

unicharm
ユニチャーム

CSR Activity Report 2018

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

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

Cover Title *The Flowers of Iyo*

Haruka

Employee at a company in Ehime Prefecture.

I'm good at drawing flowers.

I often draw pictures with cut-and-paste pictures pictures and colored pencils.

Overview of Unicharm Group

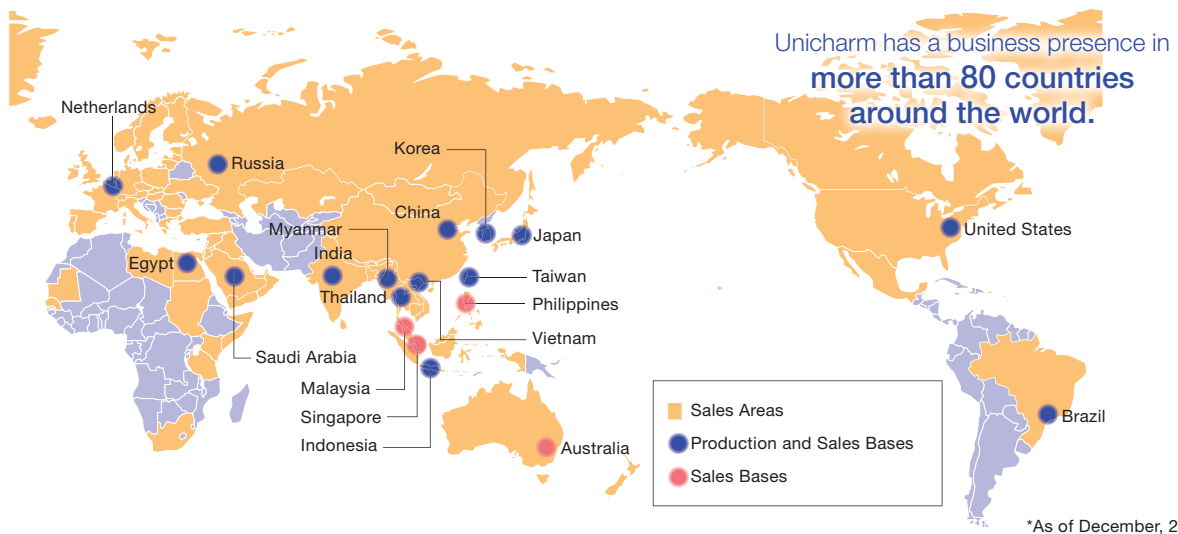
Company profile

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

Primary Consolidated Subsidiaries and Affiliates

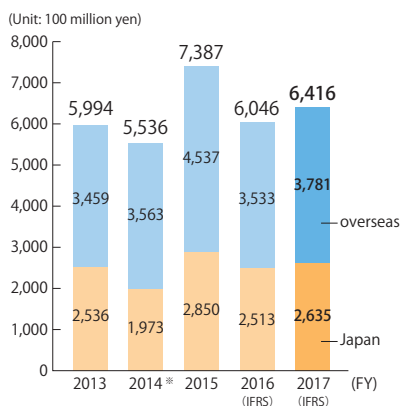
Japan	Unicharm Product Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm Mölnlycke K.K.
Overseas	United Charm Co., Ltd. (Taiwan) Uni-Charm (Thailand) Co., Ltd. LG Unicharm Co., Ltd. (Korea) PT Uni-Charm Indonesia (Indonesia) Uni.Charm Mölnlycke B.V. (Netherlands) Unicharm Consumer Products (China) Co., Ltd. Unicharm Consumer Products (Tianjin) Co., Ltd. Unicharm Gulf Hygienic Industries Ltd. (Saudi Arabia) Unicharm India Private Ltd. (India) Unicharm Australasia Pty Ltd. (Australia) Diana Unicharm Joint Stock Company Vietnam The Hartz Mountain Corporation (United States)
Other	35 companies (as of December 31, 2017)

Production and Sales Areas

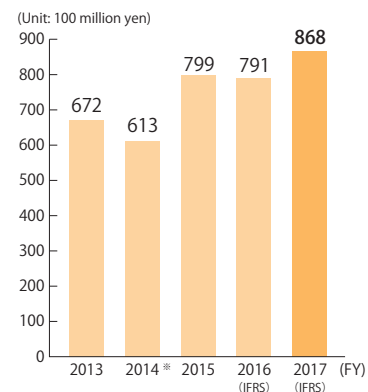


Main Business Indicators

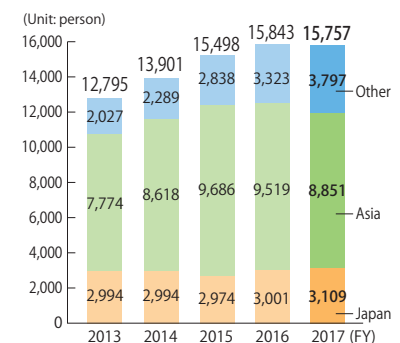
Consolidated net sales



Consolidated operating income



Number of group employees



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

Editorial Policy/Contents

Editorial Policy

In preparation for the “CSR Activity Report 2018”

This document has been prepared as Unicharm Group’s Corporate Social Responsibility (CSR) report. Unicharm’s CSR is embodied by our corporate philosophy “NOLA & DOLA”*. Here, we will take a closer look at how we are working to achieve NOLA & DOLA through our businesses. This year, we stipulated medium-term environmental targets for Unicharm and will actively be involved in dialogue with stakeholders.

