

# CSR Activity Report 2015



# Overview of Unicharm Group

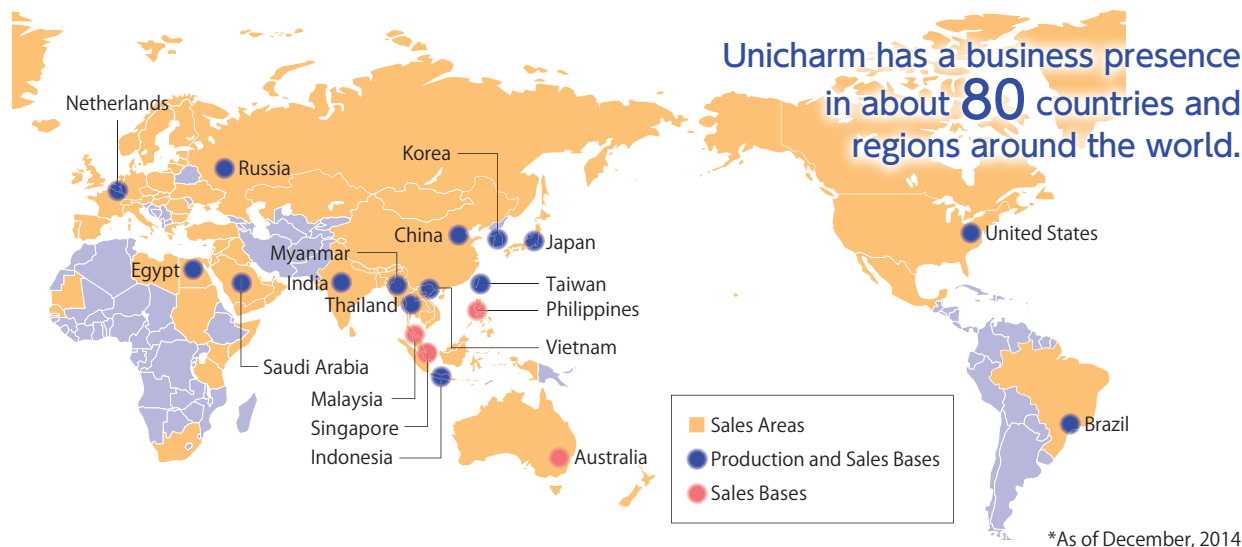
## Company profile

<b>Corporate Name</b>	Unicharm Corporation UNICHARM CORPORATION
<b>Date of Establishment</b>	February 10, 1961
<b>Capital</b>	15,992 million yen (as of December 31, 2014)
<b>Number of Shares Issued</b>	620,834,319 (as of December 31, 2014) (post share-split)
<b>Head Office</b>	Sumitomo Fudosan Mita Twin Bldg. West Wing, 3-5-27 Mita, Minato-ku, Tokyo, Japan
<b>Registered Company Office</b>	182 Shimobun, Kinsei-cho, Shikokuchuo-City, Ehime, Japan
<b>Number of employees</b>	13,901 (on a consolidated basis as of December 31, 2014)
<b>Listed Exchange</b>	First Section of the Tokyo Stock Exchange
<b>Business Lines</b>	Manufacture and sales of: Baby and child care products Feminine care products Health care products Clean & fresh products Pet care products
<b>URL</b>	<a href="http://www.unicharm.co.jp/">http://www.unicharm.co.jp/</a> <a href="http://www.unicharm.co.jp/english/index.html">http://www.unicharm.co.jp/english/index.html</a>

## Primary Consolidated Subsidiaries and Affiliates

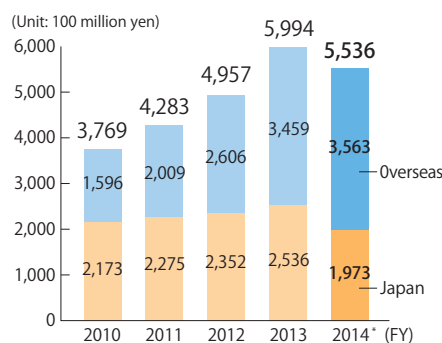
<b>Japan</b>	Unicharm Product Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm Mölnlycke K.K.
<b>Overseas</b>	United Charm Co., Ltd. (Taiwan) Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. (Korea) PT Uni-Charm Indonesia (Indonesia) Uni.Charm Mölnlycke B.V. (Netherlands) Unicharm Consumer Products (China) Co., Ltd. Unicharm Consumer Products (Tianjin) Co., Ltd. Unicharm Gulf Hygienic Industries Ltd. (Saudi Arabia) Unicharm India Private Ltd. (India) Unicharm Australasia Pty Ltd. (Australia) Diana Joint Stock Company (Vietnam) The Hartz Mountain Corporation (United States)
<b>Other</b>	34 companies (as of December 31, 2014)

## Production and Sales Areas

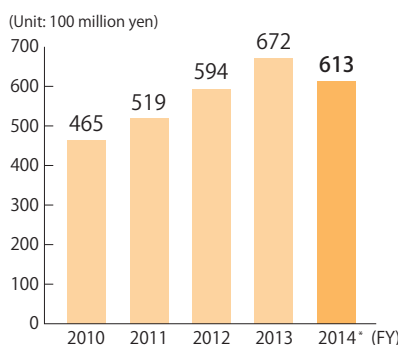


## Main Business Indicators

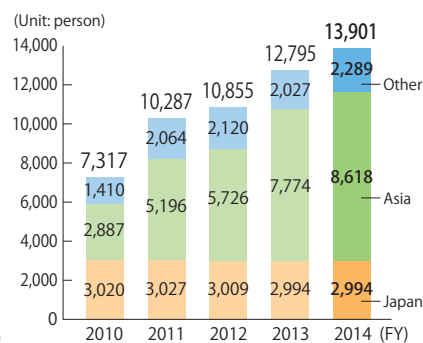
### Consolidated net sales



### Consolidated operating income



### Number of group employees



\* FY2014 was an irregular nine-month period due to a change in the company's fiscal year

## Editorial Policy

### In preparation for the “CSR Activity Report 2015”

This document has been prepared as Unicharm Group's Corporate Social Responsibility (CSR) report. This report reaffirms that our CSR is the fulfillment of our corporate philosophy “NOLA & DOLA”\*, and presents how we practice CSR through our business activities. This year, in addition to social issues such as “super-aging society” and “making life better for people living in Asia by reducing the burden of their daily life”, the progress of our initiatives for the “environment” was reported in detail.

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

We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you go through our “Integrated Report 2015” as well as the newly published update summary, and provide whatever any frank opinions and comments you may have.

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

## Contents

### Areas Covered

Business operations, CSR vision, activity goals, organizational structure, business performance, accounting data, etc. This report presents details of results for FY2014 as well as the latest information for the early part of FY2015.

### Organizations

Unicharm Group companies are shown on a consolidated basis. Details of companies mentioned in the environmental activity report can be found on the Unicharm website.

### Intended Audience

All Unicharm stakeholders inclusive of customers, employees, business partners, shareholders, and society in general

### Period

April 1, 2014 to December 31, 2014 (including some activities prior to and after the above period, as well as future targets)

### Reference Guidelines

- GRI Sustainability Reporting Guidelines Version 3.1
- 2012 Environmental Reporting Guidelines of the Ministry of the Environment
- ISO26000

### Date of issue

May 31, 2015. Next date of issue: May 2016

### Available at

- CSR & Environmental Information on the Unicharm website

### Role of this activity report



This activity report focuses on topics of concern that the company would like to particularly share with its readers and stakeholders in this year's edition. Please refer to our website for the full report.

## Contents

Overview of the Unicharm Group .....	2
Editorial Policy/Contents .....	3
Message from the President .....	4
Unicharm Group's CSR .....	8
Introduction of Business Activities .....	10
Feature Topic 1 Making Life Better for People Living in Asia by Reducing the Burden of Daily Life .....	12
Feature Topic 2 Responding to a Super-Aging Society .....	16
Feature Topic 3 Environmentally Friendly Manufacturing .....	20
Continuing to Provide Reconstruction Support to the Disaster-affected Areas from the Great East Japan Earthquake .....	22
Unicharm Group's Primary CSR Themes and Major Indicators (KPI) .....	24
Along with Our Customers .....	28
Along with the Environment .....	32
Along with Our Employees .....	36
Along with the Society .....	40
Along with Our Business Partners .....	42
Along with Shareholders and Investors ..	43
Management .....	44
Third Party Assurance Report .....	46
List of Contents/	
List of Awards and Commendations Received in Fiscal 2014 .....	47

For more information about our CSR activities, please contact:

Corporate Social Responsibility Division (CSR Division)  
TEL: +81-3-6722-1041 (Direct Line) FAX: +81-3-6722-1018

For general corporate information, please contact:

Public Relations Group, Corporate Planning Division  
TEL: +81-3-6722-1019 (Direct Line)

• For investor relations, please visit:  
<http://www.unicharm.co.jp/ir/index.html>  
<http://www.unicharm.co.jp/english/ir/index.html>



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

### Another year of record sales and operating income

In the fiscal period ended December 31, 2014, Unicharm reported net sales of ¥553.6 billion and operating income of ¥61.3 billion. The period under review was a nine-month transitional period due to a change in our fiscal year-end, but in real terms, it marked the 13th straight year of record net sales and the eighth successive year of record operating income.

Overseas, we implemented aggressive marketing campaigns with a focus on China, Indonesia and other markets in Asia. This drove steady growth in the Asia

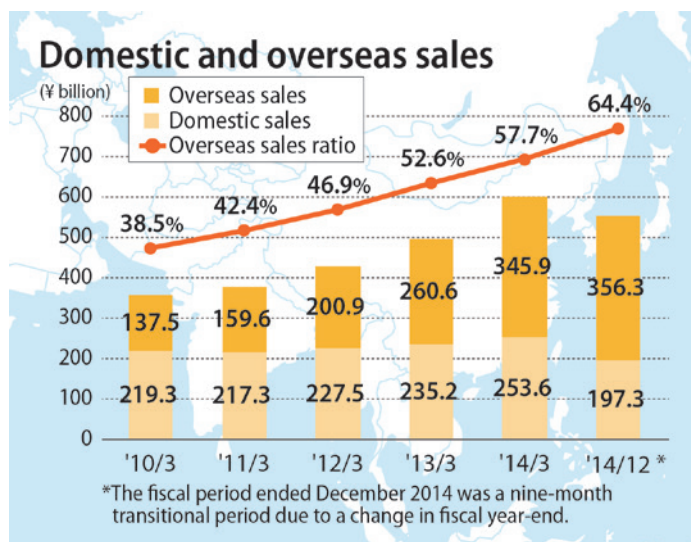
region's share of net sales. As a result, overseas sales now account for 64.4% of consolidated net sales, up 6.7 percentage points year on year.

Earnings in Japan were solid, supported by strong demand for high value-added products in the personal care and pet care businesses, as well as efforts to improve profitability.

For fiscal 2015 ending December 31, 2015, the entire Unicharm Group will continue to work on delivering another year of record net sales and operating income.



**Takahisa Takahara**  
President and CEO



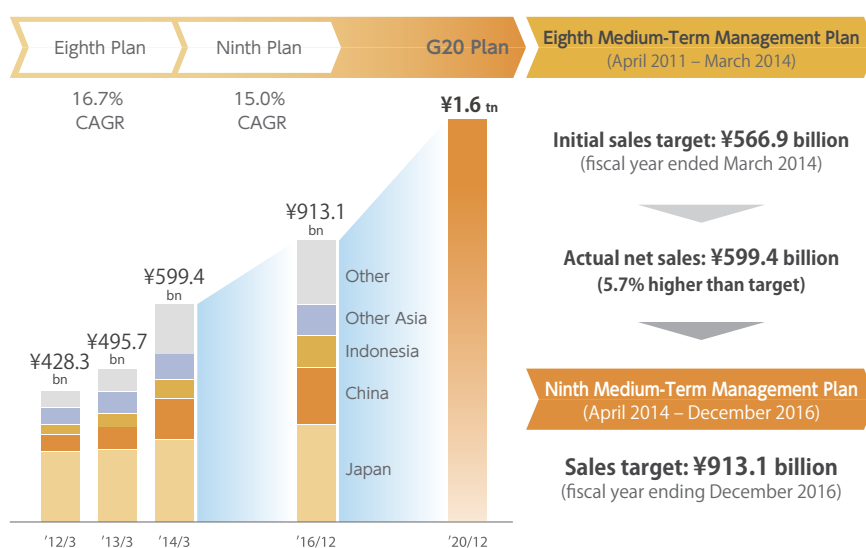


## Working toward the goals in our ninth Medium-Term Management Plan and G20 Plan

We see the potential for continued strong growth in target business fields worldwide in both advanced and emerging markets. Supported by these conditions, we aim to accelerate the globalization of our business to drive rapid growth. This objective is incorporated into our ninth Medium-Term Management Plan and our long-term vision, the G20 Plan, both released in April 2014. Under the G20 Plan, we are targeting consolidated net sales of ¥1.6 trillion, average annual sales growth of 15%, an operating margin of 15% and ROE of 15% by 2020. To achieve

those targets, the ninth Medium-Term Management Plan calls for net sales of ¥913.1 billion in fiscal 2016, ending December 31, 2016. As a stepping stone toward these goals, we forecast consolidated net sales of ¥760 billion and operating income of ¥86 billion in fiscal 2015, ending December 31, 2015. That means we are aiming for double-digit growth in net sales and profits in both Japan and overseas.

We will continue to strengthen strategy implementation in our core business areas and regions in order to attain our management targets.



**G20 Plan targets: ¥1.6 trillion in consolidated net sales in 2020**



### Responding rapidly to changing markets through close contact with consumers

In emerging markets, demand for disposable diapers and feminine care products is expanding rapidly due to rising incomes. Against this backdrop, our goal is to build a dominant market share in the fast-growing Asia market. In Asia, where there are still low levels of market uptake and usage for disposable baby diapers, feminine care products and adult incontinence care products, we are expanding our supply framework to prepare for further growth in demand. Two years ago, we opened a factory in Surabaya, Indonesia, last year we opened another in Yangzhou, China, and we are currently building our second factory in India, a country with a vast population. The new factory, located in the south of the country, is scheduled to start production in the first half of fiscal 2015.

In Japan, as part of ongoing efforts to offer new value propositions, we launched smaller diaper sizes for new-born infants in response to rising numbers of babies with low birth weights.

In autumn 2014, in the key Chinese market, we launched new high-quality disposable diapers that offer even higher levels of peace of mind and safety. These new products have proven to be very popular with consumers.

By continuing to create close links with customers, we plan to quickly identify changes in the market and use that information to rapidly launch and promote new products that address those changes. Leveraging strengths built up in Asia, we aim to increase our presence in the global market by extending our sales reach into Africa, South America and other areas with the potential for growth in demand.

In advanced markets and some countries in Asia where populations are also aging, we will reinforce our pet care and health care businesses, two areas where demand is likely to expand over the medium and long term.

### Our mission is to help improve quality of life for people worldwide

All the products we supply are vital to making everyday life cleaner and more hygienic. Our mission is to provide these products to people worldwide to help raise quality of life. In 2006, we declared our support for the United Nations Global Compact and we have also given our backing to the United Nations Millennium Development Goals. We are now striving to achieve the principles of both programs.

Many people in emerging markets still live in unhygienic conditions, as they are unable to buy disposable diapers or feminine care products. Using the expertise we have accumulated through our operations in Japan, we are providing products and services tailored to conditions in each country and region. These products are supplied to consumers from local factories, which we also use to actively provide employment opportunities for local women. Together with various Unicharm-sponsored awareness programs, these efforts are aimed at raising living standards for women in emerging markets, helping them to take a more active role in society. In advanced markets, societies are expected to age rapidly. In Japan, where population aging is more advanced than in other countries, we have used our position as a leading

company in the industry to encourage wider uptake and greater awareness of products such as light incontinence products, as part of efforts to extend the healthy life expectancy of elderly people.

In Asia, where population aging is also becoming a challenge, we plan to actively raise awareness of related issues by transferring our Japanese care model to other Asian markets. In countries with different values to Japan, this will mean actively communicating the merits of our care model, such as the positive economic impact of giving the elderly greater independence, rather than restricting them to bed, and the hygienic and economic benefits of using adult incontinence care products. Our approach also reduces the burden on carers and the people receiving incontinence care, helping to resolve issues that prevent elderly people in society today from leading independent, comfortable lives.

As part of ongoing efforts to extend the healthy life expectancy of elderly people, we will continue to create new products and address the issue of aging in pets – which are now often regarded as members of the family – in order to create a symbiotic society where people can live long and rich lives with their pets.

## Paying stable returns to shareholder

At Unicharm, one of our top priorities is to return an appropriate level of profits to shareholders. We believe it is important to pay stable returns while at the same time strengthening the Company to boost earnings and actively investing in our business to drive growth.

For the fiscal period ended December 31, 2014, we plan to pay a year-end dividend of ¥6.40 per share, after taking into account the stock split conducted last year.

In fiscal 2015, in accordance with our shareholder return policy, we will put priority on business investment to deliver sustained growth, while continuing to pay a stable and sustained dividend in line with medium- to long-term growth in consolidated earnings. Where necessary, we also intend to increase the total shareholder return ratio by conducting share buybacks on a flexible basis. We intend to pay a full-year dividend of ¥14.80 per share for fiscal 2015.

## Building a stronger more global business structure

We are striving to make our business more global by giving overseas subsidiaries more power. To support this move, we need people who understand Unicharm's DNA, corporate culture and business strategies. We are actively sending our best people, who often have over 20 years of experience working for Unicharm, to overseas business sites to ensure our corporate DNA takes root.

We have already made progress in strengthening corporate governance, such as introducing an executive officer system to separate management

oversight and executive functions, but we intend to build on this progress by adopting a committee-based system of corporate governance (company with audit and supervisory committee) on May 1, 2015. This new system will strengthen oversight of the executive functions of the Board of Directors and bring outside directors into the management process to increase transparency and efficiency. Our main objective is to ensure we satisfy the expectations of all our stakeholders in Japan and overseas from a global perspective.

## Targeting sustained growth by responding accurately to changes in our markets

One of our goals is to help improve quality of life for people everywhere, but to do this, we also need to maximize earnings. It is vital that we respond flexibly to changes in population trends and consumer lifestyles from a long-term perspective, to ensure we remain successful in an increasingly competitive global market. By integrating closely with local markets, we will be able to rapidly identify changes in the operating environment and trends at our

competitors. This will help us to make decisions on the best time to launch products and reinforce our manufacturing framework. Using this approach, we aim to continue delivering record profits and achieve the goals in our ninth Medium-Term Management Plan and G20 Plan.

I look forward to the continued support of all our stakeholders as we take on the challenges ahead.

March 2015

President and CEO

高原 豪久

Takahisa Takahara



# Unicharm Group's CSR

## Unicharm Group's CSR is to Implement

### Integrating CSR with Our Businesses

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

#### ◆ Unicharm's Corporate Philosophy System



Corporate Philosophy  
**NOLA&DOLA**

From newborn infants to the elderly, Unicharm aims to provide people with products that provide physical and psychological support through gentle care so that they may be free of their burdens to fulfill their dreams.

#### The Unicharm Ideals

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

(Established in 1974)

"Beliefs and Pledges" and Corporate Principles of Action

"Five Great Pillars" and Associate Principles of Action

### CSR Promotional Structure

#### ● Established cross-organizational CSR structure

Unicharm has established a structure to implement and promote smooth CSR activities in order to meet our stakeholders' expectations. Our "CSR Committee" is a cross-organizational structure for the support of CSR, chaired by our president. The committee meets four times a year to discuss and share CSR-related activities.

#### ◆ Cross-organizational structure to support and promote Unicharm's CSR

Chairman of the CSR committee: President Takahara

Committee's secretariat: CSR Division

ISO26000  
Core Subjects

Core Themes

Organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development

Compliance, risk management, respect for human rights, employee-friendly workplaces, occupational health and safety, human resource utilization, CSR procurement, environmentally-friendly product development, environmental management, product quality improvement, customer satisfaction improvement, social contribution activities

### Reference Framework for Unicharm's CSR Strategy

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

#### UN Global Compact



Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and 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.

UN Global Compact's 10 Principles

Environment	Principle 7: Businesses should 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.

