities to improve production practices in various countries but also engages in initiatives to establish better communication between production plants through personnel exchanges and other means.

● Localization of CSR activities in overseas

At our plant in China last year we conducted an orientation session on CSR material procurement for the first time at an overseas plant, and it was received very well. In the lead up to the meeting there were a number of visits to the local office in China during which questionnaire surveys were conducted on a number of occasions. The cooperative efforts in conducting activities as the CSR department in Japan and China CSR department remained in close communication with each other were highly regarded. We believe this close communication resulted in the success of the activities.

Rather than export a CSR concept from Japan, we intend to widely adopt this method of localizing CSR where we will work in close cooperation with our overseas offices to present CSR in a way that local employees in each country can easily understand. In addition to China, we intend to promote this approach in Thailand and Indonesia in the future.

● Future CSR activities

Currently our domestic plants are demonstrating significant improvements in the reduction of CO₂ emissions, thanks largely to the activities of the Energy Conservation Working Group. In the future we will continue our energy conservation efforts and at the same time introduce new technologies to further reduce CO₂ emissions, improve productivity and raw materials, and work in cooperation with our suppliers to create a better environment.

We will also promote interaction in our CSR activities overseas where we will introduce successful examples of CSR activities in Japan. Through communication with our stakeholders and publicizing Unicharm CSR activities more openly, we hope to promote improvement in our CSR procedures.

Participation in the United Nations Global Compact

Each and every employee at Unicharm is asked to consider what the Company social responsibility should be and how it should be realized within the framework of a corporation that espouses the ideal of making life better for all. This is the starting point of Unicharm CSR. As a clear statement of our intentions to engage in further activities as

responsible citizens of the international community, we also currently support and participate in the Ten Principles of the United Nations Global Compact. By putting these principles into practice, we intend to contribute to making positive changes in the world.

The Ten Principles of the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



History of the global development of Unicharm

In the Unicharm Ideals established in 1974, Unicharm already indicated its global vision as a corporation.

In 1984 Unicharm began its overseas business expansion and today sells its products in more than 80 countries and regions throughout the world. Committed to transforming peoples discomfort to comfort for as many people as possible, Unicharm will continue to expand the distribution of its products in markets all over the globe.

1984	Established a joint venture in Taiwan ①
1987	Established a joint venture in Thailand ②
1993	Established a joint venture in the Netherlands ③
	Entered into a technology alliance to produce pants-type diapers in Saudi Arabia
1994	Established a joint venture in South Korea
1995	Established a joint venture in Shanghai, China ④
1997	Established a joint venture in Indonesia ⑤
	Established a wholly-owned subsidiary in Malaysia
2002	Established a joint venture in the Philippines
2005	Made Gulf Hygienic Industries of Saudi Arabia a subsidiary ⑥
2006	Established LG Unicharm Corporation, a joint venture company, in South Korea ⑦
	Established a wholly-owned subsidiary in Vietnam
2008	Established a wholly-owned subsidiary in India
	Acquired Australian Pacific Paper Products and made it a wholly-owned subsidiary ⑧
	Unicharm Molnlycke K.K., a joint corporation, established a wholly-owned subsidiary in Russia
2009	Unicharm Molnlycke K.K. a joint corporation, established a wholly-owned subsidiary in the United States



United Charm Co., Ltd. (Taiwan)



Uni-Charm (Thailand) Co., Ltd.



Uni.Charm Mölnlycke B.V.



Unicharm Consumer Products Co., Ltd. (China)



PT Uni-Charm Indonesia



UniCharm Gulf Hygienic Industries Ltd.



LG Unicharm Co., Ltd.



Unicharm Australasia Pty Ltd.

POINT

Recognition of Unicharm's superior technology and product power pave the way for expansion into world markets

As articulated in the Unicharm Ideals, Unicharm had already set its sights on the world in the 1970s and made its first foray into overseas markets in 1984 at the request of a local business in Taiwan which was eager to introduce products with Unicharm's advanced technology into the market there. In the markets of Thailand and Indonesia, where Unicharm later introduced its products, sales of products have grown as the custom of using disposable diapers becomes more and more widespread. These are some of the ways in which Unicharm helps people all over the world enjoy a more comfortable life. Today we continue to provide excellent products whose quality and word-of-mouth promotion by our satisfied customers serve to increase product sales.

Promoting CSR activities through world-firsts and excellence in products and services

Senior Executive Officer, General Manager,
Planning Department
Unicharm Corporation
Shinya Takahashi



Since the founding of the Unicharm Corporation we have been creating products and services that allow our customers to experience comfort, excitement, and joy. Our all-out efforts to provide superior products were recognized overseas at an early stage and led to the launch of our first overseas venture in 1984 when we established a joint venture in Taiwan. Today the products of Unicharm are sold in more than 80 countries and regions of the world.

Contributing to the world through products and services

The basic requirements customers demand of sanitary products and disposable diapers are the same the world over: no leaking, no stuffiness, and no rashes. In addition to fulfilling these requirements in our products, we also developed products to cater to other specific customer preferences and offer them to in various price ranges. These efforts have been positively received by broad customer sectors. Unicharm products are items that are essential for everyday life. By making sanitary products of a higher quality available, we are contributing not only to making life more comfortable for women but also enabling them to participate more fully in society. Making the use of disposable diapers more widely available also helps reduce the burden of household chores and create more free time for homemakers.

Contributing to society through the awareness and conduct of our employees

All of our employees at Unicharm carry a copy of our company action guidelines to help them forward the ideal of making Unicharm a company that is trusted and loved by society and to help cultivate an awareness in them of this important objective. In Indonesia, for example, we engage in charity activities at kindergartens on a regular basis, and during emergencies we play an active role in emergency support activities by distributing disposable diapers and sanitary products. Unicharm already has an established corporate culture where our local employees voluntarily put forward CSR proposals and act on them. We at Unicharm find it very gratifying for our company to be recognized as a good corporate citizen in countries and regions all over the world.

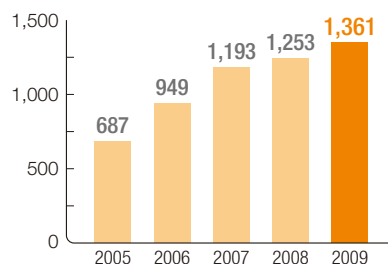
CSR activities through our core businesses

The global expansion of Unicharm has considerably broadened our customer base throughout the world and people not only in Asia but throughout Europe, the Middle East and Africa today use a wide range of Unicharm products. In recent years, the graying of society is a trend evident not only in Europe but also in Asia, and we have set our sights on further expanding our distribution areas for paper diapers for adults. In this way, we intend to realize our ideal of "providing comfort, excitement, and joy to people throughout the world" by offering novel products that are "world firsts" along with other superior products and services. We believe that making contributions to mankind and society through our core businesses are CSR activities of the Unicharm Group.

Global Business Indicators

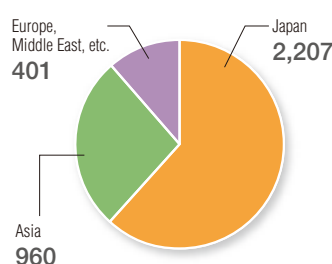
Changes in overseas sales

(Unit: 100 million yen)



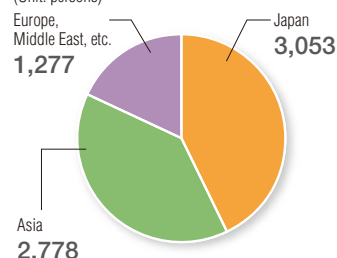
Sales by location (2009)

(Unit: 100 million yen)



Global Distribution of Human Resources (2009)

(Unit: persons)





Current global development and the future

Our overseas subsidiaries and affiliates engage in CSR programs for which they assume responsibility while at the same time coordinating their activities with other offices.

In this section, the officers in charge of CSR in our overseas subsidiaries and affiliates report on their current CSR activities and their future CSR plans.



China

Sharing our policies and raising CSR awareness



We established a CSR Office in China in 2006 and since then have conducted a range of activities. In 2009 we commenced CSR material procurement ahead of other companies in the Unicharm Group. We have also been conducting training for local leaders on a weekly basis to ensure that they are thoroughly familiar with the Unicharm Ideals and the Associate Principles of Action. In efforts to improve customer satisfaction, we continue to conduct door-to-door surveys and hold product study sessions.

As a result of these efforts, we have consistently maintained scores of 90% or above in customer satisfaction results since fiscal 2008.

We are also devoting efforts to raising the environmental awareness of our employees through our Environmental Work Group which meets once every two months.

In March 2010, a portion of our sales was appropriated to tree-planting activities in Inner Mongolia.

In fiscal 2010, we plan to develop our CSR material procurement by focusing on safety in raw materials and products.

Korea

Sharing with Japan measures for improvement to increase productivity



Our recent efforts at improvement for the most part have been aimed at increasing productivity. In the course of the year we hold six teleconferences with the Fukushima plant, our sister plant in Japan, and we devote considerable efforts to sharing measures for improvement with them. In 2009, we set our UTMSS (Unicharm's voluntary targets) and held voluntary study meetings on 10 specific topics relating to improvement. In February 2010, we held a series of study meetings involving the entire company in order to determine whether measures for reaching our targets were actually applied. We are also managing product quality through a carefully planned framework that includes weekly staff training sessions and meetings at each stage of training.

Taiwan

CSR initiatives in a range of areas including quality and the environment



In Taiwan, we have been aiming for high standards in quality and environmental management by obtaining ISO9001 and 14001.

In recognition of our responsibility as a producer of consumable materials, we also make efforts to conserve energy and practice recycling through rigorous management and recovery of resource materials. In addition, we conduct staff training in Japan five times a year and engage in ongoing initiatives for quality improvement and improvement in productivity.