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

We will continue to accommodate the requests of our stakeholders to the greatest extent possible. Therefore, we ask that you go through our “Integrated Report 2018” 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 FY2017 as well as the latest information for the early part of FY2018.

■ Organizations

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

■ Intended Audience

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

■ Period

January 1, 2017 to December 31, 2017 (including some activities before and after this period as well as future targets)

■ Reference Guidelines

- GRI Sustainability Reporting Standards
- 2012 Environmental Reporting Guidelines of the Ministry of the Environment
- ISO26000
- Sustainable Development Goals (SDGs)

■ Date of issue

May 2018 (the next edition is scheduled for publication in May 2019)

■ Available at

- CSR on the Unicharm website

Message from the President

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



Takahisa Takahara
President and CEO

The evolution of IT and globalization has brought about various changes around the world that have far exceeded our imagination. This means that the new normal of today is characterized by constant change. On the other hand, the world faces a diverse array of social issues as indicated in the Sustainable Development Goals (SDGs) and COP21, including aging populations and declining birthrates in Japan and other developed countries, worldwide environmental issues, and poverty and health issues in emerging countries. Helping to resolve these issues through our core business from an ESG perspective that values the environment, society and governance in achieving sustainability is the same as fulfilling our corporate philosophy of NOLA & DOLA (Necessity of Life with Activities & Dreams of Life with Activities) which represents our approach to CSR. NOLA & DOLA embodies our vision to help people worldwide lead richer lives by offering a wide range of products for babies through to the elderly that make life easier by supporting the mind and the body. Our mission is to “continually support people’s lives and dignity,” and for this reason one of the most important topics facing Unicharm is finding ways to achieve this mission.

Aiming to realize cohesive societies

Forecasts indicate that 30% of Japan’s population will be 65 years or older by the year 2025. Looking forward, we must realize cohesive societies where all generations live alongside one another, providing support and assistance. The cohesive societies we aim to realize are societies where, through our business activities, we help all people to live naturally by mutually respecting each other their humanity and uniqueness without causing them to feel any mutual obligation or burden.

Since entering the business for disposable adult diapers in 1987, Unicharm has continually proposed novel approaches to nursing care. In 2016, we came up with a new dementia prevention program called Social Walking® that promotes interaction with society and in 2017 we expanded the program nationwide in Japan, getting a large number of people involved. In the pet care field, we have begun activities aimed at improving people’s quality of life through pets based on research that has shown living with a pet can effectively reduce stress in our lives, improve senior’s mental and physical health and make their life healthier and longer. Unicharm stands committed to realizing cohesive societies through our unique products and services so that people of all ages and genders, including their pets, can live a healthy and happy life together.

Tackling global issues

Unicharm’s overseas expansion began in 1984 with the establishment of a subsidiary in Taiwan, and today we now sell disposable diapers and feminine care products in roughly 80 countries and regions around the world. We are now quickly expanding our business internationally tailored to the lifestyles and business customs of each country and region, based on our product development capabilities and marketing abilities honed in Japan. In 2006, Unicharm announced its support for the UN Global Compact and since then we have been actively creating sales and manufacturing jobs locally in the countries and regions where we operate. In 2007, we launched Mamy Poko Pants Standard in Indonesia, realizing more affordable disposable diaper by narrowing down the product functions to deliver more hygienic and safer living of child-rearing to countless families who were unable to use disposable diapers until then. We are also building a new factory in Fukuoka Prefecture, Japan, to address rising demand from around the world for Japanese made products. The entire company is now working toward the start of operations at this new smart factory that will be environmentally conscious and feature our own technologies and know-how added to cutting edge technologies like AI, IoT and robotics.