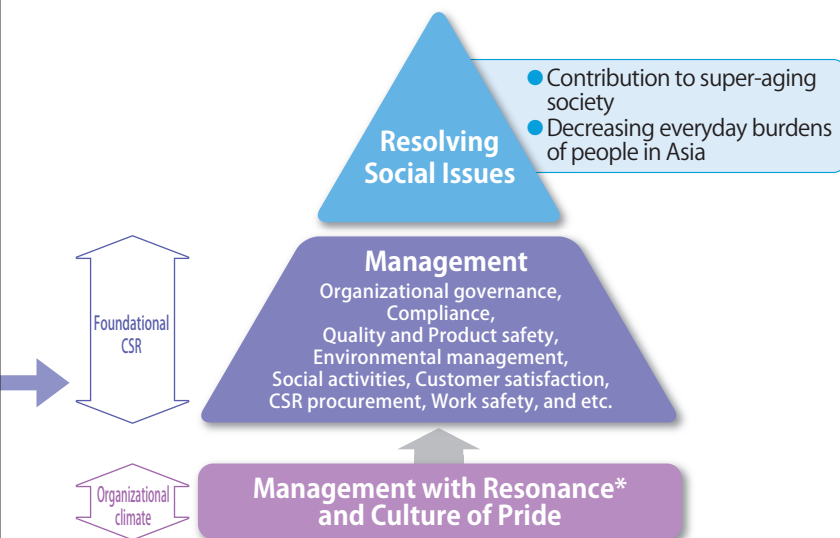
#### UN Millennium Development Goals



GRI Guidelines



# the Unicharm Philosophy



\* Management with Resonance: To realize our corporate philosophy of "NOLA & DOLA", we practice business management in which each employee can be a focal point of innovation through her or his own labors, each and every movement more greatly resonates and influences others company-wide, and each employee's vision can be actualized. This is the type of corporate culture we foster.



**Eiji Ishikawa**

General Manager, CSR and Global R&D Divisions  
Director, Managing Executive Officer  
Unicharm Corporation  
Representative Director and President  
Unicharm Products Co., Ltd.

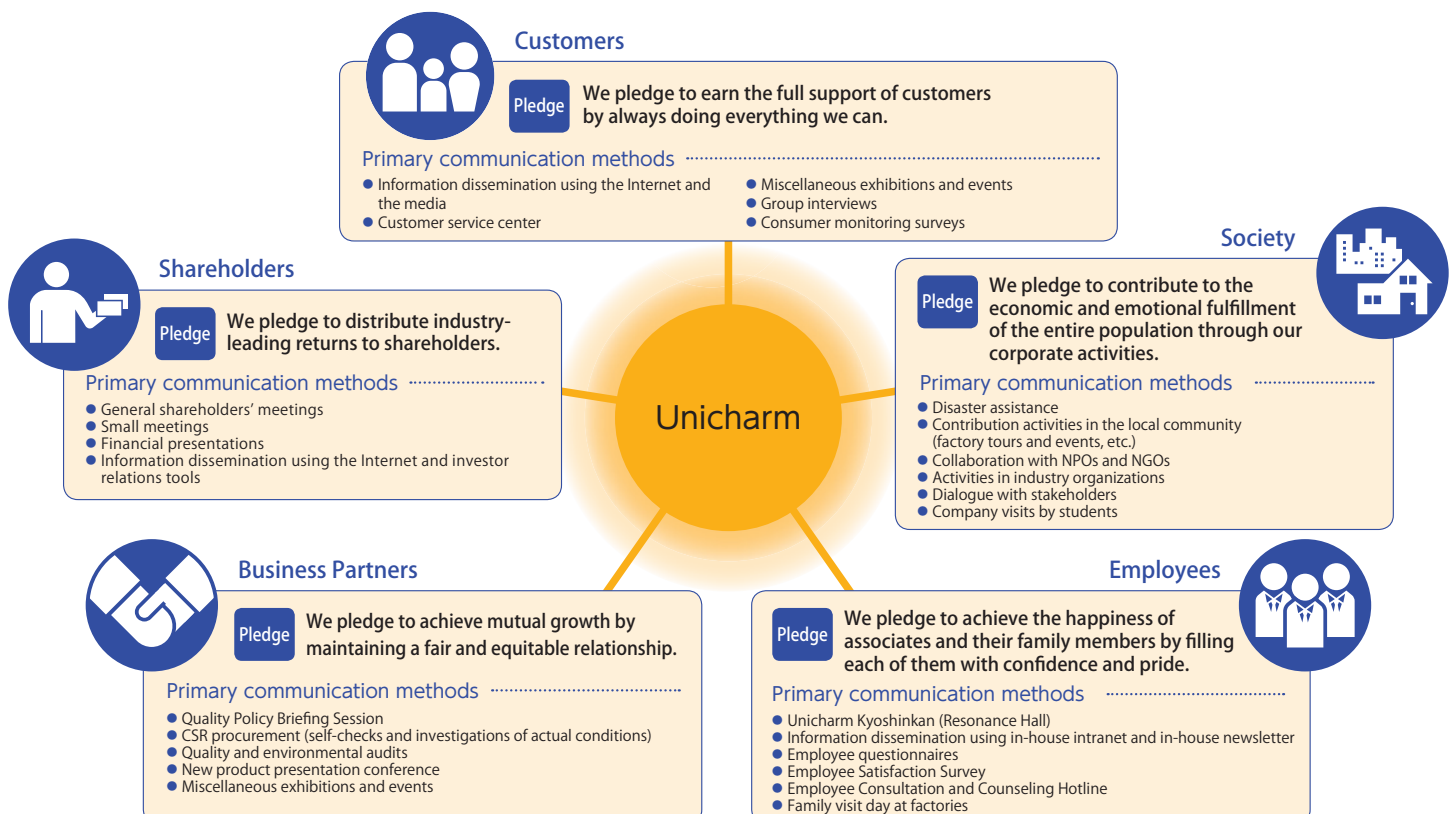
Unicharm is a multinational corporation that supplies disposable diapers and feminine hygiene products to more than 80 countries and regions around the world. Through our business activities of manufacturing, marketing, and supplying products to consumers locally, we are making a difference in the lives of children, women and the elderly living in these countries and regions by delivering added peace of mind, comfort and health. I'm also proud of the fact that Unicharm's business activities contribute a great deal both directly and indirectly to employment opportunities in these areas.

Going forward, Unicharm will continue to carry out activities through its businesses that will help society grow sustainably. This includes solving various social issues such as women's advancement in society, declining birthrates and aging populations in developed countries, worldwide environmental issues as well as poverty and hygiene issues in emerging countries all of which are deemed to be global issues.

Unicharm will continue to work hard to gain the trust and support of its stakeholders as it continually fulfills its mission as a company indispensable in society.

## Relationship with Stakeholders

Unicharm pledges to undertake honest and trustworthy corporate activities toward its customers, shareholders, business partners and society under its "Beliefs and Pledges" and Corporate Principles of Action, and encourages two-way communication with its stakeholders by providing a wide range of dialogue opportunities.



## Introduction of Business Activities

# Comfort and Affluence for People All

### Unicharm's five business divisions deliver gentleness

We hope that people lead sound and healthy lives from the day they born into this world. To realize this hope, Unicharm's five business divisions of Baby and Child Care, Feminine Care, Health Care, Clean & Fresh, and Pet Care deliver a wide range of products and services for various generations by utilizing the technologies we have developed in the manufacturing of non-woven fabrics and absorbent materials.



#### Baby and Child Care Business

Best lineup of products for fast growing babies and children

**Business philosophy** Child-rearing life improvement company

**Launch of the business** 1981

Our Baby and Child Care Business' philosophy is to make social contributions by improving our customers' child-rearing experiences through deep understanding of parent-child relationships and to continue to provide products with new value. In Japan, we receive wide support for two brands: "Moony," with functional innovations to accommodate growth, and "Mamy Poko," focused on fun. We also provide diapers of our global brand "Mamy Poko" for babies overseas from East/Southeast Asia to Middle Eastern countries.

**Product lineups**

Moony  
©DISNEY



Mamy Poko  
©DISNEY



Mamy Poko

#### Feminine Care Business

We support women's positive activities

**Business philosophy** We make women's comfort a science, so that we may create freedom for women

**Launch of the business** 1963

Our business philosophy is "making a women's comfort a science so that we may create freedom for women." Our Feminine Care Business always identifies women's needs of each era from women's standpoint, and continues to offer high-value hygiene products and services incorporating advanced technology and ideas. In Japan, we produce feminine products with an understanding of women's minds and bodies under the brand names of "Sofy," "Center-in," and "Charm-nap." We actively develop "Sofy" as a global brand overseas, which has received high evaluations from women in various countries including East and Southeast Asia.

**Product lineups**



Charm-nap



Sofy





# Over the World

## Health Care Business

For a society of joyful living, for the elderly and for everyone

Business philosophy

Pursuing the joy of living

Launch of the business

1987

Our Health Care Business includes two business areas: the AI (Adult Incontinence) Business and the mask & medical business. Our AI business respects the dignity and independence of people who experience incontinence, and offers the best products and care system services under the "Lifree" brand in order to improve the QOL (Quality of life) of all people involved in nursing care, whether at home or in a hospital/nursing home. Our mask & medical business offers products with non-woven fabric as the core technology to protect people's health and contribute to public hygiene, from household use to hospital/nursing home and industrial use.

Product lineups



Lifree



Lifree for institutional use



超立体 超快適



Chorittai Ultra 3D Shape Mask and Chokaiteki Ultra-Comfort Mask



Lifree

## Clean & Fresh Business

Creating a comfortable environment for people, things, and places

Business philosophy

Creating a comfortable environment for people, things, and places

Launch of the business

1974

Our Clean & Fresh Business offers cleanliness, hygiene, and a fresh feeling, and creates a comfortable environment with non-woven fabric processing technology as our core technology. Wave is a surprisingly easy cleaning sheet for living rooms, the "Silcot" brand features highly functional pre-moistened wipes and high quality makeup puffs, and "Fresh Master" is a freshness maintaining sheet used for commercial trays and mats. Our products are loved by many for their functions and quality.

Product lineups



Wave



Silcot



CookUp



Fresh Master for commercial use



## Pet Care Business

Making people's life with their pets more comfortable

Business philosophy

Making your pets' life comfortable through health and cleanliness

Launch of the business

1986

So that your pet can live a long, healthy and active life in a clean environment, among the numerous pet-related businesses Unicharm Pet care focuses especially on "pet food for good health" and "pet toilet products for a clean living environment". We aim to provide new satisfaction for dogs and cats. We provide various products to contribute to your comfortable life with pets, including pet foods with good taste and nutrition, "Aiken Genki" and "Neko Genki", and pet toilet care sheets and pet disposable diapers utilizing our nonwoven cloth and absorbent material technologies.

Product lineups



Aiken (Dog) Genki



Deo-Sheet



Deo-Toilet



Manner Wear



Gin no (Silver) Spoon



Deodorant Beads



Hartz





## Unicharm continues to support women's social involvement

Here at Unicharm, we hope to realize each person's dream by providing products that physically and mentally relieve various burdens, for everyone from babies to the elderly.

We hope to make contributions to the realization of comfortable and abundant lives for Asian women, who will become increasingly active and vibrant in their respective societies.

Unicharm seeks to develop and implement a variety of measures to support women in their countries and communities.

↖ Women workers wearing abaya (black over-garments) for the photo shoot.

### Background

**We are committed to addressing various issues surrounding Asian women - one by one - and seeking solutions through our main business activities.**

There is a variety of problems surrounding economic situations and living conditions for women all over Asia. In South Asia, including India, and the Middle East and North Africa, including Saudi Arabia, the difficulty in finding employment opportunities is a reality for women.

Unicharm has been working to realize better lives for women by providing products and services, creating working opportunities and engaging in educational activities, in consideration of the characteristics of each country and region, based on the know-how established through our business

activities in Japan.

In 2012, our activities were officially recognized as a project responding to the Business Call to Action (BCtA) initiative of the UNDP to contribute to the achievement of Millennium Development Goals (MDGs), which aimed at solving various issues all over the world by 2015.

Unicharm will consistently continue to seek out and implement the ways in which we can contribute one by one.



## UN Millennium Development Goals (MDGs)

### 8 Goals



**Goal 1** Eradicate extreme poverty and hunger



**Goal 2** Achieve universal primary education



**Goal 3** Promote gender equality and empower women



**Goal 4** Reduce child mortality



**Goal 5** Improve maternal health



**Goal 6** Combat HIV/AIDS, malaria and other diseases



**Goal 7** Ensure environmental sustainability



**Goal 8** Develop a global partnership for development

### Our Activities

#### Support women's social involvement in Saudi Arabia

In the past 50 years, since the launching of our business in the production and sales of feminine napkins, we have never wavered in our goal of "transforming women's discomfort to comfort." We have also been supporting the social advancement of women in Asia through our business activities throughout Asia, as has been done in Japan during the same period.

In Saudi culture, women are not supposed to talk to or even be in the same room with men outside the family, which makes it especially difficult for women to work. We therefore came up with an idea that by establishing a women-only plant where women could work without coming into contact with men, Unicharm



# Asia by Reducing the Burdens of Daily Life



Thailand: Production line where women work



Vietnam: Women's sales and delivery team



Saudi Arabia: Staff at our women-only plant



Indonesia: Female operators

could provide job opportunities for Saudi women, just as Thailand and Indonesia, and built a new production site exclusively designed and reserved for female employees in Saudi Arabia in May 2012. The efforts we made were not limited to making the production areas where women work off-limits to men, but included the creation of a delivery location that is separated by shutters, to accommodate the situations in which female employees need to interact with men, such as delivering documents and products.

In 2014, in addition to increasing the number of woman workers, we strived to improve their productivity by clarifying the objectives of each woman worker. To improve product quality, female leaders trained their junior staff on quality control and skills improvement. Furthermore, we created a working environment for women with disabilities.

Our activities in Saudi Arabia have been highly regarded by Saudi government officials and business circles. Our activities to support the social advancement of Saudi women have also been recognized in Japan, and Unicharm received the corporate category award, a new division created in 2014, of the Nikkei Social Initiative Award, an award to recognize companies and organizations engaged in noteworthy initiatives to develop socially-responsible business practices.



**Aameena Al Shamari**

Supervisor  
Unicharm Gulf Hygienic  
Industries Ltd.

## I realize the value of working

In Saudi Arabia, many women still struggle to find job opportunities. I myself never would have dreamed about working until very recently. I didn't realize the beauty of working until I actually started working. I feel thrilled when I see the products that we produced on the shelves and people actually buying them, and excited when my friends and family appreciate the products. I appreciate the opportunity to work and I feel proud to be a member of Unicharm.

## Support Asian women's social involvement at production sites and storefronts.

In Indonesia, Unicharm has been working to provide clean and safe living environments through our main business activities. Most Indonesian mothers usually use cloth diapers for their newborn babies. In order to educate new mothers on hygienic child rearing by using disposable diapers immediately after the birth of their babies, our female staff members make repeated home visits one after another.

In Vietnam, many female staff members are active in the combined roles of sales and delivery. At the factories that produce disposable diapers and sanitary napkins in Thailand and Indonesia, many female staff members work as packagers and equipment operators.



**Evayanti**

Supervisor  
PT Uni-Charm Indonesia

## We get together as a solid team to engage in educational activities

Unicharm Indonesia has been engaged in educational activities to encourage raising babies in a hygienic environment. Our staff make home visits to educate individual consumers on hygienic child rearing by using disposable diapers immediately after the birth of their babies. They use motorbikes as their main means of transportation, but during the rainy season the heavy rain worsens the conditions of streets, making their job harder. Nevertheless, they encourage each other to work together to spread hygiene education to as many child-raising mothers as possible.







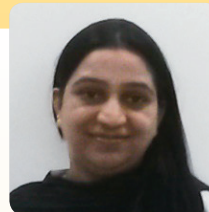
### To realize social advancement and more active lives for women "First menstruation education" in India

In India, superstitions restricting the activities of women during their menstrual periods still strongly continue to exist. In 2013, Unicharm started its "first menstruation education" program in India, in which we provide accurate information about the physical realities and proper care during menstruation, in cooperation with the Japan International Cooperation Agency (JICA) and local NGOs. Through this program, we aim to realize the goal that female students can comfortably and hygienically go about their regular activities with confidence during their menstrual periods.

During the past two years, since the launch of this program, now known as "Managing Menstruation – My Pride," our menstruation education has reached about 30,000 female students around Delhi. It was essential to earn the trust of each school in order to promote this program, and cooperation with local NGOs was a big help. Medical doctors and healthcare professionals from NGOs also participated in the program to answer various questions that students usually hesitated to ask even to their parents.

This program has been highly appreciated by many school officials. Some feedback from schools includes: "it was a valuable program respecting interactive communication" and "students could enjoy the comprehensive and easily understandable lecture." "I understood how sanitary napkins work and the importance of using them during my menstrual periods," said one of the participating female students.

Unicharm would like to support women's social advancement, allowing them to hold their heads high without being held back by menstruation. The attitudes of the Indian female students who completed the "Managing Menstruation – My Pride" program, giving full attention to their bodies, became a bright hope for us.



**Gummaluri Anuradha**

Unicharm India Private Ltd.  
Assistant manager, CSR division

Through the "Managing Menstruation – My Pride" program in India, students came to think about how they spend their time during menstruation periods and became able to properly deal with their menstruation, including going to see the school nurse as appropriate. We received a lot of favorable feedback from participating school teachers and students, including the remark that "the workshop was carried out with scientific and easily understandable words in order to clear away the superstitions and doubts about the sensitive issue."

The goals of the program are to change women's attitudes so that they become able to go about their regular activities regardless of their menstruation periods, and the promotion of financial independence for women in India. We hope that more women in India will be able to lead hygienic and healthy lives by properly using sanitary napkins.

Introducing disposable diapers that gently care for low birth-weight infants, which are increasing year by year



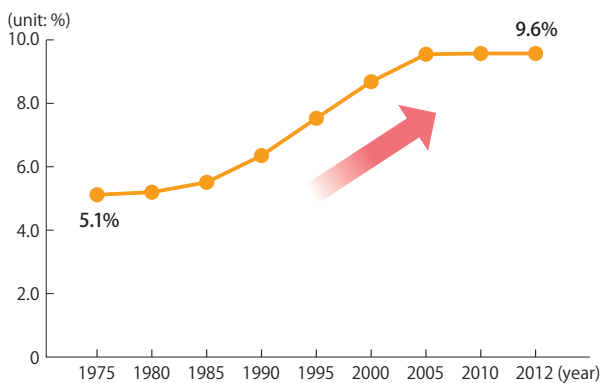
"Moony Air Fit® 4S"

"Moony Air Fit® 5S"

### While Japan's birthrate continues to decline, the number of low birth-weight infants continues to increase

The number of childbirths in Japan has continued to decline with women's increased participation in the workforce and an increase in the number of dual-earner households. Meanwhile, the rate of low birth-weight infants who weigh less than 2,500g at birth has been increasing and is expected to continue to increase. Extremely low birth-weight infants who weigh less than 1,000g require extra-cautious care due to their underdeveloped organs, including their skin.

#### ● Changes in birth rate of low birth-weight infants (<2,500g)



\* Vital Statistics of Japan by Ministry of Health, Labour and Welfare

### Protection of small babies is the mission of Unicharm

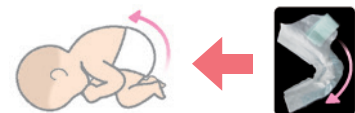
In medical practice, low birth-weight infants are taken care of in keeping with the mandate that "it is important to minimize their stress in order to stimulate the development and growth of preterm infants."\* However, even changing the posture of infants for diaper changing can be a risk for infants in the acute stage. Conventional disposable diapers are too big and not soft enough for them, requiring various efforts on the part of medical staff to provide proper care, such as cutting diapers to fit and softening the diapers by kneading them.

With this situation in mind, Unicharm developed a new diaper that can be changed without moving the infants. "Moony Air Fit®", particularly designed for low birth-weight infants, was launched first for use in maternity hospitals in Japan in November 2014. The perforated side opening enables the changing of diapers without disturbing the baby's position, even the "fetal position" similar to a baby's position in the womb. The contoured diaper shape ensures that the diaper will fit the round body shape of infants, and avoids tightening. We developed the product in consideration of both babies' comfort and medical requirements.