In January 2010, we participated in the Charity Material Station project and donated products for 2,261 people in 55 organizations. During fiscal 2010 we intend to make a suppliers declaration of conformity under ISO10002 and to further strengthen our framework for responding to customer complaints.

Local affiliates in other areas

Further expansion of the Unicharm ideals

In 2008 we established a wholly-owned subsidiary in India and completed construction of that subsidiary's plant. In 2009 Unicharm Molnlycke K.K., a joint corporation (Netherlands), established wholly-owned subsidiaries in Russia and in the United States.

We also plan to establish a plant in Egypt in 2012. To provide for the comfort in the everyday lives of more people, we will increase our production and expand our distribution areas.

We will also expand the range of product categories we offer in each country and region.



Thailand

Pursuing product safety through the CSR Department



Unicharm Thailand established an ISO/CSR Department and has been making efforts in environmental ISO and improving the safety of materials and products. To promote CSR activities that are more closely related to the workplace, we transferred the CSR Department to the ISO Department in Production Headquarters in April 2010. We also reviewed current laws and regulations in Thailand in light of changes that are being made to conform to ASEAN standards and established our own voluntary standards based on these. In cooperation with The Mall group, a department store group in Thailand, we have been donating a percentage of our sales to social contribution projects. This year the funds were used to repair schools in villages of minority tribes in Thailand.

Saudi Arabia

Implementing immediate improvement after receiving customer feedback



We are continuously taking steps to improve productivity and quality. In our efforts at quality improvement, we make it a point to listen to what our customers say and endeavor to take steps to eradicate the need for customer complaints. After receiving a customer complaint about an insufficient number of items in one of our product packages, we had our engineers at the plant check the equipment and make necessary adjustments to prevent further similar incidents. Since then we have not received further complaints of that nature. In fact, since December 2009, we have enjoyed five consecutive months of operations free of customer complaints. We also contribute to the local community for tours of the plant.

Indonesia

A company linked to the region through its contributions to the local community



In Indonesia, we actively contribute to local areas in various ways. Every year in June, for example, our employees donate blood. In July we visit orphanages where we participate in volunteer activities. In 2010 we donated a total of 16 million rupiah (about 160,000 yen) for flood disaster relief. At our plant operations we have also been making ongoing efforts to make our processes more ecologically sound by reducing, for example, the volume of pulp used in the manufacture of our Charm Body Fit Maxi products and by reducing the overall volume of materials required to produce Mamy Poko Pants Extra Soft.

Australia

Strengthening management and guidance for continuous improvement in productivity and quality



In 2008, when we made Australian Pacific Paper Products (APPP) a consolidated subsidiary, the complaint coefficient at APPP was 25cpm and operating rate was less than 65%. After regular visits to provide guidance in quality control and after analyzing conditions and providing guidance in resolving problems through teleconferences from Unicharm Products, we implemented various changes in materials and more rigorous control of processes. These measures resulted in lowering the complaint coefficient to 20cpm and raising the operating rate to 76%. We intend to continue our efforts to improve quality and productivity at the plant. At the time of the devastating bush fire disaster in February 2009, we donated disposable diapers to the areas affected.

Topics in CSR Activities

Introducing some of our new and noteworthy CSR activities from FY2009

Contributing to society through our core business

Mask products for the welfare of society

We not only provide masks that are safe and offer peace of mind but also engage in activities to ensure that they are used properly.

Health Care SBU, General Manager Unicharm Corporation, Global Marketing Headquarters

Satoru Kiuchi



In recent years in Japan, 30 to 40% of the population use masks during peak periods of pollen dispersion. There is also a rising trend in the use of masks as a preventive measure in the spread of infections, due to a great extent to the impact of the worldwide spread in 2009 of a new strain of influenza (H1N1 virus), which was declared a pandemic by the World Health Organization.

Against this backdrop, Unicharm drew on its long years of experience and superior expertise to develop masks of higher quality. Since the 2003 release of the Unicharm Chorittai Mask (3-dimensional mask) to block out pollen, Unicharm has been a leading producer of three-dimensional nonwoven fabric masks in Japan. In addition to producing the most advanced masks, Unicharm also devotes efforts to providing information on the correct ways to wear them.

Product development and labeling that give careful consideration to conditions of use

Many people are in the habit of keeping spare masks at home for future use but the masks may deteriorate in quality due to the method of storage or the passage of time.

Bearing this in mind, we are currently directing our efforts to the development of masks that can be satisfactorily stored for long periods, so that when the need for them arises they can be used safely and with peace of mind. We are also directing our efforts to improving product labeling and the wording of our advertising to avoid any misunderstanding by customers. This is particularly important when it comes to certain products. Take, for example, our inhalation filters. While they are highly effective in filtering, when gaps occur between the mask and the face, the masks filtering efficiency is reduced. This is one reason why even after receiving guarantees from inspection agencies about the efficiency of our

products under lab conditions, we refrain from declaring that our masks shut out viruses by a certain percentage when this is not applicable to the actual conditions under which the product is used. Our goal is to provide appropriate packaging with clear wording that will eliminate any risk of a misunderstanding on the part of our customers. This is why in advertising our masks we make every effort to conform to the voluntary labeling standards established by the Japan Hygiene Products Industry Association and Japan Face Mask Industry Association.

Educational activities in the use of masks

In recent years the outbreak of serious infectious diseases such as SARS and avian influenza have been occurring in the world almost on an annual basis. After receiving requests from various civic organizations in 2009 to provide information to the public, we began holding information sessions on the prevention of avian influenza and infectious diseases and what precautions to take when there is an outbreak of an infectious disease. At that time we also gave instructions on the correct method of wearing face masks. We also take proactive steps to educate our own staff on the use of masks when infectious diseases are prevalent, and we distribute supplies for their personal use and the use of their families. In addition, we also distribute booklets with instructions on the correct use of masks and pointers on how to prevent coming down with an infectious disease.

At present we distribute masks free of charge to elementary school and junior high school children who also attend private tutoring schools after school. In the future we will conduct information sessions for school children to provide them with information about the correct use of masks. We are also currently studying effective systems for

distributing antidust masks in massive quantities in the event of a serious natural disaster accompanied by large-scale destruction. If such a disaster should occur, the rapid deployment of antidust masks with high filtration efficiency will be essential. In 2009 we donated face masks to welfare institutions and to families with children suffering from intractable diseases for use during nursing care.

Future plans

The outbreak of influenza or other infectious disease that would require masks often occurs suddenly, and a rapid response to a drastic increase in demand and the ability to access supply channels flexibly are essential. To be able to respond to such situations promptly without wasting a moment, we aim to create a consultative framework where we can discuss with all our suppliers of materials and business partners in our supply chains an appropriate course of action.

In addition to Unicharm's commitment to manufacturing high-quality, safe products, we see the provision of information about masks and their prompt supply to customers in the event of an outbreak of a serious infectious disease as our social responsibility. We will continue to explore every possible avenue to fulfil our responsibility in this regard.



Unicharm Chorittai Mask series

Promotion of CSR procurement

Promoting CSR in cooperation with our suppliers

In 2009 with the cooperation of the CSR Department and the Purchasing Department, Unicharm established its CSR procurement guidelines. In addition to upholding existing supplier assessment criteria used in Japan, the guidelines incorporate provisions from the perspective of relevant legislation, human rights, industrial relations, the environment and product safety. Needless to say, these include the prohibition of child labor, the prohibition of any form of discrimination, and the promotion of measures to protect the environment. In August 2009 we commenced the introduction and application of CSR procurement using these guidelines in China, which we had designated

as a country of priority for CSR procurement. We held information sessions for suppliers with production bases in China. At that time we explained and shared with them our concept of purchasing standards under our CSR procurement guidelines. After analyzing the efforts of each company in CSR procurement on the basis of self-check sheets which Unicharm provided and they completed, we visited the plants of various suppliers based on the results of our analyses to investigate first hand the efforts they were making and explained our CSR assessment standards to them. It is our intention to expand our efforts in CSR procurement to suppliers with bases in Thailand and Indonesia.



Information session for suppliers in Shanghai, China

Promoting CSR activities around the world

Unicharm exhibits at the Eco-Products International Fair and the Shanghai World Expo

This year Unicharm made its debut at the Eco-Products International Fair held in Indonesia from March 4 to 7, 2010. With more than 90,000 visitors to the fair, one could not help but feel that there is a growing environmental consciousness among the people of Indonesia. In the current business environment in Japan where the ratio of overseas sales is increasing, it is essential for a company like Unicharm as a producer of consumer products to play an active role in environmental initiatives in countries where it promotes sales of its products. The Eco-Products International Fair proved to be an excellent opportunity to extend the reach of Unicharm's environmental efforts in Asian countries. At the fair we introduced environmentally-friendly products such as "Mamy Poko Pants Extra Soft" and "Charm Body Fit Maxi." "Mamy Poko Pants Extra Soft" diapers were reduced in thickness by 30% due to Unicharm's development an

innovative absorbent material, reducing the overall volume of materials used in manufacturing by 15%. In "Charm Body Fit Maxi, Unicharm succeeded in reducing the amount of pulp required in manufacturing by 8% while improving the overall performance of the product. Featuring these products, we introduced to visitors in a manner that was easy to understand Unicharm's initiatives in the development of products that are both eco-friendly and people-friendly. In the future, we will continue to introduce Unicharm's unique initiatives for the environment in a manner that all people can understand. Unicharm also had a booth in the Japanese Industry Pavilion at the Shanghai World Expo in China which opened in May. There we featured a range of products including "Sofy" and "Mamy Poko," which are already popular products in China. The Unicharm booth attracted a considerable number of local visitors.