Furthermore, we are promoting initiatives to address the key environmental issues of building a recycling-oriented society that reduces waste, achieving sustainable procurement that focuses on the effective use of resources and addressing climate change across the entire value chain. With this approach in mind, we established Eco Plan 2020 as a set of medium-term targets. Within this plan, we are focusing in particular on initiatives to recycle used disposable diapers for contributing to a sustainable society and building a recycling-oriented society. In 2017,

we acquired a patent in Japan for a treatment method that makes it possible to generate electricity at the same time as water filtration using a microorganism fuel cell within the process for obtaining recyclable pulp fibers from used diapers developed through joint research with Hiroshima University. Currently, we are conducting demonstration trials jointly with the City of Shibushi in Kagoshima Prefecture, with the goal of establishing a recycling system that can be adopted by communities both inside and outside Japan. Also, in 2017, we established the Unicharm Group Policy on Human Rights and Sustainable Procurement Guidelines, under which we have begun activities to fulfill our social responsibilities together with business partners.

In May 2015, Unicharm transitioned to a company with an Audit & Supervisory Committee in order to reinforce supervisory roles of the Board of Directors toward management and to meet the expectations of stakeholders from a global perspective by improving transparency and efficiency of processes through the greater involvement in management of outside directors. We are now working to further reinforce corporate governance while heightening the objectivity of decision-making processes by the Nomination Committee and Remuneration Committee.

The Unicharm Group is also working to develop and improve its workplace environment. In 2017, Unicharm declared its commitment to work-style reform, introducing a tele-work program that enables diverse work styles and developing an environment where employees are encouraged to be more independent and autonomous to achieve greater productivity and ingenuity. At the same time, we introduced the working interval program, no overtime day and premium Fridays for the health and wellbeing of employees. Going forward, we will aim to be a company where each and every employee takes pride in their work, can thrive professionally and remain healthy by achieving well-balanced work styles that reduce working hours while also maintaining employee living standards through the highest wages in the industry and community.

Looking to the future, every employee will help to open the door to sudden, unprecedented changes or “mutation, which includes expanding into new business domains that transform discomfort into comfort by blending digital technologies and non-woven fiber technologies, all in an effort for Unicharm to realize the goal of creating cohesive societies.

May 2018

Takahisa Takahara

President & CEO



Unicharm Group's CSR

Our basic approach and strategy

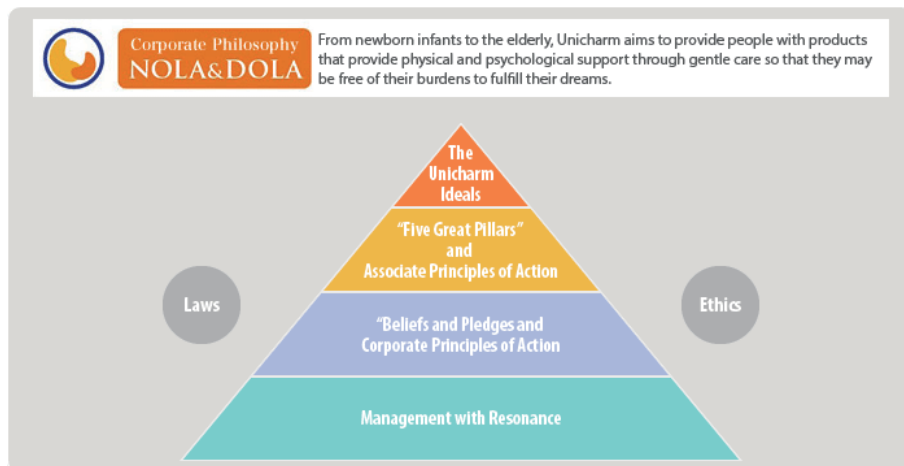
Unicharm Group's approach to CSR

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

■ Unicharm Group's Value Creation Process

Philosophy

The Unicharm Ideals aim to realize our corporate philosophy and we have established the Beliefs and Pledges and Corporate Principles of Action along with the Five Great Pillars and Associate Principles of Action in order to implement the Unicharm Ideals.



Unicharm's Value Creation Model

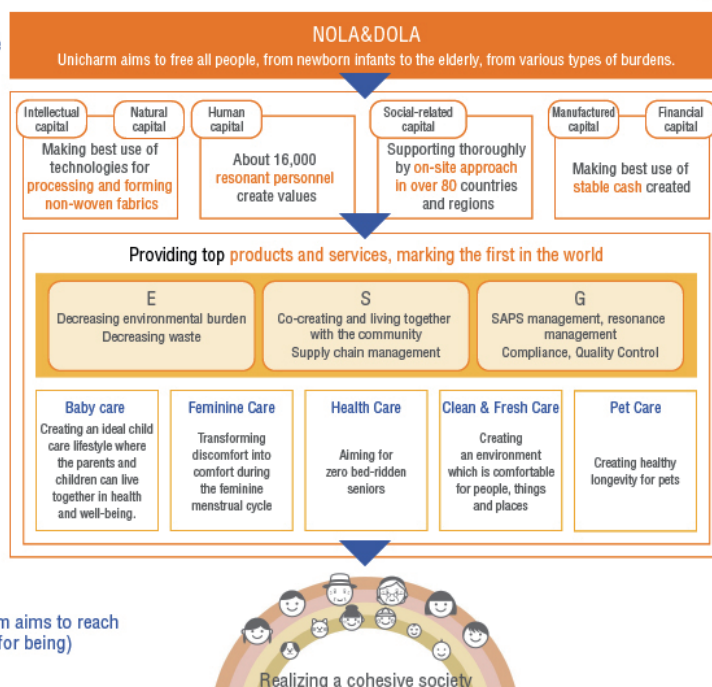
The global issues
Unicharm must resolve

Six capitals

Unicharm's
Key Issues

Unicharm's
Value Creation

The world Unicharm aims to reach
(The reason for being)