\* "Minimal Handling" recommended by Japan Association of Research on Developmental Care (DC)



Perforated opening employed on the side



Three-dimensional fit conforms to an infant's body shape



#### Dr. Hiroshi Nishida

Chairman of Japan Association of Research on Developmental Care  
Honorary Professor of Tokyo Women's Medical University

Newborn infants vary in terms of birth weight: some babies are 4 times as large as others, with newborns weighing from less than 1,000g to more than 4,000g. Even newborns will feel comfortable and less stress when wearing properly-fitting clothes, just like adults do. A recent study of neuroscience has shown that giving stress to newborns, especially premature infants, may create long-term adverse results in brain development, and comfortable, stress-free child-care environments are desired. Using proper diapers is an important factor in providing stress-free care for infants, because diapers directly contact an infant's skin for long hours and also affect their movements. As a person involved in developmental care, I have high hopes for Unicharm's new, unprecedented diapers for premature infants.



#### Yuji Ishii

General Manager, Baby Care SBU  
Global Marketing Division  
Unicharm Corporation

The rate of low birth-weight infants has been increasing not only in Japan but also worldwide, and low birth weight can be fatal in underdeveloped countries. We, as a disposable diaper manufacturer, were shocked to learn that diaper-changing had been an obstacle to the "minimal handling" required for neonatal care. We decided that this problem could not be left unsolved and put together an organization to develop a new product requiring no position changes when changing a newborn's diaper.

We at Unicharm will continue to support the precious life of each newborn by making products that contribute to the advancement of premature infant care worldwide.



# Responding to a Super-Aging Society

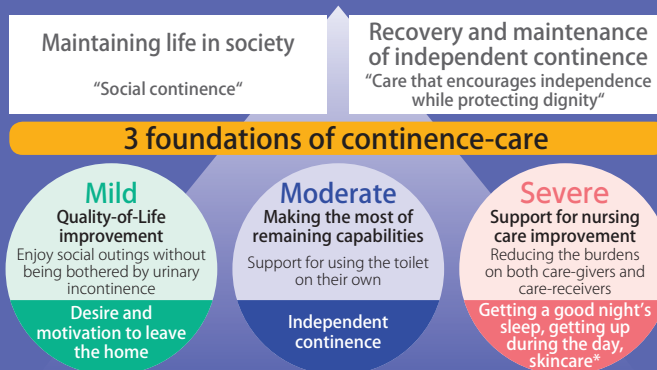


We support independence of mind and body for seniors, and contribute to the realization of a society vibrant with health and longevity

Unicharm's goal is to realize "normalization"—a society in which everyone can live their own life in their own way, for as long as possible. We identified our 3 foundations of continence care in response to the various physical conditions and lifestyles of seniors, and we develop and offer products in order to support continence care for the attainment of independence and active social lives for seniors.

\* Seeking skin comfort while wearing

## Realization of "Normalization"



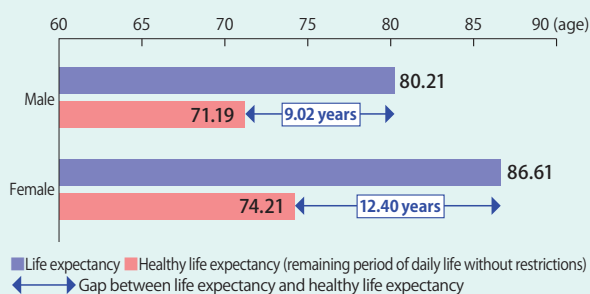
## Background

### Realization of a society vibrant with health and longevity: spreading from Japan throughout Asia

Japan has had the world's highest life expectancy for a long time, with life expectancies of over 80 years for both males and females, and Japanese society is expected to continue to age.\* However, "the healthy life expectancy," or the remaining years that a person of a certain age is expected to live without restrictions caused by health-related problems, is now 9 years shorter than the average life expectancy for men and 12 years shorter for women.

\* Cabinet Office's "White paper on aging society 2014"

#### ● Gap between "life expectancy" and "healthy life expectancy"

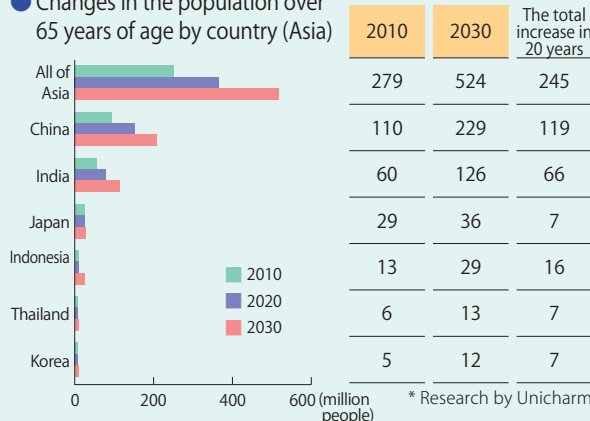


\* Data from the Health Promotion Nutrition Group of the Health Science Council for Community Health, the 2nd Healthy Japan 21 (second-order) Promotion Technical Committee

Having a rapidly aging society is not a unique problem for Japan. In other Asian countries such as China and India, the population of those over 65 years of age has been increasing, and those countries, too, will soon be facing the inevitable problems of an aging society.

How do we deal with the numerous issues resulting from this globally unprecedented "super aging society"? Here at Unicharm, we are committed to realizing a "society vibrant with health and longevity" not only in Japan, but all across Asia, by using the best of our existing technologies and know-how.

#### ● Changes in the population over 65 years of age by country (Asia)



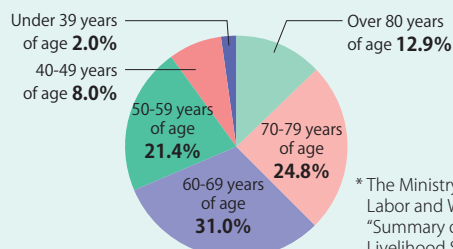
\* Research by Unicharm

## Aging of Caregivers

In Japan's "super aging society", the percentage of those over 65 years of age has surpassed 21% of the population, and already in more than 50% of family-caregiver households both the care-giver and care-receiver are over 65 years of age. The care burden can be especially heavy for senior care-givers, themselves aging and experiencing a decline physical strength, and the worry of falling together can become an additional burden. As Japan's baby-boomers are aging and families are becoming more nuclear, the number of households with aged caregivers is expected to increase even more.

Unicharm continues to work to solve social issues by reducing the burdens on elderly people as much as possible, to help them live comfortably on their own and in their own style.

#### ● Age distribution of caregivers



\* The Ministry of Health, Labor and Welfare "Summary of National Livelihood Survey 2013"

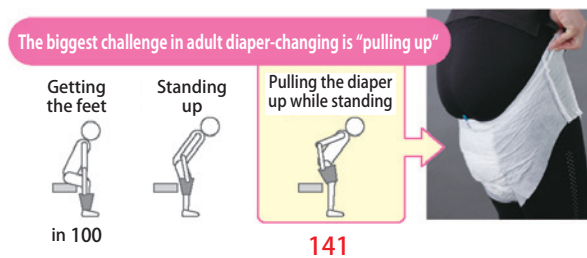


## Our Activities

### Hearing and making use of the voices of care-givers and care-receivers

Since the introduction of “Lifree” adult diapers in 1987, Unicharm has provided pant-type adult diapers and services to support independent continence for the health and longevity of the elderly.

While as many as 86% of caregivers hope for their care-receivers to use the toilet on their own, care-givers still tend to provide care-receivers with support. One of the main reasons why assistance is needed is that pant-type diapers tend to become stuck on the buttocks when pulling them up. Unicharm introduced “Lifree Thin & Light EZ-to-Wear Incontinence Pants” in October 2014. The new features include an improved gathering that is easier to pull up, helping to encourage independent continence and thus also improving the psychological state of mind of the care-receivers who feel that the product is “easy to put on” and “easy to use without help.”



Actions which are burdensome for care-receivers

[Asked adult disposable diaper users – multiple answers]

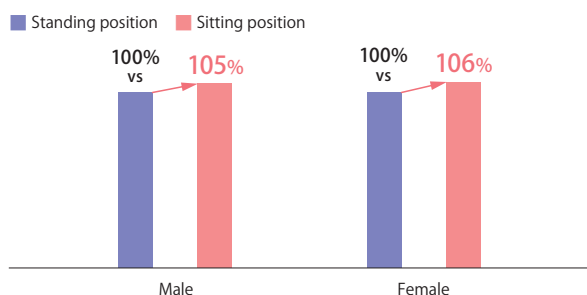
\* Research by Unicharm

We also paid attention to the issue of “swelling around the waist with a shift in posture.” “Lifree Stretch Fit Thin & Light Tape Type,” a new diaper product employing elastic tape that conforms to body movement, was introduced to respond to complaints such as “the fixed tape on the diaper squeezes the waist every time the wearer sits up.”

“Lifree Stretch Fit Thin & Light Tape Type”



### ● The rate of swelling around the waist, by position and sex



\* Researched by the Research Institute of Human Engineering for Quality of Life (subject age range: 75-79 years old)



Lifree Thin & Light EZ-to-Wear Incontinence Pants

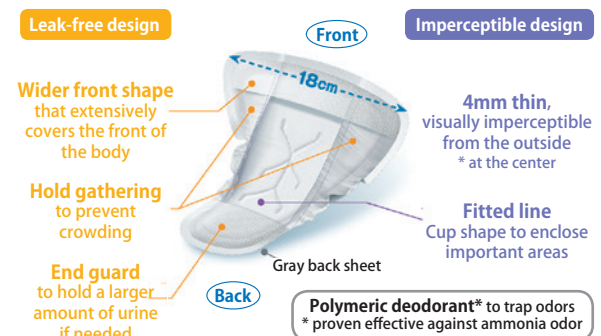


Lifree Comfortable Pads for Men

### Introduction of mild incontinence pads for men

One third of women in their 40s are said to experience “mild” incontinence. 20% of men in their 50s also experience such mild incontinence, due to the body structure that leads to post-urination dripping and age-related prostate problems. Not an insignificant number of men suffer by themselves due to a lack of general recognition of the problem and lack of available products to help.

With this situation in mind, in April 2014, Unicharm introduced “Lifree Comfortable Pads for Men,” which accommodates the male body structure so that spots won’t appear on the front of trousers or spots won’t be visible. We will continue to help men improve their quality of life by providing products that facilitate the continuation of active lives, even with incontinence.



### Kaiyo Nakajima

Product Development  
Department  
Global R & D Division  
Unicharm Corporation

Lifree Comfortable Pads for Men was developed with a hope for men to comfortably go about their regular activities without refraining from outings due to worries about incontinence. One third of Japanese men over the age of 50 experience mild incontinences, such as noticing a spot on the front of their trousers from seeping or dripping after urination. We struggled to develop a design to naturally enclose male genitals, while also allowing them to move freely since they hang outside of the body. We finally achieved this 3D cup shape and commercialized the product after trying them on ourselves many times.

### Raising awareness of continence-care

At Unicharm, we are committed to public awareness activities to spread appropriate knowledge of nursing care and continence care. We provide opportunities for people to acquire a better understanding of nursing care through hands-on demonstrations at seminars and forums for the general public.

#### Asia Continence care seminar at PPCS

One of the members of our continence care research center delivered a lecture on "Excretory disorder of the elderly and the importance of continence care" at the ninth Pan Pacific Continence Society (PPCS) Meeting, held in Taiwan in September 2014. The meeting is held annually to provide an opportunity for the participating members of incontinence societies in Japan, China, Korea and Taiwan to get to know each other and exchange views and information. We encouraged nursing care workers to recognize that independent continence is the starting point for supporting the lifestyles of the elderly.



#### Japan Educational activities including continence-care seminars have expanded across Japan

##### "Nursing care class" held in Kakegawa, Shizuoka

A nursing care class was held for the general public members of "home caregivers of Kakegawa city" under the theme of "how to choose and fit diapers properly." A lecturer from our continence care research center explained the structure of diapers and the mechanisms of leaking, to raise awareness of the importance of the proper way to put them on. The lecture received favorable feedback from the participants including comments such as "it provided useful information for nursing care in the future" and "I am glad to receive new knowledge such as how diapers work and the absorbing ability."



##### "Incontinence control class" held in Tsurumi, Yokohama

A seminar on mild incontinence and self-care under the theme of "incontinence control" was held for the general public in Yokohama in the framework of Co-creation Front,

a project to implement various measures for social issues created with the cooperation of city government and private organizations and corporations in Yokohama. We received positive feedback including participant comments such as "I would like to try the pelvic floor training that I learned today to prevent incontinence." Feedback from the sponsoring organization stated that "cooperation with a private company enabled us to provide information on preventive care unavailable at government-only projects. We would like to continue to work together to extend the healthy life expectancy of Tsurumi residents."



##### "Family caregiving class" held in Tanakura, Fukushima

A "Family caregiving class" was held again in 2014, following the success of the previous year's class, at the Tanakura-cho town hall, Fukushima prefecture, where one of our plants is located. We explained the basics of incontinence, how to choose and fit diapers properly, as well as implementing the incontinence self-evaluation and pelvic floor training with participants. Feedback included comments such as "I realized the misuse of diapers and now I understand why it leaked," and "I am now prepared should it become necessary," from 30 participants including family caregivers and nursing care staff.



##### A lecture at a nursing and midwifery school in Takatsuki, Osaka

In keeping with our mission to provide nursing care support in our super-aging society, we delivered a lecture on "How to choose and use diapers," as requested by Aijin-kai nursing and midwifery school in Takatsuki-city, Osaka, to improve the quality of nursing care with a better understanding of diapers and how to use them. 100 participants including students and staff listened to the lecture on how to use diapers and a demonstration of product features and how to use them. Feedback from participants included comments that "I didn't fully understand when I joined workshops before. I would like to use the best of what I learned today" and "I could understand various features of the diapers."



## Realization of a symbiotic society for people and their pets

### Background

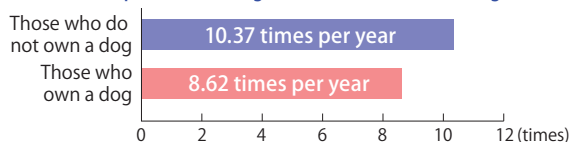
#### The pleasure of living with a pet provides energy for seniors' minds and bodies

Pets are our precious partners who comfort our hearts and add abundance to our lives. Pets have attracted attention in recent research, which has shown that interaction with pets has beneficial influences on the health condition of seniors, including positive effects in preventive medicine such as prevention of dementia, stabilization of blood pressure and pulse, and improvement of healing ability, as well positive outcomes in mental health and social participation such as providing feelings of security by reducing a sense of alienation and increasing opportunities to talk with other pet owners. Other research has shown that the number of hospital visit of "those who feel stress" on a regular basis were 10.37 times and 8.62 times a year for non-dog owners and dog-owners, respectively.

Based on the idea that extension of the healthy lifespan of pets will lead to health and longevity for the elderly, Unicharm aims to realize a "symbiotic society for people and their pets."

- Correlation between raising a pet and number of hospital visits by the elderly

Number of hospital visit among those who feel stress on regular basis



\* "Happy living with pets," Pet Symbiosis Promotion Council



**Ms. Kaori Murata**

Mominoki Animal Hospital  
A member of the Japanese Animal Hospital Association (JAHA)

#### With Manner-wear, public places will become more open to pets

A great deal of research and academic studies have shown that pets have significant effects on the health of both the mind and the body. Living with a pet increases smiles,

"Manner Wear® for male"



"Manner Wear® for female"



### Our Activities

#### Pet Health and Etiquette

Pets have been enjoying greater longevity, just like people. Unicharm introduced disposable diapers for pets in 2001, and expanded the product lines to realize comfortable and enjoyable lives with pets and human beings.

While pet owners in Japan hope to go out with their pets, the places they can visit with their pets are limited compared to America and Europe. One of the possible reasons is a lack of discipline such as defecating for marking in public places.

With this situation in mind, Unicharm is actively engaged in the promotion of "manner care," and introduced "Manner-wear® for male" and "Manner-wear® for female," a product to prevent dogs from marking in public spaces, in October 2014 and March 2015, respectively. We are working to create an inclusive environment that allows pet dogs and their owners to go out together.

##### "Manner-wear® for male"

Stylish design to erase the image of continence care. Just wrap it around dog's waist; it considers the comfort of active dogs as well as being easy to put on.



##### "Manner-wear® for female"

Stylish dress-like design to erase the stigmas such as "diapers = nursing care, pitiful, shameful." Even the most active dogs are willing to wear it for the distinct shape of its absorbent materials and patented elastic technology.



reduces a sense of alienation, creates opportunities for exercise, and decreases hospital visits of seniors. Pets also play the role of "social lubricant" to increase opportunities of communication with other pet owners while walking the pets, for example. However, quite a lot of communal facilities do not allow pets, due to problems with urinating and defecating. Using Manner-wear for pets when visiting public spaces will encourage more facilities to allow pets and will lead to increased opportunities for the elderly to get out into their communities.





## Eco CHARMING

Committed to developing environmentally friendly products and technologies

As a manufacturer of consumable products, Unicharm is working to deepen understanding about environmental issues and to reduce environmental impacts through its businesses. By strengthening our measures against various issues in every manufacturing process, we are balancing environmental conservation with economic growth and working toward our goal of contributing to the realization of a sustainable society.

↖ Eco Charming mark

### Background

#### Reducing environmental impacts through our business activities

The Working Group I report adopted at the plenary session of the Intergovernmental Panel on Climate Change (IPCC) points out that there is an extremely high possibility that humans are the main factor behind global warming since the second half of the 20th century. The report also emphasizes the need to significantly and continually lower greenhouse gas emissions in order to curb climate change\*. Meanwhile, the amount of resources being consumed and waste produced continues to increase due to global economic growth and rising populations.

Many of Unicharm's products are consumables essential to a clean and healthy lifestyle, which means our businesses closely relate to the environment through the use of resources and generation of waste. This is why we will continue to reduce our environmental impacts in all processes, from product development to sales, while keeping close watch of environmental issues using a global perspective.

\* Ministry of the Environment's FY2014 Annual Report on the Environment, the Sound Material-Cycle Society, and the Biodiversity in Japan

### Our Activities

#### Unicharm's Initiatives through its Products

##### ▶ Expanding the number of environmentally friendly products

Unicharm is working to develop environmentally friendly products, having established the ratio of environmentally friendly products as one of its environmental targets. The degree to which a product is environmentally friendly is checked during each step of development, while a product's environmental impacts across its entire life cycle are measured and later assessed to make sure these assessments are correct. With FY2005 as base year, Unicharm set a goal to achieve a 67% ratio of environmentally products in FY2014 and thanks to our efforts we were able to meet this goal.

Ratio of environmentally friendly products **67%**

##### ▶ Eco Charming mark based on Unicharm's proprietary standards

Only environmentally friendly products that clear rigorous standards in terms of reducing environmental impacts and improving product value are able to use Unicharm's own eco label known as the Eco Charming mark. Currently, 25 products bear the Eco Charming mark under this program that started in 2008. Products are selected for this distinction based on a factor method\* and proprietary set of eco label guidelines created by Unicharm.

\* Factor: An environmental indicator used for assessments between a new and old product by quantifying the product's environmental impacts and value (function, etc.).

#### List of Eco Charming products



### Example 1 Disposable Baby Diapers

Thanks to its proprietary technologies, Unicharm's disposable baby diapers today offer the same absorption power but use significantly less pulp and are about 60% thinner than they were 20 years ago. This reduces overall waste by an estimated 75kg and CO<sub>2</sub> emissions by 580kg during the diaper period (about three years) compared to 20 years ago. Currently, the amount of waste and CO<sub>2</sub> emissions generated during the diaper period is 200kg and 930kg, respectively. Unicharm stands committed to reducing these amounts even further going forward.



### Example 2 Feminine Hygiene Products

The Sofy Ultra-Sound-Sleep Extra-Fit-Slim newly launched under the Sofy Ultra-Sound-Sleep nighttime sanitary napkin brand is a slimmed down version of the conventional Sofy Ultra-Sound-Sleep Guard that is two-thirds thinner. This results in a product with 84% of the weight of the previous one, which reduces CO<sub>2</sub> emissions produced from the manufacturing and distribution processes to 82.4%.