Eco-products International Fair (Indonesia)



Shanghai World Expo Shanghai (Shanghai, China)

New development in incontinence care

Release of "Humany," a urine-aspiration robot

Unicharm actively promotes its health care business under the slogan "Aiming for zero bedridden patients" and strives to reduce the psychological, physical, and economic burden of nursing care. This is especially so in its efforts in fecal incontinence care. As part of its initiatives in this area, Unicharm and Hitachi, Ltd. launched a joint research project to develop an automatic urine collection system. In May 2009 the two companies established Unicharm Humancare

Corporation, a joint venture, and released "Humany," a urine-aspiration robot. This product received immediate acclaim from both providers and receivers of nursing care as a significant advance in lightening the carer's burden in fecal incontinence care and in liberating the receiver from complete dependence on nursing care. In the future, Unicharm will continue its wholehearted efforts to improve the quality of life for both receivers and providers of nursing care.



"Humany" the urine-aspirating robot. The use of this automatic urine collection system significantly reduces the number of diaper changes required. This innovative system not only lightens the burden of carers but also contributes to the environment by reducing the volume of waste.

Creating gentle care

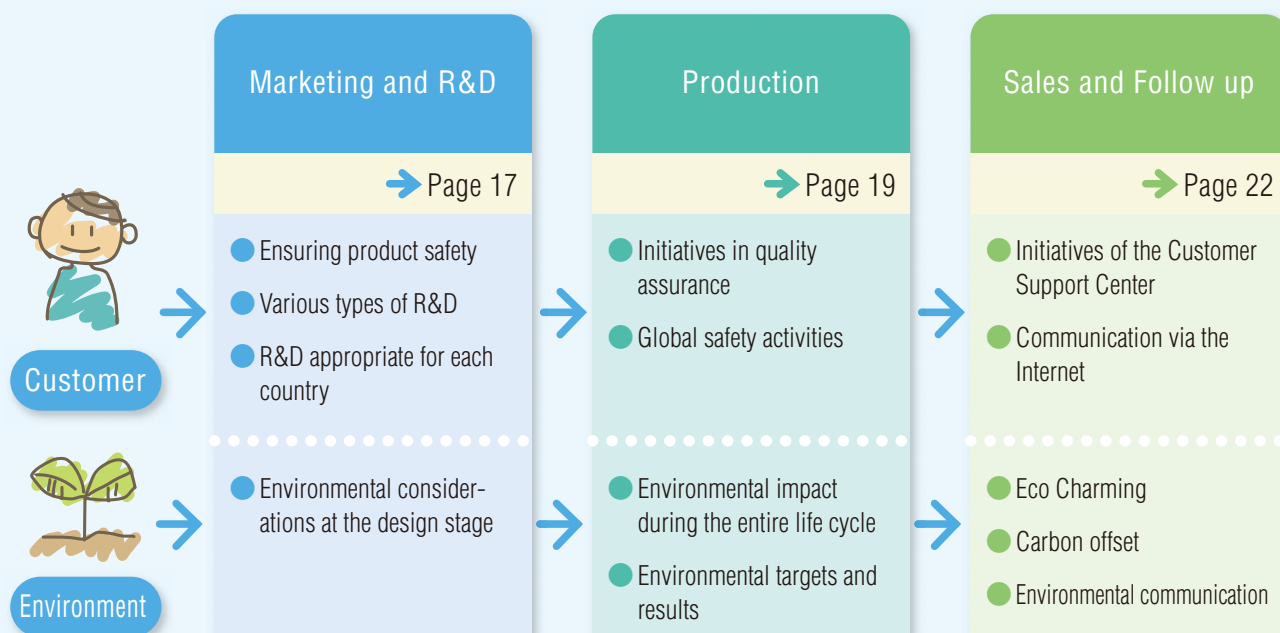
Contributing to society through our business

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 first-class products and services generates a feeling of genuine care that makes Unicharm a brand preferred by people all over the world.



The process of “Creating gentle care”



We put our sincere efforts into our daily business with the firm belief that continuing to provide our products to society is Unicharm's No. 1 priority in CSR. Making the everyday lives of people around the world more comfortable through Unicharm products that in itself, we believe, is "Creating gentle care." No matter what product we create, we take the time

and effort to listen to what our customers have to say and we create our products with a constant awareness of our environment. In the following pages we explain more about the efforts we make to care for people and the environment in each of our manufacturing processes.

Marketing and R&D



● Our view of marketing and R&D

Discovering the latent needs of customers from their daily lives

Our customers' wishes are our most important consideration in all business activities at Unicharm. We do not want to be known simply as a manufacturer of goods. We want to continue to be known as a "brand" a brand that is preferred by our customers because of their satisfaction with our products. Therefore, we understand that it is essential for us at all times to continue our efforts on behalf of our customers.

So that we will have accurate knowledge of the difficulties our customers encounter in their everyday lives when we are developing our products and so that we will have this vital knowledge well ahead of other manufacturers around the world, we listen carefully to what customers have to say on a daily basis and we diligently observe the situations where they use our products and the situations where they purchase products.

The fact is that our customers have latent needs that even they are not aware of, and our ability to identify these latent needs can lead to the discovery of potential "seeds" for the further growth and development of our business. For example, in Indonesia we were aware that even if customers with average incomes wanted to buy products of the same quality as those on store shelves in Japan, they would not be able to afford them. At the same time, irrespective of economic circumstances, parents' love for their children is the same the world over. With this understanding, we introduced "Mamy Poko Pants Standard" to make it possible for Indonesian parents who wanted to buy "nice things for their children" to be able to purchase disposable diapers at a reasonable price.

Our view is that if we are able to make products that please customers, we will receive the strong support of those customers. This motivates us to create products that will please our customers even more. Maintaining this continuous cycle where customer satisfaction renews our determination to create even better products, we believe, enables us to meet our customers' expectations and leads to our ongoing growth and development as a company.



Research and development at Unicharm



● Environmental considerations at the design stage

The environmental impact is checked at intervals through LCAs

We continually check the environmental impact of our products through life cycle assessments (LCAs). In this way we determine the environmental impact of our corporate activities throughout the entire life cycle of each product and strive to reduce that environmental burden from the design stage of a product.

Cooperation from our suppliers is essential in these activities, and many

of our suppliers cooperate in sharing information regularly at Unicharm's briefing sessions on quality policy which we hold every year.

In 2009 we began to compile guidelines outlining the LCA concept and method of calculation for our suppliers. Based on data we received from them and using one of our basic internal systems, we also devised a visual method of assessing product environmental efficiency to help simplify LCA calculations.

At present the number of target products is still limited but these efforts will gradually lead to the development of ecologically sound products as we expand the number of products.

Our continued ongoing efforts in this area are receiving recognition and this year we received an encouragement award at the LCA Japan Forum Awards.

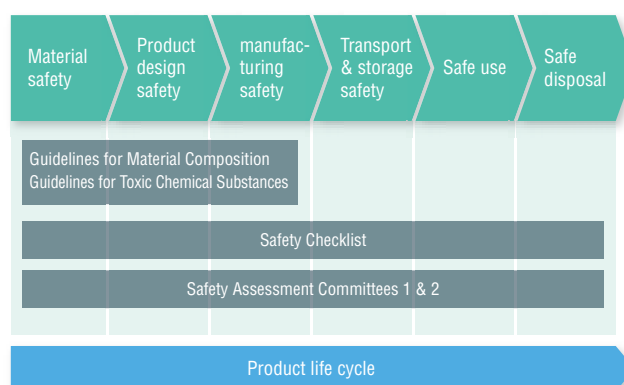


● Ensuring product safety

Establishing fail-safe guidelines Confirming safety in each manufacturing process

To provide our customers with safe products that they can use with peace of mind, comprehensive safety checks during manufacturing processes are vital. To prevent the commingling of chemical substances toxic to humans or the environment at the procurement stage, we established our Guidelines for Material Composition and Guidelines for Toxic Chemical Substances. The specialist departments of Unicharm conduct preliminary checks of all materials. During the developmental stage of products, the Safety Assessment Committee holds meetings once a month as a gateway check function. We conduct risk assessment evaluations on new materials and new structures, taking into consideration the possible misuse of these. To improve the accuracy of safety checks in product life cycles conducted by relevant departments, we compiled and put into operation a checklist of safety points to be confirmed without fail by the respective departments in charge.

● Safety assessment framework



Marketing and R&D



Our view of technological development

Reducing customer discomfort with products supported by technology

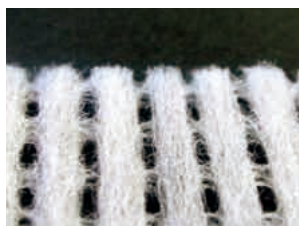
R, D and E (research, development and engineering) at Unicharm take place in a cross-organizational framework consisting of five business segments under an organizational arrangement that brings together the three areas of research, development and engineering. Aiming to transform people's "discomfort" to "comfort," we engage in basic research on a regular basis and continue to provide new and improved products based on the new technologies and materials which result from our research.



Examples of R&D

Eliminating unpleasantness through the development of new materials

As a leading company in feminine care, Unicharm conducts basic research on female menstruation on a regular basis. In 2007 we focused on the issue of discomfort due to itchiness, a common concern among women during menstruation, and we developed what we call "the FCL sheet," a third new material following on from Unicharm's previous innovative nonwoven sheet and mesh sheet, surface materials used by Unicharm in sanitary napkins in the past. In 2007 we released a new sanitary napkin called "Hada-omoi" based on this innovation. As a result of our proprietary method of production, the amount of menstrual blood that comes into contact with the skin is reduced to one-tenth (based on Unicharm's comparisons with existing sanitary napkins), making women's daily life during menstruation much more comfortable. This is one example of the ways in which Unicharm applies its proprietary technology to alleviating the burdens and discomfort people experience in the course of everyday life.