Sofy Ultra-Sound-Sleep Extra-Fit-Slim



#### Asami Shima

Product Development  
Department  
Global R & D Division  
Unicharm Corporation

#### Pursuing comfort along with lessened environmental impacts

Amid a rise in women's social advancement, we began developing a sanitary napkin that is comfortable to wear without sacrificing peace of mind to meet rising demand among women for higher quality sleep. During development, we faced a tough time finding how to remove heightened insecurity caused by the thinner sanitary napkin design, and we finally arrived at a design where the absorption pad maintains the same flexible coverage as existing designs. We also slimmed down the product so that it is two thirds as thin as our conventional sanitary napkins by finding ways to improve comfort. This slim design also helps reduce CO<sub>2</sub> emissions from the manufacturing and distribution process to 82.4% of previous figures.

Going forward, we will continue to engage in product development that delivers even greater peace of mind while achieving both comfort and reduced environmental impacts.

### Example 3 Urine-suction robot "Humany"

The urine-suction robot called Humany was launched in 2009 for continence care that makes independent support possible. Sensors in the robot's special absorption pad detect urine and automatically suck away the urine immediately, placing it in a storage tank. This means adult diapers no longer need to be changed at night and pads only have to be changed once a day, greatly reducing the burden of continence care. This also lowers the number of disposable adult diapers used, reducing waste volume by 90%. CO<sub>2</sub> emissions are also reduced to 80kg, which is greatly lower than conventional disposable adult diapers.

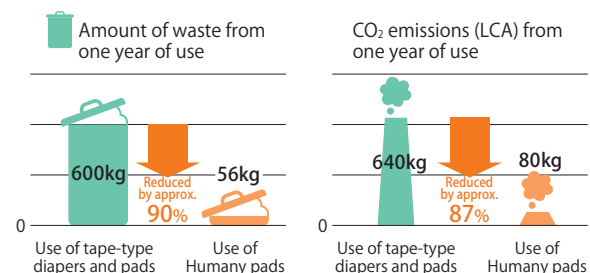


Urine-suction robot "Humany"



Waste volume reduced by **90%**

#### Environmental Effects from Humany



\* Unicharm study



#### Kiyoshi Miyazawa

General Manager  
CSR Division  
Unicharm Corporation

The Unicharm Group is working toward the goal of increasing the ratio of environmentally friendly products from 67% in 2014 to 80% in the future from the standpoint of reducing its impacts on the environment. We will examine ways to use recycled materials and lower the environmental impacts associated with the raw materials used to make disposable diapers and feminine hygiene products, while continually striving to achieve technological breakthroughs that lessen the burden on diaper changes and reduce wearer discomfort.

To realize sustainable growth in our global business activities, we will promote activities that enhance long-term value in terms of the environment, society and governance, in addition to risk management.

# Continuing to Provide Reconstruction Support to the Disaster-affected Areas from the Great East Japan Earthquake

Unicharm once again extends its heartfelt sympathies to those affected by the earthquake and tsunami that struck Japan on March 11, 2011. We sincerely hope for a speedy recovery from this unprecedented disaster. Since immediately after the earthquake, Unicharm has delivered supplies and continually used the Matching Fund, set up to receive charitable donations from employees, to provide relief support. Through these activities, we will continue to deepen our interaction with local residents and make contributions to local communities.

## Continuing with our Matching Fund combining disaster relief support with electricity conservation

Our Matching Fund established to provide disaster relief assistance and our Super Cool Biz and Warm Biz employee dress codes to promote electricity conservation are now in their fifth year. The Matching Fund provides a matching donation for the price of our original polo shirt, badge and jacket bought by employees, with the proceeds having so far been used to purchase a total of 125 urine-suction robots called "Humany" for hospitals and healthcare facilities in the disaster-stricken area. These robots are being used on the front lines of nursing care to help improve the quality of life (QOL) of users.

The original polo shirt used for our Super Cool Biz employee dress code was manufactured at an apparel factory in Shirakawa City, Fukushima Prefecture, while disabled persons living at Wakatake Gakuen, a support facility for the disabled located in Miyako City, Iwate Prefecture, which also received a donation of Humany, created a salmon leather ID card case and bookmark. Both of these were included in the Matching Fund.

Employees from Wakatake Gakuen shared the following feedback, "The impacts from the Great East Japan Earthquake have reduced the salmon catch, which has made it very difficult to procure the salmon leather for the ID card case. Nevertheless, we are committed to using local salmon as a means to rebuilding Miyako City. The fact our products were sold during Super Cool Biz really motivated our residents who enjoyed making the card cases."

Going forward, we stand fully committed to continuing our support for the disaster-stricken areas and carrying out electricity conservation efforts together with our employees.



A salmon leather ID card case and bookmark



Making the card cases

Number of Humany units donated (accumulated total) **125** Number of facilities benefited (accumulated total) **87**

(As of December 31, 2014)

## Main initiatives following the earthquake and tsunami

### 2011

- March 11
  - The Great East Japan Earthquake strikes
  - Crisis Management Team (CMT) established
  - Whereabouts and safety of all employees confirmed, including those at the Fukushima Factory and North Japan Branch
- March 12
  - Disaster response framework established
  - Assistance efforts launched in collaboration with administrative agencies, other companies in the industry, and municipalities
  - First convoy of vehicles loaded with relief supplies departs for the disaster zone
- March 13
  - Five trucks loaded with relief supplies arrive in the Tohoku region. First relief supplies delivered to the disaster zone
- March 18
  - Establishment of "Matching Fund" for charitable donations
- March 25
  - Product specifications of MamyPoko Pants partially modified (temporary changes made because of damage suffered by raw materials manufacturer)
- March 26
  - Production partially restarted at the damaged Fukushima Factory
- May 2
  - "Summer Time" work schedule introduced as means to conserve electricity during the summer
- May 9
  - Fukushima Factory becomes fully operational again
  - A portion of disposable diapers for adults were temporarily imported from overseas affiliates

- June 30
  - Donated a total of 2,540 "Chorittai Ultra 3D Shape Mask for Kids" to Tanagura Town, located in Fukushima Prefecture's Higashishirakawa County
- July 1
  - "Matching Fund" established combining "disaster relief assistance" with "Super Cool Biz" employee dress code (proceeds used to purchase and donate Humany for those areas in need)
- August 31
  - Launched new "Two-pack Version of Chorittai Ultra 3D Shape Mask," with 1% of sales donated to disaster-affected areas
- September 1
  - Donated 2.68 million "Chorittai Ultra 3D Shape Mask" to children attending day care, kindergartens, elementary, junior high, and high schools

### 2012

- January 16
  - Held campaign in support of the earthquake and tsunami reconstruction effort together with Tsuruha Holdings in which Unicharm purchased domestic emissions credits generated from Tsuruha using part of the proceeds from the campaign (ran until March 16)
- March 6
  - Donated 5 million "Chorittai Ultra 3D Shape Masks" to children attending day care, kindergarten, elementary, junior high, and high schools in Iwaki City, Fukushima Prefecture
- April 24
  - Donated pet foods "Aiken (Dog) Genki," "Neko (Cat) Genki" and "Deo-Sheet" (pet mats) as relief supplies through the Japan Pet Food Association.
- May 7
  - "Matching Fund" established combining "disaster relief assistance" with "Super Cool Biz" employee dress code (proceeds used to purchase Humany for those areas in need)





Urine-suction robot "Humany"

**Keisenkai Social Welfare Corporation  
Support Center for the Disabled  
Taiyosou  
(Karumai Town, Kunohe County, Iwate Prefecture)**



**Mr. Katsutoshi Masuo, Life Supporter**

**Residents are able to wake up in the morning feeling better knowing they stayed dry through the night**

I hadn't heard of "care robots" before, but when I saw the donated Humany, I thought it was a continence care product that could help make our residents comfortable, so I started using it.

The residents currently using the Humany had to have their adult diapers changed four times every night. Having to manipulate their body position during each change caused some pain resulting in a lack of sleep, but ever since we started using Humany, we no longer have to do any change and the residents now get to sleep through the night without interruption. The workload of staff members has also been reduced because we can immediately respond to situations as Humany tells us whenever there is a leak.

The greatest benefit of using Humany is that residents can now wake up in the morning more comfortable. They seemed to be really unpleasant when they woke up with a wet adult diaper until they were still using it. They feel much better now waking up after a night with Humany because the surface of the super soft pads is dry. Staff involved in providing care have also benefited from a reduced and more efficient work load because there are fewer diaper changes during the night.

**Asaka Aikuen Social Welfare Corporation  
Support Center for the Disabled  
Asaka Asunaroso  
(Koriyama City, Fukushima Prefecture)**



**Ms. Maki Suzuki, Life Supporter**

**Improved sleep means residents are able to spend more time with one another**

We are using Humany for a female resident in her 40s with Down Syndrome who is almost bedridden because of difficulty swallowing and a decline in physical functions. Until now, she had a difficult time controlling her urine output, so we needed to change her adult diaper, clothing or sheets a number of times during the night because of her frequent and high volume urination. She was also plagued by a lack of sleep.

Currently, we use the Humany mainly for night-time continence care. When we first started using it, there were some leaks because we couldn't find the right position for the pads, so the staff discussed together how to properly position and place the pads. As a result of various changes and improvements, we have eliminated nighttime leaks and she can now get enough sleep. She also no longer experiences the chills from her clothing being wet with urine which has helped us maintain the cleanliness of her skin and give her added peace of mind. Since improving her sleep, she is now spending more time enjoying her favorite music during the day and talking with other residents at the cafeteria and other places.

I feel Humany is a suitable and required tool for any care facility for the disabled because it also reduces the workload of the staff.

- August 31 ● Held charity Rakugo performance at the Unicharm head office to benefit relief assistance (sponsored by the Unicharm Union)
- November 15 ● A total of 1.36 million "Chorittai Ultra 3D Shape Masks" donated to children attending daycare, kindergarten, elementary school or junior high school in municipalities located in the Hamadori district of Fukushima Prefecture
- December 18 ● A total of 1.5 million "Chorittai Ultra 3D Shape Masks" donated to every household of Tanagura Town in Higashi Shirakawa County of Fukushima Prefecture as well as evacuees living in the town

**2013**

- January 16 ● Held campaign in support of the earthquake and tsunami reconstruction effort together with Tsuruha Holdings in which Unicharm purchased domestic emissions credits generated from Tsuruha using part of the proceeds from the campaign
- January 18 ● "Matching Fund" established for "Warm Biz" employee dress code (proceeds used to purchase and donate Humany for those areas in need)
- April 1 ● "Matching Fund" established for "Super Cool Biz" employee dress code (proceeds used to purchase and donate Humany for those areas in need)
- August 30 ● Held charity Rakugo performance at the Unicharm Shikoku Technical Center to benefit relief assistance (sponsored by the Unicharm Union)
- November 18 ● "Matching Fund" established combining "disaster relief assistance" with "Warm Biz" employee dress code (proceeds used to purchase and donate Humany for those areas in need)

- December 13 ● Held charity Rakugo performance at the Unicharm head office to benefit relief assistance (sponsored by the Unicharm Union)
- December 19 ● Organized nursing care seminar on continence care for the elderly and adult diapers in Tanagura Town, Higashi Shirakawa County, Fukushima Prefecture

**2014**

- March 14 ● Held charity Rakugo performance at Unicharm Nagoya to benefit relief assistance (sponsored by the Unicharm Union)
- April 1 ● Commenced "Super Cool Biz" employee dress code. Established the "Matching Fund" campaign combining disaster relief support with "Super Cool Biz" employee dress code (proceeds used to purchase and donate Humany for those areas in need)
- September 25 ● Held "a family nursing care lecture class" in Tanagura Town, located in Fukushima Prefecture's Higashishirakawa County, on basic knowledge about elderly incontinence and the correct way to choose an adult diaper
- November 1 ● Began the "Warm Biz" employee dress code: Established a "Matching Fund" combining disaster relief support with "Warm Biz" employee dress code
- December 19 ● Held charity Rakugo performance at the Unicharm head office to benefit relief assistance (sponsored by the Unicharm Union)

# Unicharm Group's Primary CSR Themes and Major Indicators (KPI)

Related Item	Items Where Unicharm is Making Efforts		Ideal Vision (Goal)	Major Activity Plan for FY2014
Along with the Environment	Initiatives to reduce environmental impact		Contribute to the realization of a sustainable society that balances economic growth with environmental protection by applying proprietary and ambitious environmental standards to all corporate activities.	Install energy-saving facilities in conjunction with ancillary facility upgrades.
	Environmentally friendly product development activities		Contribute to the realization of a sustainable society that balances economic growth with environmental protection by promoting environmentally friendly manufacturing and providing world-first, and world-leading products and services in terms of safety and quality that deliver comfort, impression, and satisfaction to people around the world.	Promote waste reduction and recycling within the group centered on productivity improvement activities.
	Environmental management		Contribute to the realization of a sustainable society that balances economic growth with environmental protection by building and implementing a PDCA cycle for environmental activities and by reducing environmental impacts.	Ensure consistent implementation at each gate of product development stage.
	Biodiversity conservation activities		Promote activities that are considerate of biodiversity in all business activities covering the entire supply chain.	Identify environment-related risk items and add new guide line.
Along with Our Customers	QOL improvements		Provide world-first and world-leading products and services in terms of safety and quality that deliver comfort, impression, and satisfaction to people around the world, and contribute to a better quality of life for everyone.	Promote marketing that properly captures changes in social environment, market trends and consumer needs.
	Improve product quality and ensure product safety			Promote product safety assurance measures.
				Promote quality control initiatives.
				Promote initiatives to reflect customer feedback in products.
	Improve customer satisfaction		Leave a lasting impression on customers, deepen relationships with customers and provide satisfaction to customers.	Take steps to improve customer satisfaction based on the results of the customer service satisfaction surveys
	Fair marketing and information disclosure		Support customers' independent decisions and selections by correctly and proactively providing appropriate information to customers.	Promote initiatives to ensure proper product labeling practices are followed.
Promote disclosure of corporate and product information by expanding the Company's website.  Disclose CSR activities in the CSR report.				
Management	Corporate governance		Achieve company growth, ensure employee happiness and fulfill social responsibilities by maintaining transparent corporate management and actively disclosing information.	<ul style="list-style-type: none"><li>● Continue to properly hold board of directors' and board of auditors' meetings</li><li>● Implement internal control for sites in both Japan and overseas</li><li>● Continue to properly disclose information based on amendments to disclosure ordinances</li></ul>
	Sound corporate culture		Ensure the Unicharm Way, a systemized specific mechanism for all employees and executives to take action in accordance with the corporate philosophy and corporate ethics, is practiced Group-wide.	<ul style="list-style-type: none"><li>● Set up and operate global intranet system</li><li>● Stream president messages(weekly) to ensure better penetration of the Unicharm Way</li><li>● Establish an environment where the Unicharm Way can be referenced in English at newly established Unicharm Group companies</li></ul>
	Fair procurement practices	Fair and equal trade with suppliers	Achieve co-existence with suppliers by building fair and equitable business dealings with suppliers.	Promote company-wide procurement strategy and hold the Quality Policy Briefing Session for suppliers
				Provide compliance and governance training to purchasing managers.
	Protection of intellectual properties		Ensure the Company uses its intellectual properties by protecting the intellectual property rights (important company assets) of the Company and making sure employees protect and respect the intellectual properties of other companies and the Company, as noted in the Unicharm Group Action Guidelines.	Ensure the protection and respect of Unicharm and other companies' intellectual properties
	Fair competition and trade		Comply with laws on competition and trade, and promote correct corporate management by undertaking fair and equitable trade.	Conduct legal affairs training on violations of the Unfair Competition Prevention Act and Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
	Compliance and risk management	Compliance	Promote correct corporate management by educating Group companies and affiliates about the Unicharm Way and guidelines to complying with the Unicharm Way (including insider trading prevention rules and affiliate management rules, etc.).	Develop and thoroughly implement various guidelines
				Conduct risk and compliance training at local incorporated subsidiaries overseas
		Internal control based on Japan's Financial Instruments and Exchange Act	Promote correct corporate management by properly analyzing forecast risks and ensuring the internal control system functions to prevent and avoid such risks.	Strengthen risk management structure and internal control
				Information security

Unicharm Group formulates and implements important CSR activities and KPI together with related departments international. Going forward, we seek to enhance the quality of these initiatives by implementing the PDCA cycle.