FCL sheet used in "Hada-omoi"

Cooperative research between academia and industry

Unicharm also actively engages in joint research with academia. In a joint research project with Tokushima University in 2006, Unicharm investigated the causes of heat rash which babies tend to suffer from in summer and identified the staphylococcus aureus bacteria as the cause. Based on this finding, Unicharm developed an antibacterial sheet which absorbs perspiration, inhibiting the growth of bacteria. Unicharm then developed products which incorporate the results of this research to eliminate the distress and discomfort experienced by babies and their mothers.

In 2007 Unicharm joined forces with Kansai Medical University to research the effects of children wearing masks during influenza outbreaks.

In a study undertaken with the cooperation of Ogu Miyamae Elementary School in Arakawa-ku, Tokyo, the project team was able to confirm that the incidence of influenza among children at the school was reduced to one-fifth as a result of the use of masks at school.



Researching the effects of wearing masks



Children wearing masks at school

Plans for Future R&D

In April 2009 Unicharm established an assessment method which can easily determine the stress level of babies on the basis of their amylase activity levels and announced the results of its research in May at the Japanese Society of Baby Science. Unicharm will continue to pursue the development of products to enrich the lives of customers around the world by engaging in basic research from various angles and incorporating the results into products as Unicharm's proprietary technology.



R&D appropriate for each country

Applying technology to suit the circumstances of each country

In Japan we engage in ongoing R&D to refine and develop functions for our products. We then use the results of this research, to develop various products to suit the particular conditions of the markets in the countries where they are sold. In this way we are able to offer products at a quality that can satisfy customers and at prices in line with their income.

For example, for "Mamy Poko Pants Standard," which we released in Indonesia, we decided to use a design for absorbing a large quantity of moisture based on results of the amount of liquid intake of babies and toddlers determined from a survey of local customers which we conducted. The average income of Indonesians is lower than that of Japanese and consumers are not in the habit of buying disposable diapers in quantity. In addition to these conditions, we also took into consideration the idea of providing a product at a low price but with all the essential functions and offering it for sale in units that would allow customers to purchase only the amount that they needed, even as a single item. As a result, the product sells well and enjoys wide distribution. In the future we will continue to pursue product R&D and provide products to suit the development of each region of the world accordingly.



Mamy Poko Pants Standar



Interior of a store

Production



Quality assurance concept and structure

Promoting uniform quality improvement through an ISO-based management system

We at Unicharm believe that quality management results in quality business, so we position our quality policy as our midterm business plan and we conduct both internal and external audits to confirm both the appropriateness and effectiveness of our quality systems. In addition to taking corrective and preventive measures as required, we also endeavor to make ongoing improvements to these systems. In our operations both in Japan and overseas we have obtained ISO9001 certification. We have also applied a comprehensive quality management system (QMS) based on this for all our operations from the marketing stage until delivery of our products. It is our intention to continue our ongoing proactive efforts to achieve uniform quality improvement globally.



Initiatives of Unicharm Products

Refining product quality at the production site and Improving the reproducibility of product specifications

As initiatives in the quality assurance of Unicharm Products, we undertake improvements based on defect information received from customers and data collected from periodic checks and inspections at our own plants. We generally approach improvement by considering issues from a “hard” and “soft” perspective, the former relating to matters such as management standards and work processes and the latter to aspects such as communication and corporate culture. At the same time we consider measures for preventing the incidence of defects and, should they occur, preventing their outflow from the production site.

As its own method of improvement, Unicharm Products establishes quality improvement measures according to UTMSS* activity themes. UTMSS is a system whereby each department and individual employee proactively undertakes improvement measures at every stage of the product from production to sales through to recovery in efforts to increase efficiency and produce better products. When a UTMSS topic is taken up, target values are set and plant-wide initiatives are launched. Although improvement in productivity is the theme generally selected, areas such as “visible management” and “standardization” are targeted in the company-wide activities and are also targeted for improvement to enhance the reproducibility of products so that “anyone without fail can perform the same operation.”

Activities undertaken at this time include, for example, standardizing labels on products or color coding labels to prevent errors, or they might include the revision of operations manuals and review of performance standards so that anyone can at any time can perform the same work tasks. At Unicharm we will continue on an ongoing basis to engage in activities to improve productivity and quality through practical initiatives including UTMSS improvement so that we can always provide products of a high standard and consistent quality to customers.

*UTMSS: Unicharm Total Management Strategic System



Unicharm Product initiatives in UTMSS



Global safety activities

Ensuring safety globally by setting company standards

At Unicharm's operations in China and Thailand, we conform to not only to applicable laws and industry standards regarding safety but we also apply our own company standards. Appropriate laws and ordinances have already been established in China so we focus on obeying those laws. We have had a safety framework in operation since April 2007 and for the most part our local office is the main body in charge of safety activities. In Thailand, on the other hand, there are no industry voluntary standards so product safety in that country is covered by existing laws and Unicharm's own corporate standards.

Global Safety Conference to achieve greater safety

We held a global safety conference in Japan in December 2009 to share information on safety and to promote greater safety in every country. Attending the conference were officers in charge of safety in Japan, China and Thailand.

The attendants at the conference joined in discussion and shared their views on issues such as different laws and regulations, industry trends and information on society in their respective countries. For example, on the topic of national standards for sanitary napkins and wet tissue in China, it was noted that China was raising its standards for disposable diapers. Issues such as misconduct and the government's handling of it in each country were also discussed.

The attendants also discussed issues in security in their respective countries such as procedures for safety checks of imports and exports and procedures for dealing with laws and regulations of countries other than the home country.

We plan to hold future global safety meetings on a regular basis and to include more countries. We will also broaden the discussion at such meetings to include initiatives in areas other than safety such as quality assurance and other issues.



Meeting during the Global Safety Conference



Officers in charge of safety from Japan, China and Thailand at the conference

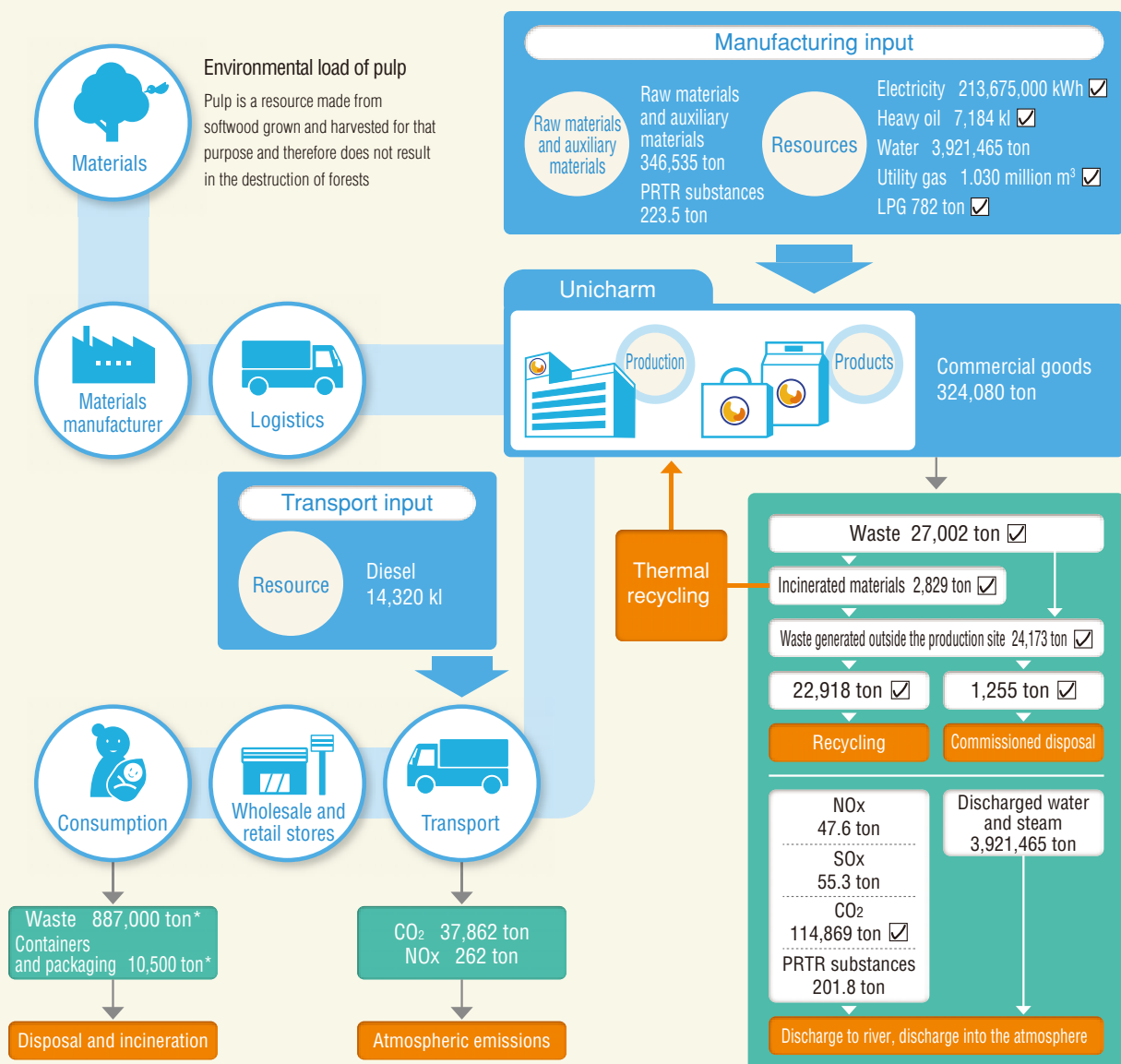
Production



Environmental impact during the entire life cycle

As a manufacturer of consumer goods, Unicharm uses resources in various ways in the course of its business activities which have an impact on the environment. As a manufacturer that uses resources and conducts business activities, Unicharm recognizes its responsibility to promote environmental improvement through all of our business activities throughout the supply chain from the procurement of materials, to the manufacture of our products, their transport, and their disposal after use.

Environmental impact during the entire life cycle



A check mark appears next to items that carry a third party guarantee (See page 31). ✓
 Calculation Period: April 1, 2009 to March 31, 2010
 Scope of Calculation: The following companies in the domestic Unicharm Group:
 Unicharm Corporation (Head Office, Development)/Unicharm Product Co., Ltd.
 (Fukushima Factory, Shizuoka Factory, Shikoku Factory)/Unicharm Kokko Nonwoven
 Co., Ltd. (No.1 Plant, No.2 Plant, No.3 Plant, Kokko Plant) Unicharm PetCare
 Corporation (Head Office, Development, Mie Factory, Itami Factory)/Unicare/Mieux
 Products Co., Ltd./Cosmotec Corporation
 policies and standards: Unicharm conforms to environmental laws and regulations, and

conducts calculations based on company regulations relating to environmental information management.

Explanatory notes:

1. Waste includes industrial waste, general business waste and sales material.
2. Estimates based on manufacturing results have been used for part of the waste
3. Figures for incinerated waste were estimated from operating conditions of the Fukushima Plant incinerator.
4. Figures for CO₂ emissions include CO₂ in clean water discharge.
5. Other fuels were not included in the aggregate calculation.



Environmental Targets and Action Plan

FY2009 results

In our environmental activities we set clear targets and set about achieving them by first tackling those important tasks that require priority handling. In fiscal 2009 we upgraded the air conditioning system at the Onohara plant by introducing a low-energy consumption system. This improvement and a review of processes in our production systems as well as other initiatives

enabled us to reach our energy conservation and CO₂ emission reduction targets. In addition to energy conservation and CO₂ reduction activities, we are moving ahead with basic improvement measures at the work site level centered on UTMSS improvement activities throughout the company.

Fiscal 2009 Targets and Results

theme	Category	Indicators	Target Year	Fiscal 2009 targets	Results for fiscal 2009	Assessment	Contributing factors & results
CO ₂ emissions	Company-wide	CO ₂ emissions (tons/ 100 million yen sales)	2000	-24%	-30.6%	○	Introduction of low-energy consumption system including air conditioning system upgrade
	Distribution	CO ₂ emissions (tons/ 100 million yen sales)	2006	-3%	-5.8%	○	Increase in the modal shift ratio
Waste reduction	Production	Total emissions of the three main bases	1999	—	-10.0%	○	Improvement in productivity
Resource recycling	Production	Recycling ratios of the three main bases	—	99% or over	98.9%	○	Increase in valuable resources
Eco products	Development	Ratio of eco products	—	55% or over	55.6%	○	Increase in Eco Charming mark products such as Moony

Assessment ○: Reached target △: below 100% to 70% of target ×: Under 50% of target

Revision of fiscal 2010 Mid-term Environmental Targets

In setting our mid-term environmental targets, we attempted to link and reinforce the targets with Unicharm's SAPS management methods. We formulate a mid-term business plan where we set mid-term targets three years in advance and to be able to respond quickly to changes in the social environment every year we review these targets as we roll out the plan. As we align the management of the entire company with environmental management, we will continue to establish our environmental targets in line with our rolling plan.

Thanks to having started our initiatives at an early stage, we achieved an approximate 26% reduction in CO₂ emissions compared with emissions in

2000 and achieved ahead of schedule the target we set in 2002 for improving CO₂ emissions on a unit per sales basis by 25% by the year 2010 by bringing forward. Following on from this achievement, we will set new targets and develop activities aimed at reducing the overall environmental load rather than reductions based on basic units.

At a time when all of society must make every effort to preserve our biodiversity, we plan to formulate a specific policy and activities that we will adopt as a corporate entity to do our part for the sake of biodiversity.

Target for 2010 and after

theme	Category	Indicators	Target Year	Fiscal 2010 targets	Fiscal 2012 targets	Issues to be Addressed
CO ₂ emissions	Company-wide Distribution	CO ₂ emissions (tons/ 100 million yen sales)	2000	-24%	-25%	Energy conservation initiatives from the production system design stage
Waste reduction	Production	Total emissions of the three main bases	2000	-8%	-10%	Measures to increase production, increase the ratio of valuable resources
Resource recycling	Production	Recycling ratios of the three main bases	—	99% or over	99% or over	Increasing the volume of valuable resources through further subdivision
Eco products	Development	Ratio of eco products	—	55% or over	55% or over	Increasing the number of Eco Charming products

Sales and Follow up



Initiatives of the Customer Support Center

Conducting education and training to improve customer satisfaction

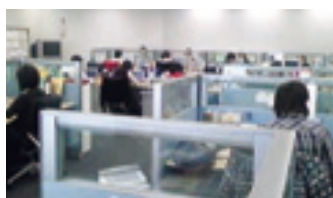
In recent years customer awareness of and concern for safety and peace of mind in regard to the use of products are increasing. Bearing this in mind, Unicharm places the utmost importance on responding to customers in a pleasing manner that will ensure their satisfaction with our products and services. At our Customer Support Center where we are in direct contact with our customers, it is essential for our staff to respond to customers with promptness and sincerity and to speak in a manner that is easy to understand. Therefore, it is both mandatory and urgent that we improve the skills of consultants and further improve the quality of our service. To address these vital areas, we have introduced various measures. For example, as professional training for our staff, every year we have external specialist instructors coach staff in speaking. We also provide inhouse training in manufacturing processes of the production site and the Business Division holds information sessions on new products at the time of their release. We are committed to the ongoing improvement of the abilities and skills of our employees.

In July 2006 Unicharm made an ISO10002 self-conformity declaration and in line with this we engage in appropriate customer activities as an entire company. As a process for responding to complaints, we have established our "Complaint Response Policy" which pledges to respond sincerely and promptly at all times to matters raised by customers, and all staff are thoroughly briefed in this policy through orientation and training.

Improved efficiency through the introduction of new systems

In January 2008 we introduced our "Smile System" for the integrated management and sharing of feedback from customers. The introduction of this system makes it possible to conduct direct searches of customer cases through the use of key words and to peruse, process, and analyze them. This provides a system whereby we can now review and reflect in our products information received from customers more effectively and systematically.

On an ongoing basis, we also hold professional training sessions for staff in our Customer Support Centers in China, Thailand, Taiwan and Indonesia based on an ISO10002 complaints management system and to improve their skills in handling customers. These are some of the ways in which we devote efforts to improving customer satisfaction as the Unicharm Group.



Customer Support Center

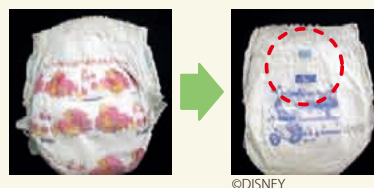
Reflecting in our products what our customers tell us

During fiscal 2009 we received 62,000 opinions and comments from our customers through the Customer Support Center. We relayed this feedback to each of our departments through weekly and monthly reports and we have been making efforts to reflect this feedback in our products and services. On two occasions we also conducted customer satisfaction surveys targeting those customers from whom we had received earlier feedback. Based on the

opinions and comments we received from these surveys, we reviewed the way we handle customer feedback and we are taking positive measures to improve our procedures. Following are two examples of how we responded to customer feedback.

Case 1 Torepan Man (Training pants product)

One customer told us, "All the packages look the same so it's hard to tell one size from the other. I would also like tape for wrapping up the diaper after use." In response to the customer's comment, we placed clearer indications of sizes on the packaging and provided tape for wrapping and sealing the diaper at the time of disposal.



©DISNEY

Case 2 Hada-Omoi (Napkin product)

Customers told us that it was difficult to distinguish the sizes of the sanitary pads just by looking at that them. To remedy this, we changed the color of the tape on the 23cm pad without wings to pink.



21cm without wings



23cm without wings



The opening tape was the same color on both sizes, so it was impossible to distinguish one from the other.



Communication via the internet

Providing helpful information about raising children and nursing care

Unicharm facilitates the communication of useful information about topics in everyday life through its information websites. At "Baby Town" and "Pre-Mama Town", women can exchange information about pregnancy, childbirth and raising children. Care Navi presents basic information regarding fecal care.



Baby Town



Care Navi



● Increasing the number of products bearing the Eco Charming mark

Raising awareness of the environment through Unicharm's independent initiative

To raise people's environmental consciousness, Unicharm created the Eco Charming mark as its own label for environmentally friendly products. The purpose of this mark is to facilitate customers' use of Unicharm's products as they make conscientious efforts to reduce their environmental impact.

In applying the Eco Charming mark, we adopted a rating system and display the mark only on those products which meet our environmental criteria. In addition to disposable diapers "Moony" and "Moony-Man" and feminine care "Charm Nap Anshin Slim", which previously qualified for the Eco Charming mark, in 2009 the number of products bearing the Eco Charming mark of Unicharm PetCare, a group company, increased to include "Deo-Sheet Kyoryoku Shoshu Power". In the future we intend to increase the number of products that qualify for the Eco Charming mark.



Eco Charming mark



Deo-Sheet Kyoryoku Shoshu Power



● Carbon offset campaign

Eco activities our customers can also be part of

Following on from our campaign in fiscal 2008, we once again ran our "Moony Carbon Offset Campaign" twice in fiscal 2009 to give mothers who are busy raising children the opportunity to be part of Unicharm's eco activities and to fulfill in part Unicharm's mission as a producer of consumables to help improve the environment.