	Main Indicators for Achieving Ideal Vision (Goal)	Indicators and Results			Self-assessment	Results of FY2014 Activities	Major Activities Plan for FY2015	Location Mentioned in CSR Report
		Target*	Results	Unit				
	[Domestic] Energy usage (GJ) / Basic unit of net sales (millions of yen)	10.6	10.6	GJ/ million yen	○	Achieved target by upgrading ancillary equipment at manufacturing plant and conducting continuous improvement activities through the promotion of activities via the Domestic Energy Saving Working Group.	Launched energy saving promotion activities globally by rolling out Energy Saving Working Group activities outside of Japan.	p33
	[Domestic] Total waste emissions (3 main sites) *compared to 2000	-13	-20	%	○	Continuously implemented UTMSS improvement activities (Reduce product waste and effectively utilized materials during the production process).	Continue to promote waste reduction and recycling within the group centered on productivity improvement activities.	
	[Domestic] Ratio of environmentally friendly products	67	67	%	○	Fostered awareness of the environment-friendly mind through gate checks during the preliminary development stage.	Hold training and penetrate standards to ensure environment-friendly mind is firmly rooted.	P20 and 34
	[Domestic and Overseas] Number of items created in global operations manual	1	1	cases	○	Took steps to implement guidelines on contracts with domestic(Japan) and overseas industrial waste providers.	Make guidelines on environmental data known outside Japan and expand the area applicable to third-party assurances.	Online
	[Domestic and Overseas] Information exchange with related parties inside and outside the company	4	4	times	○	Gathered information on peer practices as well as identified problems and direction of forest resource management throughout the supply chain.	Formulate materials procurement policy in consideration of overall ESG and devise guidelines on forest management using in-house standards.	Online
	[Domestic and Overseas] Product likability indicator *compared to 2012	100	98	%	△	Strived to enhance product value by developing customer insight based on an approach to product development that improves customer satisfaction, and fostered greater trust among customers by providing a stable supply of products.	Conduct marketing focused on public interests through products that maximize consumer value and by recognizing changes in social environment, market trends and consumer needs.	p30
	[Domestic] Number of problems with material or product safety	0	0	cases	○	Performed safety checks on all materials and products, from raw materials to post-use of materials and products and disposal, prior to release of new products in Japan based on related laws/regulations, industry standards and voluntary in-house standards and, as a result, no safety problem occurred.	Obtain the latest information on laws and regulations in the overseas countries we operate and ensure product safety based on evidence.	p31
	[Domestic] Complaint reduction rate	-1	-20	%	○	Implemented improvement measures based on information concerning faulty products.	Implement improvement measures based on information concerning faulty products and activities to ensure improvements are maintained.	P28-29
	[Domestic] Achievement rate of product proposals based on customer feedback	100	82	%	△	Made product improvement proposals based on consumer feedback at monthly divisional meetings, but, failed to achieve targets.	Convey customer feedback in a timely manner at monthly departmental meetings and swiftly reflect it in products.	
	[Domestic] Customer service satisfaction survey: Percentage of satisfied customers	90.5	93.3	%	○	Responded quickly, fairly and faithfully and, as a result, received strong customer satisfaction evaluations for the company's response.	Continue to perform customer service satisfaction surveys and further improve the quality of our responses to customers.	p31
	[Domestic] Number of cases involving product labeling problems	0	0	cases	○	Performed conformity checks on all products prior to their release in Japan for compliance with laws/regulations and industry standards, checked labels to prevent improper use and collected evidence for product labeling, and, as a result, there was no legal violation in advertisement or misleading labels, etc.	Continue to abide by laws/regulations, industry standards and voluntary in-house standards and implement evidence collection activities. Collect the latest information on various laws and regulations in related countries overseas.	
	[Domestic and Overseas] Number of countries with website presenc	11	12	countries	○	Launched new corporate website in Egypt and Brazil	Launch new corporate website in Myanmar.	p30
	[Domestic and Overseas] Number of times CSR report published	1	1	times	○	Published CSR Report 2014 (print and web editions).	Publish CSR Activity Report 2015.	p3
	[Domestic] Implementation rate of board of directors' / board of auditors' meetings	100	100	%	○	Held board of directors' and board of auditors' meetings according to the annual plan.	Hold board of directors' and board of auditors' meetings according to the annual plan.	p44
	[Domestic and Overseas] Implementation rate for promoting environment to use the Unicharm Way through expansion of global intranet system (English)	100	100	%	○	<ul style="list-style-type: none"> <li>● Operated the Global Intranet in a stable manner</li> <li>● Streamed president messages(weekly) to continue ensure environment with better penetration of the Unicharm Way</li> <li>● No new Unicharm Group companies were established this year</li> </ul>	<ul style="list-style-type: none"> <li>● Establish and operate the global intranet</li> <li>● Stream president messages(weekly) to ensure better penetration of the Unicharm Way</li> <li>● Establish an environment where the Unicharm Way can be referenced in English at newly established Unicharm Group companies</li> </ul>	p44
	[Domestic and Overseas] Distribution rate of the Unicharm Way pamphlet to employees	100	100	%	○	Distributed paper-edition of the Unicharm Way to newly hired employees and mid-career hires.	Distribute paper-edition of the Unicharm Way to newly hired employees and mid-career hires.	p42
	[Overseas] Number of times Quality Policy Briefing Session held for suppliers	1	1	times	○	Held the 3rd Quality Policy Briefing Session in China involving 112 representatives from 41 companies. In addition to quality standards, Unicharm conveyed its approach to compliance and governance and issued quality commendations. In Japan, the Quality Policy Briefing Session was held for the first time in three years, with 156 representatives from 65 companies attending. Here, information on our quality, environment and safety policies was shared.	Hold the 4th Quality Policy Briefing Session in China.	
	[Domestic and Overseas] Number of training sessions held for purchasing managers	1	1	times	○	Compliance and governance training was provided to 41 purchasing managers and persons in charge at the Global Purchasing Meeting (October).	Hold compliance and governance training for purchasing managers and persons in charge at the Global Purchasing Meeting.	p44
	[Domestic and Overseas] Intellectual property study session implementation rate (number of times implemented / number of times planned)	100	100	%	○	Held label screening study sessions at marketing departments of domestic and overseas subsidiaries, for employees being dispatched overseas, new marketing department employees, and newly hired employees.	Hold study sessions on intellectual property laws and product labeling laws in Japan for the marketing departments, R&D departments, employees being dispatched overseas, newly hired employees and managers from domestic and overseas subsidiaries where study sessions have yet to be held. In particular, augment curriculum based on changes in labeling law and take steps to enhance and expand the system for managing labels.	p45
	[Domestic and Overseas / Group companies] Legal affairs training implementation rate	100	100	%	○	Continued to hold legal affairs training in marketing departments, R&D departments, research departments, for employees being dispatched overseas, newly hired employees, directors, corporate auditors, executive officers and managers. Also held new legal affairs training for employees of subsidiaries linked with legal affairs managers at overseas subsidiaries.	Continue to hold legal affairs training for directors, corporate auditors, executive officers, marketing departments, R&D departments, research departments, employees being dispatched overseas and newly hired employees. Also, hold legal affairs training for employees of subsidiaries linked with legal affairs managers at overseas subsidiaries.	p44
	[Domestic] Insider trading prevention rules training implementation rate (those targeted)	100	100	%	○	Continued to hold legal affairs training in marketing departments, R&D departments, research departments, for employees being dispatched overseas, newly hired employees, directors, corporate auditors, executive officers and managers. Also held new legal affairs training for employees of subsidiaries by working with legal affairs managers at overseas subsidiaries. Regularly published Q&A introducing in an easy-to-understand manner legal knowledge on business through the company's intranet for general employees.	Continue to hold legal affairs training in marketing departments, R&D departments, research departments, for employees being dispatched overseas, newly hired employees, directors, corporate auditors, executive officers and managers. Also hold legal affairs training for employees of subsidiaries by working with legal affairs managers at overseas subsidiaries. Continue to regularly publish Q&A introducing in an easy-to-understand manner legal knowledge on business through the company's intranet for general employees.	p44-45
	[Domestic / Group companies] Affiliate management rules training implementation (affiliates)	100	100	%	○	Ensured proper reporting to the headquarters in accordance with affiliate management rules by utilizing TV conferences with overseas subsidiaries and legal audits. Monitoring was also performed.	Continue to monitor and ensure proper reporting to the headquarters in accordance with affiliate management rules by utilizing TV conferences with overseas subsidiaries and legal audits.	
	[Overseas] Implementation rate of legal affairs audit plan	100	100	%	○	Conducted legal audit at subsidiaries in Indonesia, Vietnam and Malaysia and proposed solutions for remedying problems found and taking legal steps to prevent inherent risks facing at each subsidiary. Also, conducted monitoring of the progress of solution implementation by subsidiaries audited last year using regular TV conferences.	Continue to conduct legal audits primarily in countries not covered in the previous year in accordance with the annual audit plan. Propose solutions for remedying problems found and take legal steps to prevent inherent risks facing each subsidiary	p45
	[Domestic and Overseas] Number of serious deficiencies found in the company-wide management evaluation of internal control that should be disclosed	0	0	cases	○	<ul style="list-style-type: none"> <li>● Formulated BCP covering new risks and set company-wide risk items.</li> <li>● Evaluated company-wide internal control (covering entities accounting for 95% of consolidated sales).</li> <li>● Evaluated operating process internal control (covering entities accounting for 2/3 of consolidated sales).</li> </ul>	<ul style="list-style-type: none"> <li>● Formulate BCP covering new risks and set company-wide risk items.</li> <li>● Evaluate company-wide internal control (covering entities accounting for 95% of consolidated sales).</li> <li>● Evaluate operating process internal control (covering entities accounting for 2/3 of consolidated sales).</li> </ul>	
	[Domestic and Overseas] Number of serious deficiencies found in the management evaluation of operational processes and internal controls that should be disclosed	0	0	cases	○			p45
	[Domestic] Number of information divulgation incidents	0	0	cases	○	<ul style="list-style-type: none"> <li>● Made improvements to strengthen the system for managing confidential information of customers and other sources.</li> <li>● Established system to immediately terminate the ID of lost or stolen information equipment.</li> </ul>	<ul style="list-style-type: none"> <li>● Make improvements to strengthen the system for managing confidential information of customers and other sources and make it known to all.</li> <li>● Introduce system to control the mistakenly sending and browsing of management information and make it known to all.</li> <li>● Regularly hold information security training.</li> <li>● Continue running system to immediately terminate the ID of lost or stolen information equipment.</li> </ul>	
	[Domestic and Overseas] Number of incidents where systems failed during a disaster	0	0	cases	○	<ul style="list-style-type: none"> <li>● Continued change-over training in case of a disaster</li> <li>● Continued to improve operational procedures and manuals for disasters</li> <li>● Visualized the confirmation of safety, disaster damages and system failures using smartphones</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to carry out change-over training in case of a disaster.</li> <li>● Continue to improve manuals and operational procedures for disasters.</li> <li>● Make improvement plan in BCP measures outside Japan.</li> </ul>	



Related Item	Items Where Unicharm is Making Efforts		Ideal Vision (Goal)	Major Activity Plan for FY2014
Unicharm Group CSR	CSR management		Earn the trust of stakeholders by establishing and operating a system to implement the PDCA cycle for CSR activities, and disclosing the details of such activities.	Continue to hold CSR Committee meetings and promote important CSR themes
Stakeholder Engagement	Stakeholder engagement	General	Foster relationship of trust by recognizing stakeholder needs through stakeholder engagement and continually reflecting these needs in corporate activities.	Promote activities that encourage communication with various stakeholders
		Shareholders	Maintain growth that will earn the trust of shareholders and maintain industry-leading shareholder returns. Strive to clarify accountability and improve management competencies in order to promote correct corporate management. Actively disclose management information and strive to promote trustworthy corporate management.	Proactively disclose important information in a timely manner and continue to hold dialogue in which senior management and persons in charge of investor relations meet with people working in the capital markets.
Human Rights	Respect for human rights and prohibition of discrimination		Contribute to the realization of a bright society without discrimination by striving to educate workplaces about human rights awareness and by promoting a workplace culture that respects the individual personalities and capabilities of each and every employee.	Continue to utilize and promote the employee consultation and counseling hotline
Along with Our Employees	Respect for diversity	Promotion of employment of persons with disabilities	Employees working together with respect for and trust of one another regardless of age, gender, nationality, employment format, or disability.	Continue to promote the employment of persons with disabilities
		Promotion of rehiring employees after mandatory retirement		Continue to promote the rehiring of employees after mandatory retirement
	Improved workplace environment		<ul style="list-style-type: none"> <li>● Foster a corporate culture that provides opportunities for equal self-realization and to develop self confidence and pride, based on respect for each and every employees' autonomy.</li> <li>● Foster the creation of a diverse and open group of persons that respect the values and time of one another in all situations.</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to conduct the employee satisfaction survey (every year), identify issues and create policy</li> <li>● Provide workplace environments where diverse human resources can actively contribute</li> <li>● Make efforts to reduce the amount of overtime work (hold company-wide no-overtime days)</li> </ul>
	Occupational health and safety	Guarantee of safe workplace environment	Give utmost priority to employee health and safety, and guarantee comfortable workplace environment.	Conduct Health & Safety Committee meeting
		Promote employee health and mental care		Implement mental health care training and return-to-work program
	Human resource development / utilization		Foster employees that are never satisfied with the status quo and always strive for personal development and to tackle new challenges.	Implement global human resources development training
	Dialogue between labor and management		Under foundation of mutual trust between labor and management, achieve corporate growth together as well as maintain / improve employee labor conditions and ensuring a stable lifestyle.	Hold discussions with the labor union
Along with the Society	Social contribution activities		Contribute to improved health and hygiene standards for people and a sound and dynamic society by constructing relationships of trust through activities that address the needs of communities and society as a whole.	Promote measures across the entire Unicharm Group (Japan: pink ribbon activities, child raising support project, provision of paper diapers to Shikokuchuo City, and factory tours for employee family members) (China/ Taiwan: pink ribbon activities, etc.)
Reconstruction Assistance for the Great East Japan Earthquake	Disaster relief activities		Contribute to the safety of people and restoration of disaster-affected areas by providing assistance to every extent possible as a manufacturer that provides daily essentials.	Carry out disaster relief activities (donations of Humany urine-suction robots by combining Super Cool Biz and Warm biz employee dress codes with disaster support provided via the Matching Fund, and the holding of nursing care seminars, etc.)

	Main Indicators for Achieving Ideal Vision (Goal)	Indicators and Results			Self-assessment	Results of FY2014 Activities	Major Activities Plan for FY2015	Location Mentioned in CSR Report
		Target*	Results	Unit				
	[Domestic] CSR Committee meeting implementation rate	100	100	%	○	Held CSR Committee meetings according to the annual plan.	Set up subcommittees and hold CSR Committee meetings according to the annual plan.	p8
	[Domestic] Number of CSR news published on the corporate website	10	17	times	○	Disseminated information on the Unicharm Group's CSR activities in a timely manner.	Continue to disseminate information on the Unicharm Group's CSR activities.	p9
	[Domestic] Financial presentation implementation rate (Japan)	100	100	%	○	Senior management presented performance results to investors at financial presentations (in Japan).	Hold financial presentation briefings (in Japan).	p43
	[Overseas] IR tour implementation rate	100	100	%	○	Senior management used overseas investors relations roadshows to hold dialogue with major overseas institutional investors.	Hold investor relations roadshows overseas.	
	[Domestic and Overseas] Implementation rate of individual meetings with investors	100	100	%	○	Persons in charge of investor relations met individually with investors on more than 300 occasions both in Japan and overseas to explain about the business operations of the Company to persons working in the capital markets.	Hold individual meetings with investors.	
	[Domestic] Employee consultation and counseling hot line response rate	100	100	%	○	Responded to all consultations received by the employee consultation and counseling hotline.	Continue to respond to consultations received by the employee consultation and counseling hotline.	p44
	[Domestic] Employment rate of persons with disabilities	2.0	2.0	%	○	Actively promoted and improved the hiring of people with disabilities. Continued to develop workplaces where employees with disabilities can contribute with their skills and expertise.	Continue to actively promote the hiring of people with disabilities. Continue to develop workplaces where employees with disabilities can contribute with their skills and expertise.	p38
	[Domestic] Rehirement rate after mandatory retirement	60	83	%	○	Interviews held between future retirees with their supervisors and HR on their future career options one year or two years prior to mandatory retirement. Promoted the rehiring of employees after their mandatory retirement by establishing a system to share feedback from the individual on their roles and expectations after being rehired and to urge their change in mind and behavior.	Continue with current initiatives for rehiring future retirees and carry out regular follow-ups according to specific plans for coaching their junior generations. Establish a system where rehiring employees are able to maintain their strong motivation and skills even after mandatory retirement.	
	[Domestic] Number of times employee satisfaction survey conducted	2	2	times	○	Continued to conduct "employee satisfaction survey" twice in FY2014. Confirmed employees' current situation and degree of satisfaction with their work and reflected them in various management initiatives and provided feedback to each department.	Continue to conduct "employee satisfaction survey" as same as last year and reflect results in management initiatives.	p37-39
	[Domestic] Turnover rate due to pregnancy or childcare	8	0	%	○	Eliminated concern among applicable individuals by sending guidelines on maternity and parenting leaves. Through back-to-work interviews, concerns over work-life balance after returning to work were eased and support was provided through consultations.	Continue to implement current initiatives as well as to provide briefings to male employees whose spouses are delivering babies and their supervisors about childcare-leave programs and systems for encouraging them to take childcare-leaves as well.	
	[Domestic] No-overtime day implementation rate	100	100	%	○	Continued to implement once a month company-wide. Employees were thoroughly notified by audio announcements in the office, posted-notes signed by divisional general manager, email, etc.	Continue to implement once a month company-wide.	
	[Domestic] Health & Safety Committee meeting implementation rate	100	100	%	○	Held once a month at each office. Also held health management guidance led by industrial physicians and worked to reduce employee working hours.	Continue to hold once a month.	p39
	[Domestic] Health check-up screening rate	100	100	%	○	Implemented employee health check-ups during the fiscal year. Also provided post-exam care and recommendations for employees requiring second screening.	Implement employee health check-ups during the fiscal year. Continue to provide post-exam care and recommendations for employees requiring second screening.	
	[Domestic] Mental health care and adult onset disease improvement training implementation rate (for those applicable)	100	100	%	○	Sent employee and department versions of illness guidelines to applicable individuals, distributed seasonal health information monthly and promoted health management. Held group training program on remedying adult onset diseases and "workplace communication training" for managers and supervisors.	Hold "workplace communication training" for managers and supervisors in the Sales Division. Send health information as well as illness guidelines monthly to foster greater mind in health management.	
	[Domestic] Monthly and weekly messages from senior management and promotion of learning(all employees). Theme-based and rank-based training program implementation rate (for those applicable each fiscal year)	100	100	%	○	In addition to distinctive training for new employees and various types of training programs based on job title, role and age, issued monthly and weekly messages from senior management and continued to hold learning opportunities for all employees on these messages. Held annually, monthly and weekly training on abilities for thoughts and actions to improve employees' abilities to carry out Unicharm's unique business model in their day-to-day work.	Continue to carry out current initiatives and training programs as last year.	p38
	[Domestic] Number of discussions held with the labor union	12	15	times	○	Introduced and revised various personnel systems(work hours management, employee lease housing, interest subsidy program for employee homeowners, Life Plan pension) and held wide range of discussions on employment issues, benefits, health management measures, etc.	Continue to hold regular discussions once a month and add discussions as needed based on each project. Introduce defined contribution pension plan and increase its enrollment rate. Implement initiatives for improving productivity.	p39
	[Domestic and Overseas] Implementation rate of company-wide activities	100	100	%	○	Promoted measures across the entire Unicharm Group (● Japan: pink ribbon activities, "child raising support project in 'paper city' & provision of baby paper diapers to Shikokuchuo City", excretion care lectures etc. ● China: pink ribbon activities ● India: providing learning opportunities about first menstrual period. ● Taiwan: pink ribbon activities and donations provided to social welfare group, etc.)	Continue to implement activities promoted on a company-wide level.	p40-41
	[Domestic and Overseas] Implementation rate of relief to disaster-affected areas.	100	100	%	○	Continued to provide support to disaster-affected areas(Great East Japan Earthquake: organized Matching Fund through Super Cool Biz/Warm Biz employee dress codes that donated Humany urine-suction robots).	Continue to provide assistance to those areas affected by the Great East Japan Earthquake.	p22-23

\* Qualitative goal is set as 100%.

Self Evaluation Standards: ○ = Goal achieved; △ = Mostly achieved; × = No Progress

# Along with Our Customers

## Ideal Vision

Unicharm will contribute to creating a better quality of life for everyone in the world by offering world-first and world-leading products and services of the finest quality and safety that will bring comfort, excitement, and joy to its customers around the world.

## Communicating with customers

### Initiatives of the Customer Service Center

At the Customer Service Center, our fundamental goal is to improve customer satisfaction by responding to the valuable feedback we receive from our customers in a prompt, fair and sincere manner. In FY2014, the Customer Service Center received approximately 33,000 calls. The feedback we received was in turn shared widely with related departments inside the company and used to help improve our products and services.

In July 2006, Unicharm made a declaration of self-conformity with ISO 10002 international standard Customer Complaints Correspondence Management System, and is extending it to our customer service

centers in China, Taiwan, Thailand, Indonesia, Australia, India and other countries. Following Unicharm China and Taiwan, Unicharm Thailand and Indonesia declared their self-conformity with ISO 10002 in October 2013 and March 2014, respectively, as part of our efforts to improve customer satisfaction across the Unicharm Group.



Customer Service Center

customer satisfaction **93.3%**

### ● Main Initiatives of the Customer Service Center

Main initiatives	Contents
1. Responder training	We organize training programs to enhance our specialist knowledge, including sessions led by external instructors and other informative workshops, in order to improve the quality of our response.
2. Reflection in products	We share customer feedback with related departments in a timely manner through weekly and monthly report. This feedback is used to improve existing products and develop new products, in order to provide customers with products that are safe and convenient.
3. Information dissemination	Customer feedback is shared internally in real-time using our centralized customer information management system, or the SMILE system. Report meetings with business departments and product package confirmation meetings (Communication Guarantee Meeting) are also held to ensure feedback is utilized to improve products from a customer standpoint.
4. Customer Service Center training	The R&D and Manufacturing departments organize training sessions for new employees and others who wish to participate in order to reinforce their focus on the customer and quality. In FY2014, 742 employees took part in these training sessions.
5. Strengthen collaboration with overseas customer service centers	The initiatives of our customer service centers located around the world are being shared to help improve customer satisfaction across the entire Unicharm Group, including its overseas subsidiaries. This information is also being used to improve our response skills based on ISO10002 complaint response MS and to step up inter-office collaboration.

### ● Unicharm Complaint Response Policy

- (1) Customer feedback will be centrally managed by the Company's customer service centers and addressed in a fair and impartial manner in accordance with the QMS (ISO9001) complaint response process manual and ISO10002 complaint response process documentation. Information concerning defects in a product or service will be reported to the President & CEO and steps will be taken immediately to remedy the problem.
- (2) In the case customer feedback must be redressed, related departments will work together to immediately rectify the situation and prevent future reoccurrences in accordance with the QMS (ISO9001) redress and preventive measure procedure manual.
- (3) We will strive to reflect the valuable feedback of customers in future products and services. We will take customer feedback seriously and exert our best efforts so that each department works together to ensure that customers are satisfied.

### ● Examples of customer feedback reflected in our products

Feedback about a request to sell a disposable diaper for newborn babies with a low weight.



We received customer feedback about launching a disposable diaper for newborn babies with a low weight and in November 2014 we rolled out this exact product.

Feedback about a request to sell a liner in the Sofy Hada Omoi series



We received customer feedback about releasing a panty liner product using a sheet from the Sofy Hada Omoi series and in October 2014 we launched this exact product.



## Activities of overseas customer service centers

### ► Taiwan Customer Service Center Audit and Plant Workshop

Unicharm's customer service center in Taiwan made a declaration of self-conformity with the ISO 10002 standard for complaint correspondence management systems on March 11, 2013. Following this declaration, the Customer Service Center in Japan audited it to make sure it was properly implementing its management system, during which it was confirmed that its responses are indeed closely in tune with the customer.