The Carbon Offset Campaign from June 5 to July 10 enabled us to offset about 4,300 tons of CO₂. In the carbon offset campaign we ran from January to February in fiscal 2010, we applied our carbon offset to Japan's domestic credit scheme to assist in the reduction of CO₂ emissions in Japan as a country. To include as many mothers as possible in the campaign, we increased the target products to include all "Moony" and "Moony-Man" disposable diapers and offset the 1-kilogram of CO₂ generated per package of diapers from Unicharm's plant to the place of delivery. Thanks to the enthusiastic support of many customers, the campaign resulted in the offset of 2,285 tons of CO₂. In total, the three campaigns resulted in the offset of about 10,000 tons of CO₂.



Carbon offset campaign screen



● Environmental communications

Environmental Communication Awards 2009 Receiving the Outstanding Performance Award

The Environmental Communications Awards is an event sponsored by the Ministry of the Environment each year and this year marked the 13th year the event was held. Awards are presented for three divisions: the Environmental Report Division, Environmental Activities Report Division, and TV Environment Commercial Division. This year there were 419 entries and of these 31 entrants received awards.

Unicharm's entry was for the TV Environment Commercial Division and received an Outstanding Performance Award for its commercial advertising its "Moony-Man Carbon Offset Campaign".

Unicharm was selected to receive the award in recognition of its campaign catch phrases "For the future of our babies" and "Let's be thankful for these smiling faces" and its ability to offset carbon while promoting

convenience through disposable diapers that were thinner and reducing the environmental load.



At the Environmental Communication Awards Ceremony

Introducing eco products and environmental initiatives at the Eco Products exhibition in a way that is easy for people to understand

Unicharm exhibited its products at Eco Products 2009, Japan's largest environmental exposition. This was Unicharm's fourth time to present its products at this event and the Unicharm booth attracted a large number of visitors.

At the Unicharm booth we presented information on Eco Charming products that we have been promoting throughout the Unicharm Group, the innovative urine-aspiration robot "Humany" developed by Unicharm Human Care, the 3R (reduce, reuse, recycle) principles practiced at our plants, and our carbon offset initiatives.

In addition to having the opportunity to present our products to the public, Eco Products 2009 was an excellent opportunity for deepening our communication with our customers. During their visit to the booth, customers asked many questions and expressed opinions regarding our initiatives in waste after use of our products and about environmentally friendly features of our products. They also made requests about the initiatives they would like Unicharm to tackle in the future.



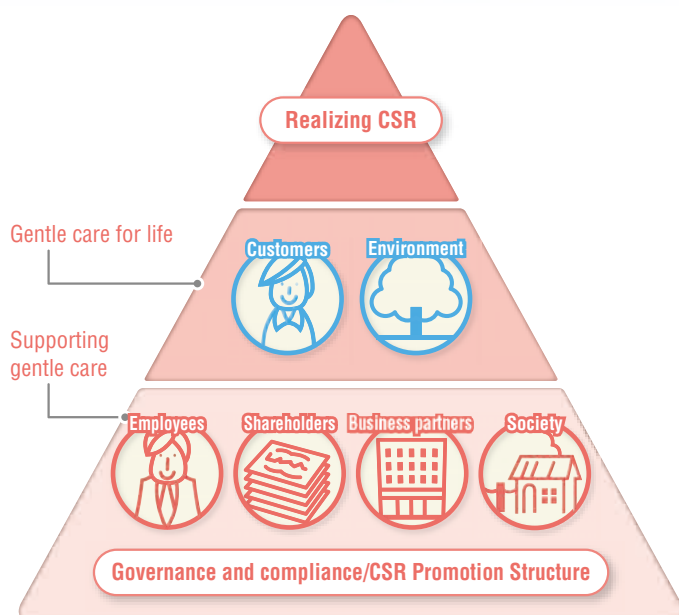
Eco products display

Supporting gentle care

Stakeholders and systems supporting our business

Unicharm sees its very business and the products it supplies to customers as its CSR.

Unicharm's efforts in CSR are supported by each and every one of its employees, its business partners and its shareholders.



Together with our employees

● View of personnel

Realizing the happiness of employees and their families

In its Human Resources Philosophy Unicharm clearly states "The foundation of the growth and advancement of a company lies in the growth and development of each and every employee that belongs to that organization. Therefore, the cultivation of its workforce is the most important management issue an organization must deal with." Unicharm has various systems in place to provide training and support to employees. We also devote time and effort to employee issues of high priority and solutions that provide high added value. We also take the time to review how we use our most precious resource time and consider how we can help each one to live more fulfilling, happier lives."

● Various support systems

Achieving a satisfactory balance in our working life and private life

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, and makes efforts through various initiatives to realize this. Following on from 2007, the Unicharm Corporation in 2009 again received a commendation from the Tokyo Department of Labor and in 2010 its subsidiary Unicharm Products received a commendation from the Kagawa Department of Labor as "a company supporting child-rearing." As a result, both were awarded the Kurumin mark as "family friendly" companies. In terms of creating a healthy balance between work and family life, Unicharm was recognized not only for ensuring that working hours were appropriate but also for creating an environment and culture where it was easy for employees to utilize available systems and for promoting an understanding of these through the dissemination of information in a special column of the company newsletter established for this purpose. Unicharm Products was commended for its family-oriented activities. During the school summer holidays each year, it holds a family visiting day at its plant where it opens its doors to welcome the families of employees for a tour of the plant. The promotion of family-friendly activities of this nature by Unicharm Products has led to an annual increase in the number of employees obtaining parental leave and taking advantage of shorter working hours to look after their young children. Unicharm is committed to assisting parents raise their children and to creating a strong corporate culture that places importance on both the home and the workplace of its employees and can provide to them the support they require.

Kurumin mark



Efforts to eliminate overtime and support shorter working hours

Unicharm has established one day a month as a "no overtime day" and makes it a rule that all employees in principle leave work on time on that day. In measures to further address the issue of long working hours, Unicharm in consultation with labor and management also introduced a range of procedures to discourage a culture of working excessively long hours. These procedures include reinforcing the time management of senior managers through the introduction of internet-based rosters, a system requiring advance requests for overtime on ordinary work days, and a system for obtaining approval to work on weekends or public holidays from the union.

committee chairperson. These measures were introduced to provide opportunities for Unicharm management and employees to review the way they work and the way they use time and to increase productivity. Unicharm will continue to make ongoing efforts to promote the safety and well-being of its employees and to create a vibrant workplace where they can work with energy and enthusiasm.

Flexible working arrangements and special support

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 juror Unicharm provides paid leave to employees selected as juror so that they may participate in these civic duties without worry. Unicharm also introduced a system of providing paid leave to bone marrow donors to encourage employees to participate in 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 scheme 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.

Increasing the Number of Senior Experts

Unicharm is committed to creating a workplace environment where all employees may work with peace of mind. This also applies to employees after mandatory retirement. In fiscal 2002 Unicharm introduced its Senior Expert Employee Scheme as a system for rehiring employees after they reach the mandatory retirement age of 60. In fiscal 2009, 10 out of 14 employees (70 %) who reached mandatory retirement age during the year opted to accept positions under this scheme and today, as models for Unicharm's younger employees, enthusiastically contribute their valuable experience and know-how to the workplace.

Employee education and training

Programs to extend the talents and abilities of employees

Unicharm has developed a number of special programs for extending the skills of employees to enable them to fully 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, and management training, Unicharm also provides leadership training programs through the Unicharm Business College and Senior Board activities. Unicharm also creates opportunities for staff to further their own learning and skills through self-enrichment programs. In cooperation with a number of other companies Unicharm has organized a curriculum centered on workplace exchanges where employees have the opportunity to experience first hand work activities at companies of other industrial sectors.

Initiatives in Employee Health

Various support schemes for promoting the physical and psychological well-being of employees

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 provides at the company expense regular breast cancer screening and pap

smears for female employees as active measures to encourage regular health check ups and health measures which will 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, following on from our workshop at Sales Headquarters in 2008, we held our second Mental Health Workshop in 2009, this time at Operations and Sales Headquarters to enable managers and supervisors 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.

Grand Sports Festival in Shikoku

Every year in early November the Production Department (Production and Development) holds a large-scale sports festival which centers on the participation of the company's younger employees. Many of the employees' family members also participate in the sports events of the festival, which also features a number of original events that are sure to cause a few laughs and perhaps a few tears. Among these are the bread-eating competition open to all participants, the "managers' relay" that puts the division managers' endurance to the test, and the employees' food stalls. In 2009 over 1,400 employees and their families participated in the festival, which seems to have become established as an opportunity for fostering a sense of community between the organization and families. In a questionnaire survey completed by participants at the end of the festival 77 % of the respondents stated that the festival "increased the sense of togetherness." Participants at the sports day festival, also raised 51,864 yen to support the Pink Ribbon fund for breast cancer.



Grand Sports Festival in the Shikoku area



Pink Ribbon fund-raising event at the Grand Sports Festival in the Shikoku area

Global Human Resource Managers Conference

Sharing information with human resource managers from around the world

In September 2009 we held our sixth Global Human Resource Managers Conference. Fourteen managers from six countries attended the three-day conference and took part in lively discussions on various topics centered on case studies relating to personnel matters. At the end of the conference the managers expressed satisfaction with the activities of the meetings, commenting that they learned a lot from the case studies presented by other countries and that the level and quality of the meetings had improved since

the fifth conference the previous year. All of the participants vowed to take home and put into practice the valuable information they gained during the conference.



Participants in the Global Human Resource Managers' Conference

Governance and Compliance

Promoting Governance and Compliance

Concept of Governance and Compliance at Unicharm

Unicharm pays particular attention to ensuring each of its employees fully understands the meaning of governance and compliance and how they apply to fulfilling Unicharm's corporate social responsibility. Under our CSR Promotion Structure (See page 28), we conduct company-wide training to promote the understanding and practice of governance and compliance.