Additionally, a joint workshop was held with employees of our plant in Taiwan to broaden understanding about the importance of quality and safety as well as customer feedback. As a member of the Unicharm Group, our subsidiary in Taiwan is committed to building an even stronger collaborative structure going forward to ensure its responses please and satisfy the customer.



Taiwan Customer Service Center Audit and Plant Workshop

### Feedback from participants for 3rd Global Customer Service Center Conference



#### Thailand Customer Service Center

We were able to learn about responding to customers and organizational functions based on the presentations of best practices from each country. This information was shared with staff members and we will now dedicate our full efforts, with a smile, toward better satisfying customers in Thailand.



#### India Customer Service Center

It was very helpful to be able to discuss and share our thoughts with staff members from other countries. We plan on using what we learned here to improve customer service in India and support the happiness of our customers there.



#### Indonesia Customer Service Center

This was my first time attending this conference, and after listening to the presentations, I found that there are truly many different types of customer feedback. In recent years, customers in Indonesia have a growing interest in quality and the number of these inquiries is rising. We will learn from the examples of each country and strive to improve customer satisfaction under our ISO 10002 complaint correspondence management system. Our goal is to hear the words "thank you" from more and more customers.



#### Australia Customer Service Center

It was a very beneficial conference. We believe a collaborative structure involving each country was established to learn about how to respond to customer feedback. The next step for us will be to develop a complaint correspondence management system compliant with ISO 10002 and strive to ensure that customer feedback is shared with related departments internally without fail.



#### China Customer Service Center

It was very beneficial to listen to the presentations of each country and share example of our responses and challenges. Those of us at Unicharm working hard at customer service represent a single, large family. This provides the power to overcome any difficulty or challenge we may face. Moving forward, we will dedicate our utmost efforts to responses that satisfy the customer.



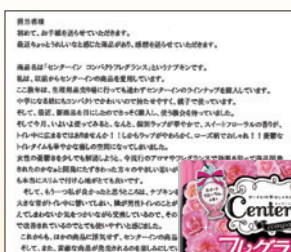
#### Taiwan Customer Service Center

We felt the dedication of customer service staff members from each country who want to achieve the same level of service regardless of where in the world a customer provides feedback. We are committed to carefully listening to feedback from customers and finding ways to reflect these ideas in the products and services of the future.



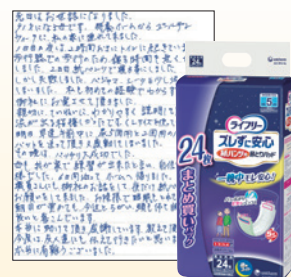
3rd Global Customer Service Center Conference

### Letter of thanks from consumers



#### "Center-in Compact Fragrance"

"After opening the individual packaging, a sweet floral fragrance permeated the room, transforming the boring bathroom into a luxurious and relaxing space."



#### "Lifree Zurezunianshin (Slip-free Easy-feeling) for Disposable Pant-type Diapers Urine Absorbing Pad Night-time Super"

"I was able to get a better night's sleep and wake up feeling good, both physically and mentally."

## Communication with customers using various media

As a specialized manufacturer, Unicharm provides information on continence care, first menstruation, and parenting to customers within Japan. In March 2012, a Facebook page for Moony was established to provide a platform for new moms to communicate with one another. In conjunction with "Baby Town," which boasts approximately 700,000 members, this social media page disseminates parenting information to customers. In April 2013, we revamped our educational website for first menstruation called "First Body Navi" and added additional content. In addition, we have developed corporate websites for overseas locations aimed at strengthening online communication with customers both in Japan and abroad.



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



Pre-Mama Town  
<http://www.premama.jp/>  
Baby Town  
<http://www.babytown.jp/>



Moony on Facebook  
<http://www.facebook.com/moony.japan>



Mild Incontinence Care Navi  
<http://www.nyoucare.jp/>



Continence Care Navi  
<http://www.carenavi.jp/>



Unicharm Human Care  
<http://www.humany.jp/>



Website for Egypt



Website for Brazil

## Insight research, R&D, and marketing

### Three-pronged approach involving insight research, R&D, and marketing

We practice a model of manufacturing that closely reflects customer needs by adhering to the motto "Maintain our No.1 position through continued and dedicated service" ingrained in our DNA. We thoroughly observe the lifestyle and consumption style of consumers and pursue the true needs that exist in their subconscious. We are committed to developing products that exceed customer expectations by leveraging our customer-oriented creativity. In order to promote a more extensive global reach, we are developing products localized to meet the needs of each region and market. While Unicharm products are considered daily necessities, there are some countries where paper diapers are regarded as a luxury or consumers are not accustomed to using paper diapers throughout the day. Taking each country's customs and needs into consideration, we are creating unprecedented new value in our products that balances function with cost, making these products more accessible to all.

We aim to continue developing products that suit the local needs of each region by combining the forces of insight research, research and development, and marketing.



Monitoring survey

### Cooperation between R & D and Engineering

Using an organizational structure consisting of research, development, and engineering (R&D&E), Unicharm promotes research and development in an interdepartmental approach that encompasses five businesses. These departments engage in various types of basic research on an ongoing basis while the new technologies and materials they develop continuously provide improvements for existing products and create completely new ones as well. In addition, we have set up research centers in key geographic areas, creating an infrastructure capable of developing products that truly meet local needs.



Product testing

## Quality Management

### Unicharm's view of quality assurance and framework

To promote quality management at Unicharm, we have aligned our quality policy with our Medium-Term Management Plan and undertake internal and external audits to confirm the conformity and effectiveness of our systems. We continually strive to improve these by putting in place corrective and preventative measures. All of our business offices in Japan and overseas have acquired ISO 9001. Based on this standard, we have implemented a quality management system (QMS) throughout our supply chain. In 2014, following changes in regulations, Indonesia and Thailand obtained ISO 13485 certification for medical device quality management systems, in addition to ISO 9001.

### Product safety efforts

In consideration of the characteristic of our products and how they are used, Unicharm carries out Human Repeated Insult Patch Tests and a variety of alternative testing methods to confirm the safety of its products. We also have a mechanism in place at the product development stage in which our Safety Assessment Committee operates as a gate check, conducting risk assessments that take into account misuse or chemical toxicity of novel materials and structures.

### Global safety activities

We have had a safety-check framework in place in each country since April 2007, which is being implemented by our local subsidiaries primarily in China, Korea, Taiwan, Thailand and Indonesia. In addition, we visit our suppliers, testing partners and government institutions in each country to step up communication in order to deliver safe and reliable products to our customers through a joint effort.

### Initiative at Unicharm products

As an initiative for quality assurance, Unicharm Products is implementing improvements based on information from consumers relevant to defective products or poor services, and for factory-wide improvements using UTMSS.\* This system is used for goals such as visual control and standardization and for continual improvement in productivity and quality so that we can continue to provide consumers with

products of consistent and high quality. We are also disseminating our framework to overseas subsidiaries and assisting with the implementation of best practices by way of a mother plant system between factories in Japan and those overseas.

\*UTMSS: Unicharm Total Management Strategic System

#### ASEAN UTMSS improvement study group

##### Indonesia



##### Thailand



### Initiative for appropriate product labeling

In an effort to provide accurate information to our customers, we verify that our product labels and advertisements comply with relevant regulations as well as voluntary industry standards and that they are easy to understand to avoid misunderstandings and misuse. We also set up a Communication Guarantee Meeting which effectively functions to verify and evaluate the scientific basis for product labeling during the product design stage as well as to collaborate across the Group to achieve the most adequate and precise labeling possible.



Communication Guarantee Meeting

Along with Our Customers

Along with the Environment

Along with Our Employees

Along with the Society

Along with Our Business Partners

Along with Shareholders and Investors

Management



# Along with the Environment

## Ideal Vision

We will contribute to the sustainable development of a society which maintains a balance between conservation of the environment and economic growth through the creation of environmentally friendly manufacturing.

## Promotion framework for environmental activities

### Our attitude toward the environment

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

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

### Basic Environmental Policy

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

### Environmental Action Guidelines

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

### Promotion framework for environmental activities

The Unicharm Group's environmental activities are considered to be an important part of its quality assurance program as we deal largely with disposable products. The Group's environmental activities have been implemented primarily by the Global Quality Assurance Department under the responsibility of the CQO\* led by the CSR Committee chaired by the Group's

President. In FY 2015 we established our Corporate Social Responsibility (CSR) Division by merging our Global Quality Assurance and CSR Departments, in order to further promote environmental activities.

While aiming to integrate ISO14001 and ISO9001, each Group company seeks further improvement by employing the PDCA cycle in carrying out gate control and KPI management as a part of day-to-day business processes.

\*CQO: Chief Quality Officer

### ● Environmental Management Structure



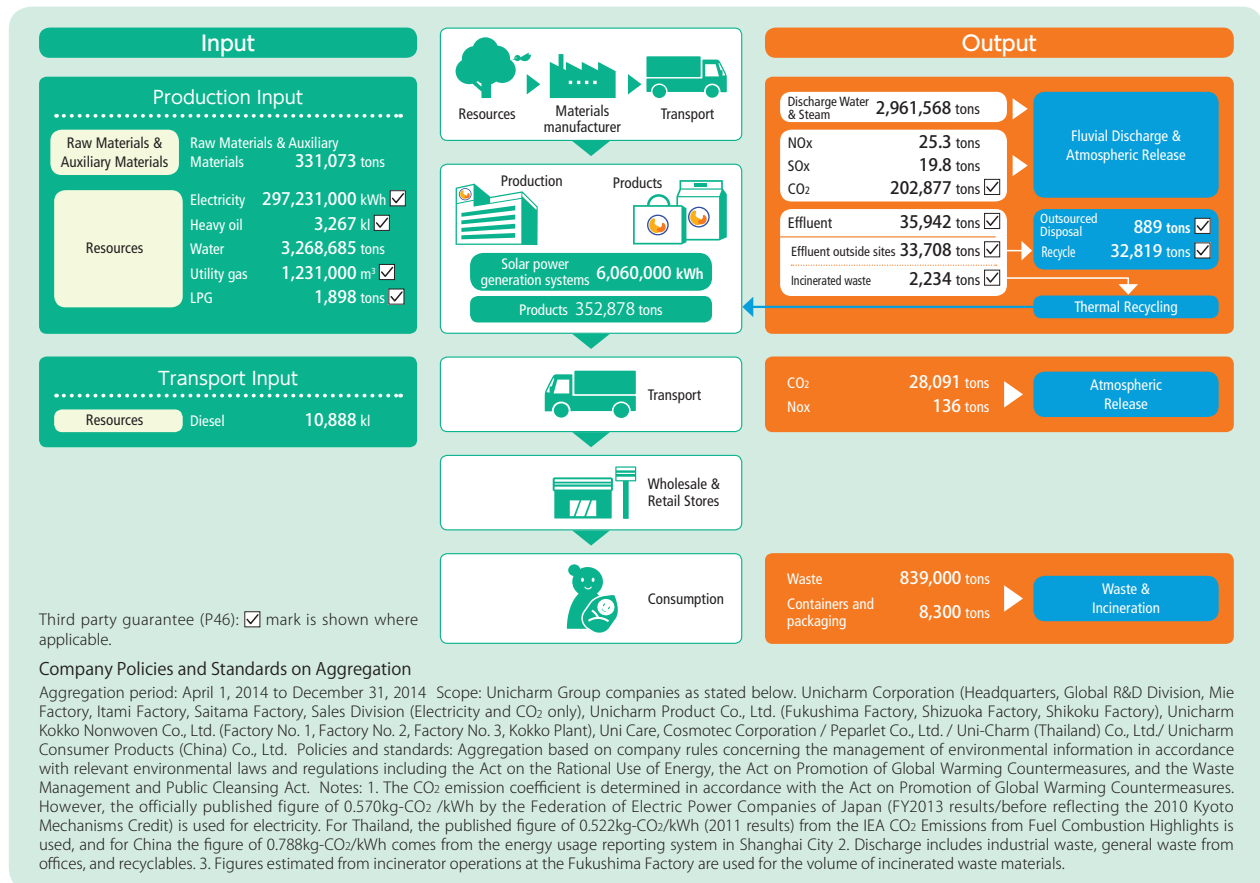
## Environmental impact and environmental goals

### Monitoring the environmental impact of products during the entire lifecycle

As a manufacturer of consumer products, Unicharm uses resources in various aspects of its business activities. As a responsible manufacturer that

utilizes resources, we engage in efforts to improve the environment at every stage of the supply chain through all of our business activities, from the procurement of materials to manufacturing, transport, and disposal of products after use.

#### ● Environmental impact from a lifecycle perspective



### Environmental Activity Themes and Goals

In FY2014, UTMSS activities at our production sites resulted in recycling of trimmings and the recycling

of films thanks to the use of sorting processes. These efforts helped us to achieve significant improvements. We also achieved other targets as well.

#### ● FY2014 results and FY2015 goals perspective

Theme of the Activity	Indicator	Base Year	FY2014 Goal	FY2014 Result	Assessment	FY2015 Goal	FY2016 Goal
Reducing CO <sub>2</sub> emissions	Energy use (GJ) / base unit per net sales (millions of yen)	—	10.6	10.6	○	10.6	10.5
Reducing waste	Total emissions at the 3 main factories	2000	-13%	-20%	○	-14%	-14%
Recycling resources	Recycling ratio at the three main facilities	—	Over 99%	Over 99%	○	Over 99%	Over 99%
Development of environmentally friendly products	Ratio of environmentally friendly products	—	67%	67%	○	70%	75%

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

\* FY 2014 data was collected from April to December 2014, due to the change in our accounting period. For waste, data was converted to 12-month data based on FY 2014 performance.

## Environmental initiatives through our products

Unicharm has set a target ratio for environmentally friendly products as part of its environmental goals in promoting the development of environmentally friendly products. Products are evaluated for whether environmental impacts are successfully reduced within the life cycle from the baseline figures of FY2005. In FY2014, we achieved our goal of 67% environmentally friendly products. We have set a goal of 70% for FY2015, to further expand our

environmentally friendly product line. Starting in FY2013 we began regularly confirming the eco-friendliness of products under development during each stage of the product development process.

Since the inception of our proprietary environmental label, the “Eco Charming mark” in 2008, a total of 25 items have come to bear this label.

 Please refer to Feature Topic 3 (pages 20-21), “Environmentally Friendly Manufacturing”

## Initiatives to reduce environmental impact through our business activities

### Unicharm’s Management of Chemical Substances

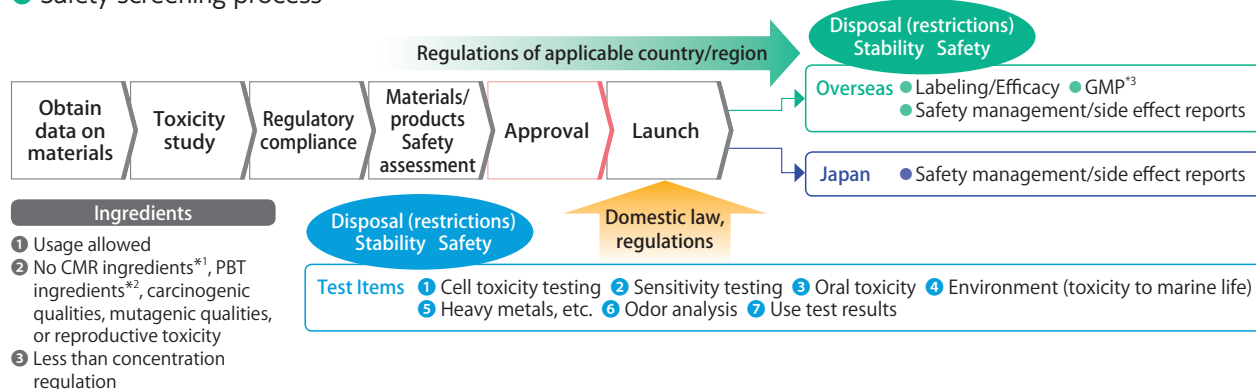
Unicharm has established measures to control its use of chemical substances that are harmful to people or ecosystems. To ensure consumers can use our products that directly contact their skin with peace of mind, we carry out inspections in accordance with our Basic Rules on Quality Control in all processes, from product development to equipment development, materials purchasing, manufacturing, and marketing.

We have established guidelines for preventing the use of chemical substances that are harmful to people or ecosystems in the materials procurement stage and a dedicated department investigates the chemicals we use in terms of hazards and legal compliance. Our Safety Assessment Committee

serves as a gate, carrying out various risk assessments based on use and disposal methods.

In conjunction with our recent global expansion centered on Asia, we are now carefully monitoring chemical substances for the impacts they have on people as well as ecosystems, based on their use not only in Japan but internationally as well. In 2014, we changed our perspective and revised our list of hazardous chemicals, which was based on Japanese laws and regulations, into a chemical management guide that can be used worldwide. We have already shared the guide with our suppliers in Japan and other countries in Asia, and we conducted a survey on chemical use. In cooperation with our suppliers, we will continue to strive to ensure the safety of the materials we use.

#### ● Safety screening process



<sup>\*1</sup> CMR: Carcinogenic, mutagenic, and/or reprotoxic substances.

<sup>\*2</sup> PBT: Persistence, Bioaccumulation, Toxicity

<sup>\*3</sup> GMP: Good Manufacturing Practice. A quality control standard for pharmaceutical products established by Ministry of Health, Labour and Welfare, based on Japanese Pharmaceutical Affairs Law.



## Energy conservation activities at our production sites

Unicharm's production sites hold 6 energy conservation meetings each year, in order to achieve our energy conservation goal of a 1% reduction in CO<sub>2</sub> emissions from the previous year. Personnel in charge of energy conservation at each production site join the meeting to consider various measures through a number of discussions and case studies. We, as a group, strive to achieve our energy conservation goal by employing the PDCA cycle, such as sharing information at meetings, implementing measures at each production site, and reporting the performance outcomes.

## China Participating in the Shanghai Emissions Trading System to Help Prevent Global Warming

A trial emissions trading system was launched in Shanghai under China's environmental protection plan aimed at realizing a low-carbon society. Uni-Charm Consumer Products (China) Co., Ltd. (UCCP), our local subsidiary in China, participated in the trial carbon trading scheme along with 191 other companies as a member of society working toward the goal of a low-carbon society.

UCCP, as a participating company of the trial emissions trading exchange, actively rolled out related efforts in response to the government's call for unification. Specifically, the company proactively took part in training on reducing CO<sub>2</sub> emissions, submitted company reports in a timely manner, cooperated with carbon emission inspections carried out by the government and is further enhancing its activity level.

UCCP has appointed a dedicated department and person in charge of its efforts, and installed the latest energy saving technologies together with reducing its use of energy through daily improvements in productivity. It also stepped up its efforts for managing energy usage, which helped it identify issues and promote more effective energy saving activities. Through these efforts, UCCP is more committed than ever before about contributing to a low-carbon society.



## Thailand Initiatives to reduce waste at production site

Unicharm Thailand, an overseas subsidiary of Unicharm Corporation, installed facilities to crush and separate irregular products from the production process and reuse more than 90% of the waste produced at the site. Along with continuous recycling activities, we realized zero landfill waste.

## Japan Installation of solar power systems

In the context of the severe shortage of electricity in Japan since the Great East Japan Earthquake, we installed solar power facilities at our 3 major plants in Japan: Fukushima, Shizuoka, and Shikoku. These 3 plants generated a total of about 6,060 thousand kWh of electricity in 9 months in FY 2014, which is approximately equal to the electricity usage of 2,250 general households.



## Japan Received an award for energy conservation measures

The Environmental Bureau of the Tokyo Metropolitan Government held the "2014 Energy Saving Seminar for Tenants" in July 2014, where we presented the energy and electricity conservation activities at our Mita headquarters in Tokyo. The aim of the seminar was the promotion of energy and electricity conservation activities for companies in the constrained environment of a multi-tenant building. Our achievement of a 30% reduction in electricity usage in 2014 (compared to 2010) received recognition at the seminar.

We presented our 25-item code of conduct for environmentally-friendly workplace electricity saving, and the background of our "super cool biz" initiatives including encouraging employees to wear short-sleeved shirts to work. We emphasized that "the keys for long-lasting success are to set reasonable targets and to make daily electricity usage data available to everyone to share the results." Feedback from attendees included the comment that "it was helpful to know how to make every member fully understand the activities, such as making the energy saving activities visible with numbers."



# Along with Our Employees

## Ideal Vision

At Unicharm, we recognize that “a company’s growth and development depend on the growth and development of its individual employees who make up the organization”. Therefore, we view “the training and development of our human resources as among the most important tasks of management”. Never being satisfied with the status quo, we are committed to being a group of people that never cease challenging ourselves to excel beyond the current situation.

## View concerning human resources and respect for human rights

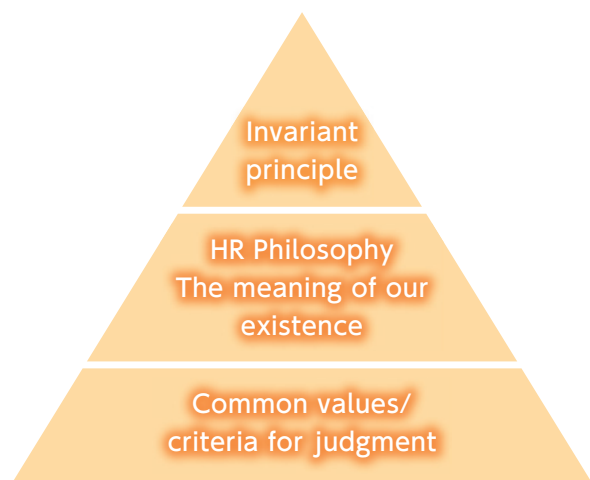
### Human Resource Philosophy

At Unicharm we value the autonomy of each and every individual, based on Unicharm’s “Beliefs and Pledges” and Corporate Principles of Action. We endeavor to provide fair opportunities for our employees to find fulfillment in their work and to create a corporate culture that fosters the development of confidence and pride.

### ● Unicharm HR Philosophy Chart

#### “Human beings” as the foundation of our company values

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



### Unicharm Group’s Human Resource Philosophy

#### 1. Human perspective .....

- ◆ We recognize that our employees are autonomous individuals, and we respect individual initiative based on freedom and individual responsibility.
- ◆ We believe that each employee is aware of her/his respective missions and roles, and that we are all independent, active beings who think and act on our own.

#### 2. The organization and the individual .....

- ◆ We, people with common interests and aspirations, will work together in harmony, and together we will create a vision of the future and share the joy of our growth as a whole.
- ◆ With market principles as one of our fundamental principles, we will pursue the integration of organizational and individual development, and the realization of “the three aspects of wealth.”

#### 3. Growth and creation .....

- ◆ By improving the ways in which we learn from each other and the diverse values we all hold, we will continue to pursue the creation of new values.
- ◆ We will provide our employees with opportunities for growth and will continue to create opportunities for the demonstration of such growth.

### Our view of human rights

As the “Unicharm Group Action Guidelines” clearly state, in order to achieve our “Pledge to Associates” we will never discriminate against people based on race, religion, gender, family background, physical disability, or any other factors; that we will not tolerate child labor or forced labor; that we will never engage in acts of sexual harassment or power harassment; and that we will undertake comprehensive safety and health management in the workplace.

### ● Human resources data

(①: Total group, ②: Group companies in Japan, ③-⑬ employees on the payroll of Unicharm or Unicharm Products, Others: employees on the payroll of Unicharm)

Index		Unit	FY2012	FY2013	FY2014
Employment	① Number of employees (consolidated)	Persons	10,855	12,795	13,901
	② Number of employees (Japan)	Persons	3,009	2,994	2,994
	③ Average age of employees	Age	40.6	40.7	40.6
	④ Employee turnover rate (Excluding retirement at the mandatory age, promotion to board member, and transfer within the group)	%	1.5	1.7	1.2
Diversity, Equal Opportunity and Occupational Safety and Health	⑤ Percentage of female employees	%	22.1	16.7	17.2
	⑥ Percentage of female management staff	%	2.4	4.9	4.8
	⑦ Employment rate of persons with disabilities (annual average)	%	1.7	1.8	2.1
	⑧ Rehiring rate of retired employees	%	79	79	83
	⑨ Health check-up rate	%	100	100	100
	⑩ Employee turnover rate for pregnancy or childcare	%	0	0	0
	⑪ Use of childcare leave system	Total number of men and women	Persons	57	55
	⑫ Use of family-care leave system		Persons	0	3
	⑬ Use of shortened work hours system for childcare		Persons	45	46
	⑭ Use of flextime system for personal lifestyle support		Persons	50	58

\*1 As of March 31, FY2012 and FY2013; as of December 31, FY2014 \*2 ①-⑬ permanent and contract employees. Others permanent employees. \*3 ④ Employee turnover rate = Number of terminated employees (except for retirement at mandatory retirement age, promotion to board members or transfer within the group) / Number of employees at the end of each fiscal year (March 31 or December 31) \*4 ⑥ Percentage of female management staff = Number of female management staff / Total number of management staff \*5 ⑧ Rehiring rate of retired employees = Number of rehired employees / Number of retired employees (at mandatory retirement age)

## SAPS management model: Emphasis on respect for people and a sense of accomplishment

The purpose of the SAPS management model, which has been in operation at Unicharm since 2004, is to make our employees utilize their precious time more effectively and spend their life with happiness by focusing their time and activities on high-priority (value-added) issues. In order to make that happen, we get together as a company-wide group to work on and implement the 6 key essentials of the SAPS management model based on which we aim at respecting the independence of individuals having diverse values and bringing out each other's capability so that we can share the joy of growth of the organization as a whole. Through SAPS management model, we proceed toward the realization of "wealth in three aspects": "aspiration," "economy," and "mind and body."

### ● Six essentials of SAPS Management

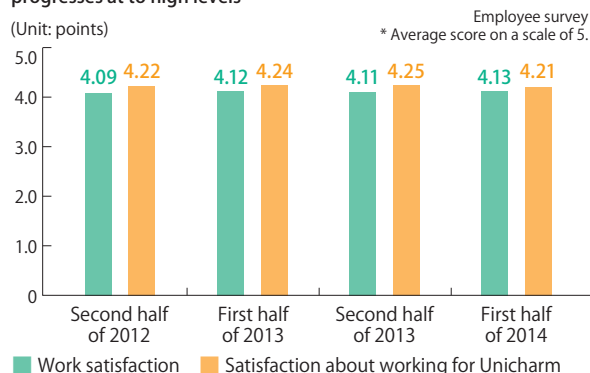
1. Respect for people
2. Emphasis on a sense of accomplishment
3. Emphasis on time competitiveness (Time-based management)
4. Knowledge management
5. Emphasis on curiosity and entrepreneurship
6. Mentality change

## Employee survey

We conducted "employee surveys" twice a year at all group companies in Japan and overseas, in order to verify employees' satisfaction/fulfillment and sense of accomplishment. This sequential surveying enables us to implement various measures in management and human resources, and also encourages employees and organizational operations to be more proactive.

### ● Employee satisfaction index (all full-time employees)

"Work satisfaction" and "Satisfaction about working for Unicharm" progresses at to high levels



## Global expansion of management with resonance – The President's Award

Unicharm established the "President's Award" which may be awarded to any employee, both Japan and overseas to recognize any individual or team that has achieved outstanding results through promoting SAPS management model based on our philosophy of management with resonance. In a presentation that is broadcasted to about 60 locations worldwide through our video-conference system,

honorees share their successful result for the year with more than 1,500 employees watching the live report at the same time. The "President's Award" is more than an employee awards program and works systemically and broadly to promote leadership development through providing opportunities to simulate good practices and encourage both presenters and participants to learn from each other.

### The President's Award 2014, Winner of "Gold Prize for Teams"

#### Indonesia



Business Planning Department & Sales Department  
PT Uni-Charm Indonesia

We are very excited to have won the Gold Prize for Teams three years in a row. With our motto of "big dreams with one heart," we as a solid team are working to achieve our dreams by solving the various challenges we face in Indonesia one at a time.

Ahmad Nur Cahaya Gusti (pictured second from right)

#### China



Ultra Sound-Sleep Team  
Feminine Care Products Department  
Unicharm Consumer Products (China) Co., Ltd.

It was the happiest moment in the past five years of my professional career since being placed in charge of nighttime sanitary napkins. This recognition was made possible by the support and efforts of all of our team members. We will continue to work together going forward to achieve our goal of becoming number one in the market.

Lu Xiaolin (pictured at left)

#### Japan



Moony Development Group  
Global R&D Division  
Unicharm Corporation

It has been a pleasure and great asset for me to work with my team members who faced off against any challenge or failure. I look forward to continuing to create new value in the future.

Satoru Sakaguchi  
(pictured third from left in the back row)





## Personnel utilization and training

### Expansion of education and training programs

We have in place a skills-enhancing program to enhance employee abilities to think and take action, consisting of understanding our SAPS management model and practical skills improvement.

#### ● Our distinctive training programs

Title	Eligible people	Summary
Training for new employees	For eligible people	①Transitioning from student life to working life (rewiring) ②Deepening employees' understanding of the "3 DNAs" of Unicharm ③First-hand experience and understanding of the three aspects of actual work sites (manufacture, purchase and use) and recognizing and persisting in developing a "consumer-oriented mindset." ④Understanding the SAPS management model ⑤Experiencing the importance of working as an organization (team selling), and understanding Unicharm's persistent emphasis on "target oriented" and "target achievement" approaches ⑥Creating your own "10-year career vision and plan"
Training at all levels, ages and roles	For eligible people	Training is carried out for people in keeping with their respective levels, ages and roles. All training is based on understanding our SAPS management model and improving practical skills, providing opportunities and places to enhance the ability to think and take action.
SAPS Trainer's CAMP	For eligible people	An upskilling program for "leaders/educators" in order to realize and spread our unique business model, the "SAPS management model."
Unicharm Spirits Masters	For eligible people	A workshop program for veteran employees in their early fifties to develop action plans by utilizing their accumulated insights and skills in order to demonstrate their powers of execution and foster younger employees.
Unicharm Spirits Masters Advance	For eligible people	For employees who are on the verge of becoming senior expert employees, this program substantiates goals for future activities as torchbearers of the Unicharm Spirits.
Overseas Business Trip Accompanying Program	By invitation	By accompanying senior members on overseas business trips, participants have the opportunity to observe and learn about the thoughts and actions of senior management members.
Ten-year career vision and plan	For all employees	Provides employees with the tools and a system for designing and developing individualized 10-year career plans, and for completing their own action plans. The tools can also be used for communication with management, in order to support each employee in achieving her/his own goals.
Workplace Exchange Workshop	Participation by lottery	A cooperative training program established by several companies for the purpose of allowing participants to enhance their own skills and improve their own issues & weaknesses. Interaction with participants from other companies is expected to provide all participants with inspiration and insights that may not be available within a single workplace.
Training program for employees posted overseas	For eligible people	This training program helps employees prepare for their post-overseas transfer and develop their mindset so they can rapidly assume their duties in the new environment and achieve results.

## Respect for Diversity

### Various Support Systems

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

#### ● Various Support Systems to respect diversity

System	Eligible people	Summary
Birth Support Leave Program	Employees who undergoing fertility treatment	Leave for advanced fertility treatment (up to 1 year)
Shortened work hours system for childcare	For employees who have a child/children up to the third year of elementary school	Working hours can be shortened to 5 hours a day
Nursing-care leave	For employees who have family member(s) in need of continuous nursing care for more than 2 weeks as a result of injury, sicknesses, or physical or mental disorders.	By application, up to 5 days leave/year is available for one family member, up to 10 days leave/year for 2 or more family members who require nursing-care.
Career Recovery System	Former Unicharm employees who worked for more than 3 years and resigned from employment for various reasons such as marriage, pregnancy, childbirth, childrearing, nursing-care, or accompanying spouses on business transfers.	They are eligible for re-employment within a five-year period (from time of resignation), provided that both the former employee and the company reach a certain agreement.
Civic duties leave	Employees who are selected as citizen-judges	The required number of days leave to appear in court as a citizen-judge is available by application.
Bone marrow donors leave	Employees who wish to donate their bone marrow	Up to 7 business days leave per 1 donation of bone marrow available by application, for the procedures required for donation to a patient in the working country (except for donor registration).

### Employment of people with physical disabilities

We aim to provide a workplace where employees with disabilities are also able to fully exercise their abilities. We have implemented measures such as placing handicapped parking in locations on company grounds that remove barriers to movement into the workplace and making facilities barrier-free. More than anything else, we expect proper outcomes from employees with disabilities and promote a corporate cultural environment free of barriers in all respects.

### Initiatives for balancing work and childcare

Aiming to create an environment that supports both childcare and work, our childcare leave program allows employees to take up to two years of childcare leave. Childcare leave taken before and after pregnancy is treated as paid vacation, while employees with accumulated paid vacation days at the start of their childcare leave can use up to 15 of these days to receive their normal pay and help reduce their burden from birth and childcare. Additionally, we also brief male employees whose wife has had a baby and their supervisors on our childcare leave programs and structure to encourage them to take leave, with the results of these efforts monitored.

## Hiring of pregnant women

Unicharm newly implement the Fresh-Mom Recruitment program for hiring new female graduates from FY2015. Women who have expressed an interest in working for Unicharm but are hesitant to accept because they are pregnant or unsure can take part in the Fresh-Mom Recruitment program to delay joining the company up until the age of 30.

## Unicharm Family Plant Visit Days

Unicharm holds Family Visit Days at all of our plants both in Japan and overseas, to welcome the families of employees for a tour of the plant. We received comments from participants, such as "I was impressed by how quickly production of the various products was completed," as well as from employees, such as "I was happy to show my family my working site."



Shikoku Factory



Shizuoka Factory



Fukushima Factory

## Charming Voice (Suggestion System)

The Charming Voice suggestion system is a mechanism that allows any employee to have their voice heard by management at any time. Since its start in FY2011, Charming Voice has been one way for us to realize "management with resonance" by utilizing the wisdom, enthusiasm and hopes of front-line people. It serves as an opportunity to promote communication with top management through suggestions to improve quality, service, efficiency and cost-trimming, and leads to the development of self-reliant employees.

## Dialogue between labor and management

We place a great deal of value on mutual trust between labor and management, and hold regular monthly discussions between the company and labor union. In FY2014, we consulted on working conditions for sales people, benefit programs, health management measures and the like, and continued with efforts to create an easy place to work.

## Industrial health and safety

### Company-wide safety conventions

We hold company-wide safety conventions as part of our efforts to ensure employee safety. The 12th convention was held in 2014 at the Central Plant, Shikoku factory, Unicharm Products Co., Ltd. Mr. Ishikawa, president of Unicharm Products Co., Ltd., presented the company's wish for the safety of all employees is embodied in the "Sazareishi monument" to all the factories.



The 12th company-wide safety convention, Unicharm Products, Co., Ltd.

### Health and Safety Committee

Unicharm's "Health and Safety Committee" consists of industrial doctors and elected commissioners from the company and the labor union. The Committee implements various activities once a month, including activities related to improving the working environment and preventing work related accidents. We also promote no-overtime days and reduced working hours as ways to realize a well-modulated way of working.

### Promoting employee health

To ensure a high level of productivity both physically and mentally, we proactively carried out health checkups for employees and 100% of employees had received one which resulted in FY2014. Unicharm also covers the costs of gynecological checkups and breast cancer and cervical cancer screenings. For employees who are at risk of developing metabolic syndrome, we held seminars for improving lifestyles. Participants created a six-month action plan and worked to achieve the goals set out in the plan. We also held a seminar for smokers to reconsider their smoking habit. On April 1, 2014, we totally banned smoking during work hours across the entire company.

We also introduced an employee support program by which our employees and their

families can consult with external counselors about their worries and troubles, in order to facilitate their realization of fulfilling and healthy lives without worries.



A seminar of the lifestyle modification program

# Along with the Society

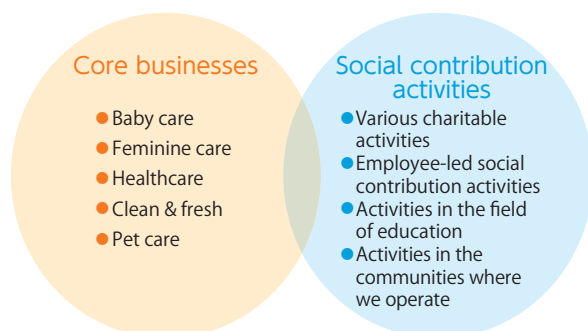
## Ideal Vision

We build trusting relationships with communities and society, contributing to the realization of a sound and vital society by improving health and sanitation standards through our business activities serving community needs.

## Our attitude toward social contributions

Unicharm believes that its business activities have a highly positive impact on society. We feel a strong sense of pride and joy in providing comfort, emotion and pleasure to people not only in Japan, but also in Asia and other parts of the world. Through our involvement in a variety of social contribution activities directly related to our business, we are working to become a company that makes contributions to the countries in which we operate and one that is welcomed and trusted by people in these locales.

### ● Unicharm's stance toward social contributions



## Making contributions to society through our core business

### Continuous participation on Pink Ribbon activities in Japan and overseas

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

United Charm Co., Ltd. (Taiwan) participates every year in the annual Pink Ribbon Walk held in Taipei. Every employee takes great pride in the fact that the company is a sponsor of Pink Ribbon activities.

In Japan, Unicharm is now in its seventh year of supporting Pink Ribbon activities. An employee who participated in the Pink Ribbon Smile Walk Tokyo Event held in October 2014 noted that by walking together with other participants they were able to not only help raise awareness around the city, but also change their own consciousness. In 2014, Unicharm organized the Sofy Pink Ribbon Quiz Fund, which raised money for related organizations by donating funds based on the number of people took part in a quiz on breast cancer uploaded to the Sofy website.

### ● Pink Ribbon activities in Asia

#### Japan



Pink Ribbon Smile Walk Tokyo



Pink Ribbon limited edition products



Sofy Pink Ribbon Quiz Fund

#### Taiwan



Pink Ribbon Walk

## Community-based social contribution activities (Japan)

### Disaster agreement signed with Kagawa Prefecture following Shizuoka and Fukushima

Unicharm Products Co., Ltd. signed an Agreement on Procuring Hygiene Goods for Disaster Relief with Kagawa Prefecture in August 2014 to smoothly supply products essential to daily life in case a large-scale natural disaster strikes the prefecture. At the prefecture's request, Unicharm will provide disposable baby diapers, adult diapers, sanitary napkins, wet tissues and masks as needed. After the experience of the Great East Japan Earthquake in 2011, we believe the establishment of such a system with prefectural governments will lead to the quick delivery of supplies in the event of a large-scale disaster.



Activity for delivering supplies after the Great East Japan Earthquake in 2011

### Sponsored project to provide paper diapers to the City of Shikokuchuo

Shikokuchuo City is considered to be one of Japan's largest paper producing areas. Unicharm is helping to sponsor local initiatives to assist children here as part of a public-private partnership initiated by the city government. Through this initiative, families in the city raising a child below the age of one receive a childcare support voucher they can use to redeem for MamyPoko



and Moony products free of charge. Unicharm actively supports the city's efforts to promote the local production and local consumption of paper products as a means to easing the burden placed on families and encouraging the healthy development of children.

### Sponsored Childcare Festa 2014 in Shikokuchuo City

Unicharm Products and Unicharm Kokko Nonwoven participated in "Childcare Festa", a child raising festival held by the city of Shikokuchuo in October 2014. In keeping with the festival's slogan, "The Best Place to Raise a Child in Shikoku," this event provides an opportunity for parents and children to interact with one another and to promote a good childcare environment. Two companies operated a miniature steam locomotive and distributed pamphlets about the Pink Ribbon Campaign and breast cancer awareness.



### Community-based social contribution activities (overseas)

#### Indonesia Visit to a foster home

Unicharm employees have been visiting orphanages and welfare facilities for the disabled in Indonesia in conjunction with July 1 (the date of our founding) since 2004. Every year we visit two facilities, where employees present their monetary donations and donations of Unicharm products as well as food, clothing and daily essentials that can be used by the facility. Employees are always greeted by the residents. These visits are helping us to deepen our relationship with local communities in Indonesia.



#### Taiwan Donated children's books to children living in rural Taiwan

In August 2014, Unicharm donated children's books and reference books to contribute to the education of children living in rural parts of Taiwan. Nearly 1,000 books in total comprising new books purchased and old books donated by employees were delivered.