Business Continuity Plan Initiatives

Measures to minimize the effects of seasonal influenza to maintain business continuity

To ensure the stable, ongoing supply of products to our customers, the uninterrupted continuation of our business activities irrespective of the surrounding conditions is vital. Unicharm has an obligation to provide an environment where its employees can perform their work in safe and healthy conditions. In efforts to fulfil this obligation and in recognition of its social responsibility as a manufacturer of hygiene products including masks, in 2009 Unicharm implemented a range of measures to prevent the spread of influenza and safeguard the health of its employees.

Influenza vaccine inoculation

In 2009 we subsidized influenza vaccine shots for not only full-time employees but also contract, part-time, and temporary employees. About 95% of all employees took advantage of the subsidy of up to 3,000 yen and, with the exception of employees with pre-existing health conditions and employees on long-term business assignments overseas, had received influenza shots by December. Although this preventive measure on its own did not result in a zero-incidence of influenza (including the H1N1 virus), additional vigilant measures including weekly checks to make sure employees had received their flu shots resulted in preventing the spread of infection within the departments where there had been an incidence.

Further preventive measures through e-learning

In November 2009, Unicharm launched e-learning as an effective means of disseminating important information to all employees regarding the prevention of the H1N1 virus including information on preventive measures adopted by the Company. By December, less than one month after the launch of the program, 92% of all employees had completed the e-learning program. Thanks to this program, we were able to integrate Company measures to prevent the spread of infection and information and standards regarding those measures. In the next fiscal year we intend to make information about services available to families of our employees through the company intranet network. We intend to continue drawing up business continuity plans that will include measures for preventing influenza and to ensure that they are understood and implemented accordingly throughout the Company.

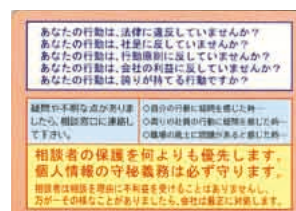
Ring-ring Employee Hotline

Ongoing efforts to raise employee awareness of our support service

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 counselling on issues related to sexual harassment. In fiscal 2009, the hotline responded to one to two calls a month on average.



Ring-ring Hotline card



CSR employee training

Learning about CSR through CSR Report reading sessions

CSR training is part of the professional training of every employee at Unicharm. In the course of their CSR training, employees learn about the Company's CSR activities and their role in these activities. In fiscal 2009, lectures and training sessions in CSR were held as part of the induction of new employees and as professional development training for employees at every level.

During the year we also set aside time at weekly SAPS meetings to read the CSR Report in small groups. The purpose of these sessions was to help employees better understand Unicharm's CSR activities through discussion, to instill in them a sense of pride in their company, and to remind them of the social responsibility they have in regard to their work. Through discussion of the contents of the report in light of issues in their respective divisions, employees had the opportunity to reflect on the operations of their divisions from the perspective of CSR.

The small group sessions were well received by employees. Among their comments were:

- I learned that it is essential for us to set high standards in quality and adhere to them if we are to achieve our mission
- Taking a close look at product development made us consider the impact products have on the environment and on customers.

We intend to continue to increase opportunities for CSR employee training with the hope of instilling in each employee a strong commitment to CSR.



CSR Report reading session

Together with Our Business Partners, Shareholders and Investors

● Customer satisfaction through cooperation with our business partners

Initiatives of Sales Headquarters

During the year we held two information sessions to introduce our new products to our business partners including both wholesalers and retailers. In recent years the market in Japan has been contracting as a whole due to a decline in population. Against this backdrop, Unicharm sees increasing the total assets of the industry as an important part of its mission, and at the product information sessions we put forward proposals and ideas for structural reforms and the creation of new demand in our industry based on stable prices. For example, we proposed a concept of a "Feminine Care Freshness Zone," for the mature market of feminine care products as a sales corner in stores to promote high value-added products. For our products in the health care category, which is a growing market, we proposed setting up two separate sales areas, one for mild incontinence and one for health care Activities of Daily Living including general counseling to make choosing products easier for our customers.

Initiatives of the Operation Sales Headquarter

In cooperation with staff from the Julien Nursing Home, a special nursing home for the aged and one of Unicharm's business partners, research personnel from our Fecal Incontinence Care Research Center took part in a joint study to improve the methods of care and assistance in promoting normal bowel movements of the elderly. Aiming to improve the quality of life for receivers of care for fecal incontinence, the study assessed the residents in terms of discomfort they felt during bowel movements due to physical disorders and prepared individual care plans for each. As a result of the study, the participants became capable of bowel movements free of discomfort. Afterwards we published and distributed to Unicharm's business partners throughout Japan the "Report on Practical Toilet Care", a report based on the study at the Julien Nursing Home which includes various toilet care programs and monitoring results of physical exercise to promote normal bowel movements. It is hoped that what was learned through the study might be of assistance in some way to those involved in the care of persons with incontinence problems.

Initiatives in logistics

At Unicharm we have been making ongoing efforts to reduce the environmental impact of our operations in the area of logistics. In fiscal 2009, the extended transport of our products from our Fukushima plant to the Kyushu Front Distribution Center by sea, which Unicharm has been using for some time, was assessed and accredited with an Eco-Ship Mark by the Ministry of Land, Infrastructure, Transport and Tourism. The implementation of 22 measures to reduce CO₂ in cooperation with our logistics partners also enabled us to cut CO₂ emissions further, so that in total we reduced CO₂ emissions by 5.8% compared to fiscal 2006 emission levels. In the future, we will pursue logistics as a target area for reducing the environmental impact of our business activities by coordinating our activities more closely with our logistics partners.



Eco-Ship Mark Awards Ceremony

● Concept concerning shareholders

Among the industry's highest achievers in terms of 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 2010, Unicharm paid a full-year dividend of 70 yen, a year-on-year increase of 16 yen.

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. For further details, please visit the Investor Relations section of our website.

Unicharm receives "Best IR Award" from the Japan Investor Relations Association

Unicharm for the first time in 2009 received a Best IR Award from the Japan Investor Relations Association (JIRA). This award, which is one of JIRA's Prime Business Awards, is presented to companies for their efforts in IR activities that have been judged as outstanding by market stakeholders and analysts. Unicharm's top management was recognized for providing disclosure of IR information including overseas information in a timely and clear manner. It is our intentions to maintain close communication with our shareholders and investors in the future.



Awards Ceremony for the Best IR Prime Business Award



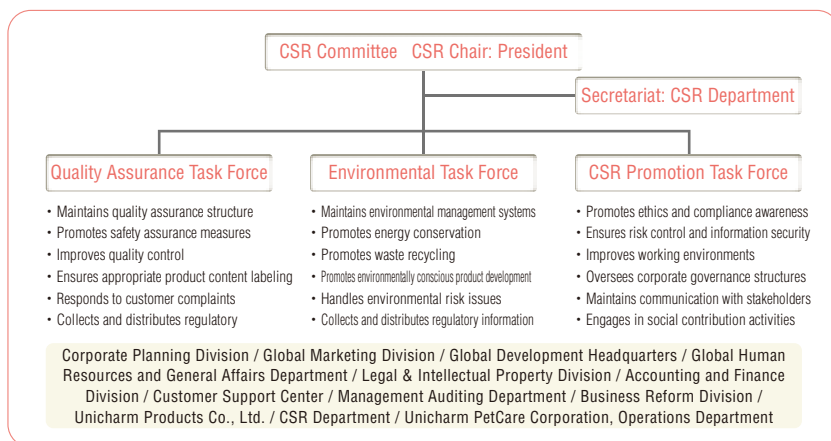
CSR Promotion Structure

● CSR Committee

Establishment of a cross-organizational 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 groupwide CSR activities.

● Cross-organizational structure which supports Unicharm's CSR

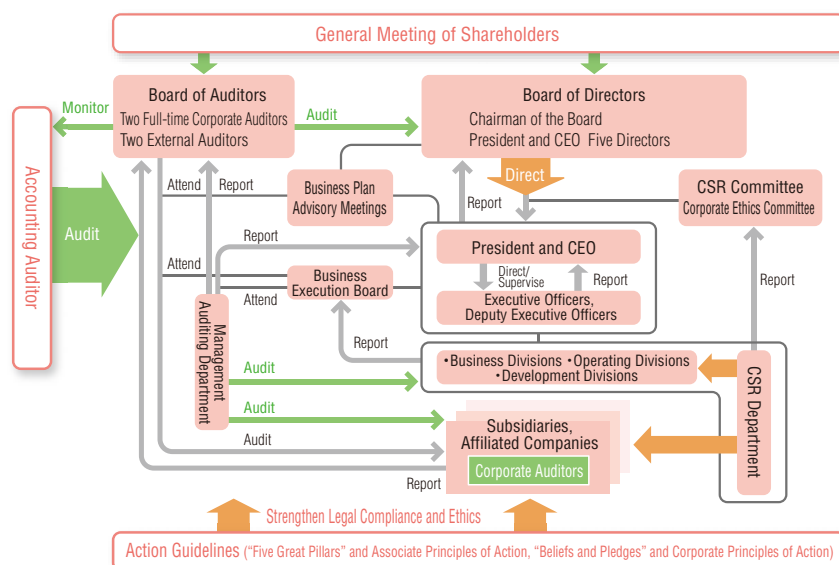


● Corporate Governance System

Reinforcing the corporate governance system to achieve the Unicharm Ideals

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

● Corporate Governance System



● Concept of Compliance

Compliance based on corporate ethics and corporate philosophy

"Compliance" in the broadest sense means conforming laws and ordinances but compliance in the Unicharm Group means more than that. In addition to conforming to the law, we see compliance as the promotion of honest corporate management based on corporate ethics and a corporate philosophy. We translate into practice the action guidelines of the "Beliefs and Pledges" (see page 8) we developed in fiscal 2005 and revised in 2009. As a group, we also provide employees training in "The Unicharm Way" as well as in important procedures such as those described in our Information Security Policy statement and Crisis Communication Manuals. We will continue to promote a universal understanding and practice of compliance in

the Unicharm Group through such approaches.