#### China Ongoing continence-support presentation for students

In March 2014, Senior Researcher Funatsu from the Unicharm Continence Support Research Institute served as an instructor for students studying nursing care at Shaanxi Labor College, Shaanxi Province, following up on his previous visit a year before. Students learned how to choose and use adult diapers; received practical training on how to provide support for the mechanics of getting to and going to the bathroom; and learned about the functions of diapers and how to change them while the person is in bed. A student commented that they learned the importance of reducing the burden of both caregivers and user and that cost savings could be realized, adding that since such pads are not yet common in China, "I would like to promote the spread of their use through education."



Along with Our Customers

Along with the Environment

Along with Our Employees

Along with the Society

Along with Our Business Partners

Along with Shareholders and Investors

Management

# Along with Our Business Partners

## Ideal Vision

We will collaborate with suppliers in implementing CSR activities and promote CSR throughout the entire supply chain, in an effort to produce better products.

## Approach to materials procurement

Through close cooperation, we share Unicharm's philosophy on safety and the environment, details of specific activities, and collaborative requests with suppliers.

At our overseas locations, where we are expanding operations, we are working to roll out best practices from Japan as well as gather information through business activities closely rooted in the local market. This enables us to aim for business relationships that fulfill the same standard of quality, functionality, safety, the environment and services of product lines in growth markets with different price categories.

In addition to promoting procurement activities with a particular emphasis on crisis management, going forward, we aim to establish a sound understanding and dissemination of Unicharm's stance and view on compliance with laws and social imperatives and extending due consideration to human rights and labor when we commence trading with new overseas partners. We will also call for the cooperation of existing partners in environmental and ethical areas.

## Promoting CSR procurement

We established CSR procurement guidelines and implemented them in 2009.

The guidelines incorporate provisions relating to applicable laws, human rights, industrial relations, environment, and product safety, such as "the abolition of child labor," "the elimination of discrimination," and "the promotion of measures against global warming," as stated in the U.N. Global Compact.

Beginning with China in 2009, followed by Thailand, Indonesia, Taiwan, and Korea, we held briefing sessions for our domestic and international suppliers in order to share our CSR procurement guidelines. Through the Quality Briefing Session and other venues, we share the importance of CSR procurement, issues and detailed initiatives while continually asking for cooperation to ensure CSR is practiced across the entire supply chain.

## Quality Policy Briefing Session

In November 2014, the 11th Quality Policy Briefing Session was held for suppliers of Unicharm Products in Japan in order to explain Unicharm's management policies, business results, the most recent status of materials quality, and important initiatives and tasks.

## CSR procurement guidelines

### 1. Compliance with laws and social imperatives .....

- (1) Comply with related laws and social imperatives in purchasing activities.
- (2) Provide fair and equitable competitive opportunities in purchasing activities, regardless of nationality, size, or track record.
- (3) Strive for the appropriate management of information obtained in purchasing activities.

### 2. Procure safe products and materials that provide a peace of mind .....

- (1) Choose products and materials in purchasing activities for which safety has been confirmed.
- (2) Choose economical and high quality materials and products in purchasing activities.
- (3) Emphasize the ability to manufacture and supply products that meet requirements in purchasing activities.

### 3. Give due consideration to human rights and labor .....

- (1) Engage in purchasing activities with corporations who place importance on respect for human rights.
- (2) Engage in purchasing activities with corporations who give due consideration to inhumane labor practice.
- (3) Emphasize engaging in purchasing activities with corporations who promote appropriate employment practices.

### 4. Responsibility to the environment .....

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

### 5. Development of relationships of mutual trust .....

- (1) Cultivate a relationship and trust with business partners within the scope of social norms.
- (2) Strive to enhance business performance mutually through exchange of essential information with business partners.

Particular emphasis on the future direction to material quality was given to future targets and a request for assistance to focus on improving materials delivery and safety and reducing environmental impacts, while achieving consistent quality and stable supplies.

Outside of Japan, the 3rd Quality Policy Briefing Session was held in China in September 2014. Over the last three years a total of 363 suppliers have attended. At this year's briefing, the first ever Unicharm Quality Award for China was selected to commend suppliers with particularly excellent improvement initiatives. Suppliers were also asked to cooperate with future ongoing quality improvement efforts that will serve as a model for overall quality improvements in China.



Quality Policy Briefing Session in Japan



Quality Policy Briefing Session in China

# Along with Shareholders and Investors

## Ideal Vision

We continue to grow and develop to maintain our shareholders' trust and to ensure the distribution of industry-leading returns to shareholders.  
We practice transparency in our management and strive to ensure that our management is considered to be trustworthy.

## Our basic policy on profit returns to our shareholders

The "Beliefs and Pledges" and Corporate Principles of Action outlined in our Unicharm Group's Action Guidelines constitute our pledge to our shareholders which we share with all group employees. Our Corporate Principles of Action clearly state that "We will strive to manage the company in a way that will maintain a level of growth corresponding to our shareholders' confidence, and that will enable us to distribute industry-leading returns to shareholders. Based on our Corporate Principles of Action, we ensure stable and continuous return on investment, as well as improvement of our business performance.

Our basic guidelines for return on investment are to implement stable and continuous returns while also investing in our own mid- and long-term business expansion. We distributed 6.4 yen per share (after the share split) in the fiscal year ending in December 2014 and have achieved dividend increase for 13 consecutive fiscal years.

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

## Information disclosure for our investors

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

We also position result briefings and overseas IR tours as important venues for dialogue among company executives and our investors, and strive to improve the disclosure of information in order to help investors to better understand our business activities. Takahisa Takahara, the president of the company, visited the corporate investors in Europe and the U.S. on this year's overseas IR tour, where he made an appeal for our future growth by directly referencing the security of our stable profits in domestic business in Japan and detailing Unicharm's mid-to long-term global growth potential. We have been working on improving communication by holding regular individual meetings for the active exchange of opinions with institutional investors and securities analysts, as well as by holding small-scale meetings where the president answers question.



Information for investors on our website  
<http://www.unicharm.co.jp/ir/>  
<http://www.unicharm.co.jp/english/ir/>



Results briefing



Overseas IR tours

## Listed in the SRI Index

Unicharm is included in the major international SRI (Socially Responsible Investment) indexes "FTSE4Good Index Series" and "Morningstar Socially Responsible Investment Index (MS-SRI)".



FTSE4Good

FTSE4Good Index Series



Morningstar Socially Responsible Investment Index (MS-SRI)

Along with Our Customers

Along with the Environment

Along with Our Employees

Along with the Society

Along with Our Business Partners

Along with Shareholders and Investors

Management



Ideal  
Vision

We achieve growth and development as a company, the happiness of our employees, and social responsibility through transparent management and proactive information disclosure.

## Compliance

\* Unicharm has transitioned to a committee governance structure as of May 1, 2015 when Japan's revised Companies Act took effect, in order to further enhance corporate governance by improving the transparency and efficiency of processes in Group management and strengthening supervision of the board of directors and the execution of their duties.

The Unicharm Group formulates our “Basic Policy for Establishing an Internal Control System,” based on the Companies Act, and established an “Internal Control Committee” to respond to the “Internal Control and Reporting System (J-SOX)” of the Financial Instruments and Exchange Act.

Going forward, we will continue to make improvements to our internal control system.

We see compliance as the promotion of sound corporate ethics and our corporate philosophy, in addition to conforming to established legislation. We strive to promote the “Unicharm Group Action Guidelines,” which express the high level of preparedness and morality expected of every employee at the Unicharm Group, as well as ensure legal and fair management.

We conduct periodic training and e-learning to raise the compliance awareness of directors, officers and employees as well as provides them with knowledge of laws and business contracts for their respective positions and work duties. As part of these efforts, we are working to ensure that all directors and employees understand that they are prohibited from bribing public officials, that facilitating payments are in principle banned, and that it is important to uphold antitrust laws and other applicable laws. We will continue to train our employees through a phased expansion of target areas and companies going forward.

In Japan, employees can consult on compliance issues by phoning our “RingRing Employee Hotline.” In fiscal 2014, there were 19 consultations. We also operate similar hotlines in China and Thailand. In addition to RinRin Dial, an internal whistleblowing hotline has been operating since April 2014 to promote compliance management.

The diagram illustrates the governance structure of the Accounting Auditor, showing the relationships between various entities and the flow of information and supervision.

**General Meeting of Shareholders** (Top Level)

**Board of Auditors** (2 Full-time Statutory Auditors, 2 Part-time Statutory Auditors)

**Board of Directors** (10 Directors)

**Accounting Auditor** (Left Side)

**Management Auditing Department** (Bottom Left)

**Business Plan Advisory Board Meetings** (Middle Left)

**Business Update Meeting** (Middle Left)

**President and CEO** (Center)

**Executive Officers / Deputy Executive Officers** (Center)

**CSR Committee, Corporate Ethics Committee** (Right Side)

**CSR Department** (Bottom Right)

**Business Divisions, Functional Divisions, R&D Divisions** (Bottom Center)

**Subsidiaries, Affiliated Companies** (Bottom Center)

**Statutory Auditors (Board)** (Bottom Center)

**Relationships and Flows:**

- General Meeting of Shareholders** oversees the **Board of Directors** and the **Board of Auditors**.
- Board of Directors** **Supervise** the **President and CEO**.
- President and CEO** **Direct/supervise** the **Executive Officers / Deputy Executive Officers**.
- Executive Officers / Deputy Executive Officers** **Report** to the **Board of Directors**.
- Accounting Auditor** **Monitor** the **Board of Auditors** and **Audit** the **Management Auditing Department**.
- Board of Auditors** **Audit** the **Board of Directors**.
- Management Auditing Department** **Attend** the **Business Plan Advisory Board Meetings** and the **Business Update Meeting**.
- Business Plan Advisory Board Meetings** and **Business Update Meeting** **Report** to the **Board of Auditors**.
- Business Update Meeting** **Attend** the **Management Auditing Department**.
- Management Auditing Department** **Audit** the **Business Divisions, Functional Divisions, R&D Divisions**.
- Business Divisions, Functional Divisions, R&D Divisions** **Survey** the **Subsidiaries, Affiliated Companies**.
- Subsidiaries, Affiliated Companies** **Report** to the **Statutory Auditors (Board)**.
- Statutory Auditors (Board)** **Report** to the **Board of Auditors**.
- CSR Committee, Corporate Ethics Committee** and **CSR Department** are also part of the governance structure.

**Strengthening Legal Compliance and Ethics** (Bottom Center)

**Action Guidelines ("Five Great Pillars" and Associate Principles of Action, "Beliefs and Pledges" and Corporate Principles of Action)** (Bottom)

## Risk management

### Thorough information security

To ensure thoroughness in information security, Unicharm has set out its information security principles and procedures, such as the Information Security Policy and the Information Management Security Rules. We also have Personal Information Protection Rules in place to safeguard personal information provided by our customers, and we strictly manage this information and take precautions to prevent information leaks. To ensure that these rules are strictly observed and to prevent information leaks, Unicharm has established a group-wide Information Security Committee, and carries out employee education and ongoing monitoring, as well as implementing monthly information management day.

### Protecting intellectual property

The intellectual property of the Unicharm Group is centrally managed by the Legal & Intellectual Property Division, which formulates and executes intellectual property strategies linked to business and development strategies at Unicharm. As our patent application strategy, we have been protecting and using business and development results as intellectual property. Strengthening our international patent applications in 2014 as part of our global expansion has brought us to 91st place for international patent applications and into the Top 100 for four consecutive years according to WIPO. We are also working to strengthen our intellectual property portfolio-building activities for our overseas business with patents, utility models, designs and trademark. We have applied for or obtained trademarks for the Unicharm Group brand in more than 160 countries around the world and by utilizing these rights we are protecting our brand and packages.

Additionally, we take a resolute stance, which includes litigation, against infringements of our intellectual properties and illegal use of our rights. We work closely together with our Business Department, R&D Department, and overseas subsidiaries, while also collaborating with government agencies, to eliminate counterfeits and other products that infringe upon our rights both inside and outside of Japan. Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of intellectual property rights of Unicharm and other companies, as articulated in the Unicharm Action Guidelines. Internal compliance training on patents, trademarks, the Act against Unjustifiable Premiums and Misleading Representations, and other topics uses a combination of on-the-job training, off-the-job training, and e-learning to ensure that employees in Japan and overseas are fully versed in the handling of intellectual property rights at Unicharm.

### Business Continuity Plan (BCP\*)

Unicharm has been enhancing its risk control since fiscal 2005. The BCP Manual describes steps to ensure the safety of our employees and their families, deliver Unicharm products that represent necessities for daily living to people in disaster-affected areas as well as those who require them at the fastest rate possible, and recover important corporate functions of Unicharm.

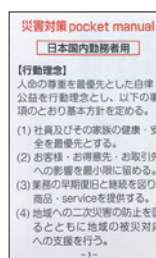
We conduct e-learning sessions for all employees to raise their awareness and promote proactive measures. For quick confirmation during an emergency, all employees carry a disaster response pocket manual. Furthermore, we have established an infrastructure in which employees carry a smartphone so we can confirm their safety and continue business functions in the event of an emergency.

We also hold emergency drills at each location, hold basic lifesaving courses and provide training according to functional divisions. We hold BCP training entitled "3/11 Comprehensive Company-Wide Drill" for a major earthquake directly underneath Tokyo or a possible large-scale interpolate earthquake involving the Tokai, Tonankai and Nankai plates. First-response drills with an emphasis on confirming employee safety and the functioning of disaster response headquarters are carried out on an ongoing basis, including checking the safety of all Unicharm employees in Japan in order to further improve our emergency response measures for earthquakes, pandemics and other crises.

In fiscal 2014, as part of our crisis communication activities grounded in information disclosure for minimizing damages caused by threats directly facing the company from an emergency, we selected themes of anticipated crises and carried out drills with related departments, through which we verified the effectiveness of our response manual.

Going forward, we will strengthen our global risk response capabilities for riots, terrorism and other emergency situations so that we can respond without being caught by the unforeseen.

\* BCP: Plan for the continued execution and recovery of core business activities soon after an emergency



Disaster planning  
Portable manual



Crisis  
Response  
training



Drill at the Shizuoka Plant

Along with Our  
Customers

Along with the  
Environment

Along with Our  
Employees

Along with the  
Society

Along with Our  
Business Partners

Along with  
Shareholders and  
Investors

Management



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

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

April 28, 2015

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

**PricewaterhouseCoopers Sustainability Co., Ltd.**  
Sumitomo Fudosan Shiodome Hamarikyu Bldg.  
8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan

We have undertaken a limited assurance engagement of the information marked (Z) (hereafter the "Selected Information") in the Unicharm Group's CSR Report (hereafter the "Report") for the nine months ended December 31, 2014.

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

### Management's responsibilities

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

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### Our Independence and Quality Control

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

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

### Understanding reporting and measurement methodologies

The absence of a significant body of established practice on which to base the evaluation and measurement of non-financial information allows for different, but acceptable, measurement techniques. The nature of non-financial information, and the techniques and precision used to determine and evaluate it, can result in materially different measurements. This may affect comparability between different entities and periods of time. The Selected Information, therefore, should be read and understood together with the Reporting Criteria<sup>1</sup>. The Reporting Criteria used is applicable as at December 31, 2014.

### Our Responsibility

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

- International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410") for CO2 emission information.
- International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits and Reviews of Historical Financial Information ("ISAE 3000" revised December 2003) for other information which means that electricity consumption, heavy oil consumption, gas consumption, and waste production in the Selected Information.

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

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

We assessed the risk of material misstatement in the Selected Information due to fraud or error, and performed the following procedures:

- inquiry with relevant Company management;
- evaluating the suitability of the Reporting Criteria as the basis for preparing the Selected Information;
- responding to the assessed risks as necessary in the circumstances;
- evaluating the overall presentation of the Selected Information;
- evaluating the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included visiting the two manufacturing sites and corporate offices selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information; and
- performing limited substantive testing on a selective basis of the Selected Information at the corporate offices and in relation to two manufacturing sites to check that data had been appropriately measured, recorded, collated and reported.

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

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

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information in this report for the nine months ended December 31, 2014 is not prepared, in all material respects, in accordance with the Reporting Criteria.

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

\* The Third Party Assurance Report is also published on our website.

**Web** <http://www.unicharm.co.jp/english/csr/assurance/index.html>



## List of contents

Chapter Title	Topic	Web version	PDF version	Page
Overview of the Unicharm Group	Company Profile / Primary Consolidated Subsidiaries and Affiliates		●	P2
	Production and sales Areas		●	
	Main Business Indicators		●	
Editorial Policy	Editorial Policy	●	●	P3
	Contents	●	●	
Message from the President		●	●	P4-7
Unicharm Group's CSR	Integrating CSR with Our Businesses	●	●	P8-9
	CSR Promotional Structure	●	●	
	Reference Framework for Unicharm's CSR Strategy	●	●	
	Relationship with Stakeholders	●	●	
Introduction of business activities	Unicharm's five business divisions deliver gentleness		●	P10-11
Feature Topic	Making Life Better for People Living in Asia by Reducing the Burden of Daily Life	●	●	P12-15
	Responding to a Super-Aging Society	●	●	P16-19
	Environmentally Friendly Manufacturing	●	●	P20-21
Continuing to Provide Reconstruction Support to the Disaster-affected Areas from the Great East Japan Earthquake		●	●	P22-23
Unicharm Group's Primary CSR Themes and Major Indicators (KPI)		●	●	P24-27
Along with Our Customers	Initiatives of the Customer Service Center	●	●	P28
	Activities of overseas customer service centers	●	●	P29
	Communication with customers using various media	●	●	P30
	Three-pronged approach involving insight research, R&D, and marketing	●	●	P30
	Cooperation between R & D and Engineering	●	●	P30
	Unicharm's view of quality assurance and framework	●	●	P31
	Product safety efforts	●	●	P31
	Global safety activities	●	●	P31
	Initiatives at Unicharm Products	●	●	P31
	Initiative for appropriate product labeling	●	●	P31

Chapter Title	Topic	Web version	PDF version	Page
Along with the Environment	Promotion framework for environmental activities	●	●	P32
	Environmental impact and environmental goals	●	●	P33
	Environmental initiatives through our products	●	●	P34
	Initiative to reduce environmental impacts through our business activities	●	●	P34-35
	Initiative for biodiversity	●		
	Activity results for FY2014	●		
	Site data	●		
Along with Our Employees	View concerning human resources and respect for human rights	●	●	P36-39
	Personnel utilization and training	●	●	
	Respect for Diversity	●	●	
	Industrial health and safety	●	●	
Along with the Society	Our attitude toward social contributions	●	●	P40-41
	Making contributions to society through our core business	●	●	
	Community-based social contribution activities (Japan)	●	●	
	Community-based social contribution activities (Overseas)	●	●	
Along with Our Business Partners	Approach to materials procurement	●	●	P42
	Promoting CSR procurement	●	●	
	Quality Policy Briefing Session	●	●	
Along with Shareholders and Investors	Our basic policy on profit returns to our shareholders	●	●	P43
	Information disclosure for our investors	●	●	
	Listed in the SRI Index	●	●	
Management	Corporate Governance	●	●	P44-45
	Compliance	●	●	
	Risk management	●	●	
Third Party Assurance Report		●	●	P46
List of contents / List of Awards and Commendations Received in 2014		●	●	P47
2014 questionnaire results		●		

## List of Awards and Commendations Received in Fiscal 2014

Month and year	Name and description	Implementing organization	Recipient
April 2014	Received the Corporate Category Award at the Nikkei Social Initiative Awards	Nihon Keizai Shimbun	Unicharm Corporation
July 2014	15th Environmental Brand Survey 2014: 188th	Nikkei Business Publications, Inc.	Unicharm Corporation
October 2014	Received a Gold Medal for Moony Tape Genbutsu POP (POP with real-scale product) in the Hanger Category of the 44th JPM Creative Solutions Awards hosted by the Japan Promotional Marketing Institute	Japan Promotional Marketing Institute	Unicharm Corporation
October 2014	Received the FY2014 Good Design Award for the Moony Air Fit® disposable baby diaper	Japan Institute of Design Promotion	Unicharm Corporation
November 2014	2014 NICES Corporate Ranking: 16th	Nihon Keizai Shimbun	Unicharm Corporation
December 2014	Received the 6th Mothers Selection Award for the Moony Series	Nippon Mothers Association	Unicharm Corporation