Manuals on compliance

Internal Auditing

Unicharm has been reinforcing its internal control system and internal control environment to ensure that we can continue to enjoy the trust of our stakeholders. In fiscal 2009 we expanded the role of the Internal Auditing Division and changed the Internal Auditing Office to the Management Auditing Department. We also introduced auditing based on a risk approach in both our overseas subsidiaries and subsidiaries in Japan.

We have also established the Operations Process Auditing Group to take charge of internal control under the Financial Instruments and Exchange Law and this group has contributed to the accuracy of our financial reports.

Again in 2010 we intend to strengthen internal control which will support structural reforms and the creation of new demand creation, which are two target areas of our basic plan under the Global 10 Plan.

● Revision of the Basic Environmental Policy and Environmental Action Guidelines

Unicharm established its environmental policy in 2000 and its environmental action guidelines in 2001. In 2009 Unicharm updated both the policy and guidelines to reflect recent changes in the environment and at the same time set down the guiding principles in both documents in a way that Unicharm's aspirations and initiatives for the environment would be readily understandable to all employees so that as individuals they would recognize their relevance in their own lives and incorporate them in their daily work and conduct.

Unicharm will ensure that all employees within the Company are thoroughly familiar with the Basic Environmental Policy and the Environmental Action Guidelines and will continue to promote its 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 regarding the environment and through our corporate activities 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 ongoing development of a sustainable 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 reduce our use of valuable resources!
- Let's widen the circle of (broaden) our efforts to improve the environment!
- Let's learn more about environmental issues!
- Let's increase productivity!
- Let's eradicate waste!

Together with the community (society)

● Concept of Corporate Social Responsibility

Aiming to be a company that is loved and welcomed by people

The very nature of Unicharm's business requires that we contribute to society and we take deep pride in having the opportunity to be able to provide to people not only in Japan but also in Asia and the rest of the world a sense of comfort, excitement, and joy. For our part, we want to make a contribution to society by participating in various social activities related to our core businesses in communities in various countries and to be a company loved and welcomed by people in societies.

● Pink Ribbon Campaign by products

Unicharm supports the Pink Ribbon Campaign which seeks to promote breast cancer awareness by communicating to women the importance of early detection and early treatment. In October, we launched sales of our "Sofy" and "Silcot" products with a limited Pink Ribbon design and a percentage of the sales of these products was donated to the "Smile to Eliminate Breast Cancer Fund." The Company and Company union cooperate in bearing the cost of breast screening and other gynecological tests for female employees. A Pink Ribbon fund has also been established within the company and has received the ardent support of 196 employees. "One-click" fundraising* of participants from outside the company and donations from our three plants succeeded in raising a total of 2,297 million yen (192 % increase from the previous year). In October, employees also took part in the Pink Ribbon Smile Walk which was held in Tokyo and Kobe.

* Visitors to the Unicharm website have the opportunity to help raise funds for the Pink Ribbon Campaign by simply going to the fundraising corner on the site and clicking on the designated spot to show their support. Every time a customer clicks, Unicharm donates 1 yen.



Employees take part in the Smile Walk

● Pink Ribbon Campaign by products

In 2009 Unicharm welcomed students from high schools around Japan to our Mita headquarters as part of their study to become familiar with corporate activities and operations. With the cooperation of the CSR department and the Customer Support Center, the students had the opportunity to learn about the CSR activities of the Unicharm Group and how the Company handles customers. After listening to talks by Unicharm staff, the students toured the Customer Support Center. The visit was beneficial in deepening their understanding of the Unicharm Group.



Students from Hikami High School, Hyogo Prefecture



Students from Hita High School, Oita Prefecture

List of booklet and website contents

Chapter Title	Item	web	booklet	page
Company Profile	Company Profile		●	P2
Editing Policy	Editing Policy		●	P3
Message from the President	Message from the President	●	●	P4-5
	Unicharm Ideals	●	●	
Business Operations	Introduction of business operations		●	P6-7
	Introduction of main products		●	
	Financial Data		●	
Features: Global Expansion of the Unicharm Vision	Global deployment of CSR based on our Global 10 Vision	●	●	P8
	Unicharm's Corporate Philosophy Framework	●	●	
	"Beliefs and Pledges" and Corporate Principles of Action	●	●	
	"Five Great Pillars" and Associate Principles of Action	●	●	
	Message of the General Manager, CSR Department	●	●	P9
	Participation in the United Nations Global compact	●	●	
	History of the global development of Unicharm	●	●	P10
	Message of the General Manager, Corporate Planning Division	●	●	P11
	Global Business Indicators	●	●	
	Current global development and the future	●	●	P12-13
Topics in CSR activities*	Contribution to society through our core business	●	●	P14-15
	Promotion of CSR procurement	●	●	
	Promoting CSR activities around the world	●	●	
	New development in fecal incontinence care	●	●	
Gentle care for life.	Our view of marketing and R&D	●	●	P17
	Ensuring product safety	●	●	
	Strengthening labeling procedures through the Safety Assessment Committee	●		
	CSR patrol	●		
	Our view of technological development	●	●	P18-19
	Examples of R&D	●	●	
	R&D appropriate for each country	●	●	
	Quality assurance concept and structure	●	●	
	Initiatives in Unicharm Products	●	●	
	Global safety activities	●	●	
	Initiatives of the Customer Support Center	●	●	P22
	Training for the Customer Support Center	●	●	
	Reflecting in our products what our customers tell us	●	●	
	Communication via the internet	●	●	
	Complaint Response Policy	●		
	Initiatives of the Complaint Response Committee	●		
	Smile System	●		
	Initiatives for an Ageing Society	●		
	Contribution of "Lifree"	●		
	Fecal Incontinence Care research Center	●		
	Home Care Promotion Department	●		
Environment (Website: Together with the global environment)	Environmental considerations at the design stage	●	●	P17
	Environmental impact during the entire life cycle	●	●	P20-21
	Environmental Targets and Action Plan	●	●	
	Increasing the number of products bearing the of Eco Charming mark	●	●	P23
	Carbon offset campaign	●	●	
	Environmental communications	●	●	
	Promotion of an environmental consciousness through environmental education	●		
	Environmental auditing for the prevention of environmental risk and improving performance	●		
	Prevention of global warming and energy conservation measures	●		
	Promotion of effective use of resources and recycling	●		
	Initiatives to reduce toxic chemical substances	●		
	Water quality, soil contamination, and foul odors	●		

*CSR activity topics can be found on each related page on our website.

Chapter Title	Item	web	booklet	page
	PCB storage	●		
	PRTR substances	●		
	Report on the activities of the Working Group for Environmental Product Measures	●		
	Report on the activities of the Working Group for Energy Conservation Measures	●		
	Site data	●		
	Dispatch of COP 15 junior reporters	●		
Supporting gentle care	Our view of personnel	●	●	P24-25
	Achieving a satisfactory balance in our working life and private life	●	●	
	Efforts to eliminate overtime and support shorter working hours	●	●	
	Flexible working arrangements and special support	●	●	
	Increasing the Number of Senior Experts	●	●	
	Employee education and training	●	●	
	Various support schemes for promoting the physical and psychological well-being of employees	●	●	
	Grand Sports Festival in Shikoku	●	●	
	Global Human Resource Managers Conference	●	●	
	Human Resource Philosophy	●		
	Respect for human rights	●		
	Company-wide safety meeting	●		
	Open-day at the plant for employees' families	●		
	Various backup systems for the sake of diversity	●		
	Assisting employees achieve self-fulfillment	●		
	Personnel-related data	●		
	Promoting Governance and Compliance	●	●	P26
	Business Continuity Plan Initiatives	●	●	
	Ring-ring Employee Hotline	●	●	
	CSR employee training	●	●	
	Establishment of an internal control system	●		
	Initiatives for raising compliance consciousness	●		
	Thoroughness in information security	●		
	To respond promptly to crises	●		
	To protect our intellectual property	●		
	How we view our business partners	●		P27
	Initiatives of Sales Headquarter	●	●	
	Initiatives of the Operation Sales Headquarter	●	●	
	Initiatives in logistics	●	●	
	Information session on our quality policy	●		
	Quality auditing	●		
	Among the industry's highest achievers in terms of return on investment	●	●	P27
	Our basic policy for returning profits to our shareholders	●	●	
	Information disclosure for our investors	●	●	
	Unicharm receives "Best IR Award" from JIRA	●	●	
	CSR Committee	●	●	P28-29
	Corporate Governance System	●	●	
	Concept of Compliance	●	●	
	Internal Auditing	●	●	
	Structure for promoting environmental activities	●		
	Revision of the Basic Environmental Policy	●	●	
	Concept of Corporate Social Responsibility	●	●	P29
	Pink Ribbon Campaign	●	●	
	Hosting Visits	●	●	
	Donation of disposable diapers for adults and masks	●		
	Company-wide "eco cap" promotion	●		
	Donations of calendars and notebooks	●		
	Booth at the "Waku Waku Festa 2009" in the castle town of Tanagura	●		
List of booklet and website contents	List of booklet and website contents	●	●	P30
Third Party Auditor's Report	Third Party Auditor's Report	●	●	P31
	CSR Accounting	●		
	Survey Results of the CSR Report 2009 Survey		●	enquete



Information about the Internet Version of the CSR Report 2010

<http://www.unicharm.co.jp/english/csr>

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

Features of the Internet Version of the CSR Report 2010

- With a view to providing complete information to our stakeholders, our disclosure of information includes a large number of topics based on GRI guidelines.
- The report has been compiled to facilitate searching for information to enable quick access to the topical information
- We are constantly uploading the latest CSR information to disclose information in a timely manner.