Environmental themes

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

Impacts on business

High

Societal themes

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

Impacts on business

High



Dialogue on environmental materiality



Dialogue on establishment of human rights policy

Important CSR themes

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

Realizing a cohesive society

● Message from Management

Under our corporate philosophy “NOLA & DOLA” (Necessity of Life with Activities & Dreams of Life with Activities), Unicharm aims to achieve cohesive societies where all people can shine through independence and mutual aid and we are promoting business activities that help resolve social issues. For this reason, we are now working to create better products and services by honing our proprietary technologies for processing and forming non-woven fabrics and absorbent solutions.

In Japan, Unicharm hosts continence care classes together with local governments and raises awareness about appropriate continence care as an important aspect of nursing care prevention as new initiatives that help to extend healthy life expectancy, given the rate at which Japan is headed toward becoming a super aged society. Additionally, our dementia prevention program called Social Walking® forms part of our joint efforts with communities and local governments to eliminate seniors isolated at home. Internationally, Unicharm helps empower women to play a more integral role in society by introducing and regularly holding first-of-a-kind educational programs on first menstruation in Myanmar and expanding job opportunities for women in Saudi Arabia at our office and factory. Complementing these initiatives, we established Eco Plan 2020 as a guideline for our medium-term environmental efforts. Under this plan, we have reduced waste, established sustainable procurement of materials, worked to address climate change and recycled used disposable diapers. Also, we established and have begun implementing the Unicharm Group Policy on Human Rights and Sustainable Procurement Guidelines. Going forward, we will expand these efforts in the supply chain to promote ESG-oriented management that aims to realize cohesive societies.



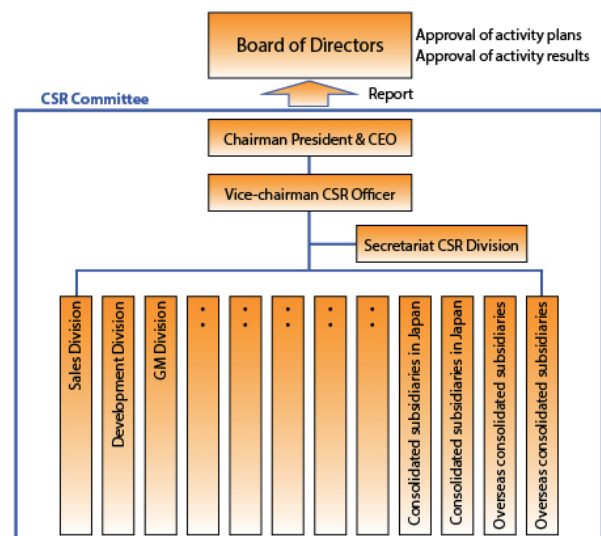
Eiji Ishikawa
General Manager,
CSR and Global R&D Divisions
Director & Executive Officer,
Vice President
Unicharm Corporation
Representative Director
and President
Unicharm Products Co., Ltd.

Management Structure

CSR promotional structure

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

■ Unicharm Group's CSR Promotional Structure



Core themes and categories of CSR Committee initiatives

ISO26000 Core Subjects	Organizational governance, Human rights, Labor practices, The environment, Fair business practices, Consumer issues and Community involvement and development
Core themes	
E	<ul style="list-style-type: none"> Climate change / GHG, Energy use management and Climate change risk Water resources / Water use and Reduction of water use Pollution and resources / Waste disposal, resource usage and recycling Supply chain / Supplier policy, Environmental issues and Sustainable palm oil procurement Biodiversity Development of environmentally-friendly products
S	<ul style="list-style-type: none"> Labor standards / Child labor, Forced labor, Anti-discrimination, Freedom of association, Collective bargaining rights, Minimum wage and Harassment Health and Safety Human rights / Due diligence, Children's rights, Child labor, Community employment and Complaint handling Society / Community investment and Social contribution activities Responsibilities to customers / Responsible advertising and marketing and Customer satisfaction Supply chain / Child labor, Forced labor and Antidiscrimination, Freedom of association, Collective bargaining rights, Minimum wage, Health and Safety, Due diligence and Capacity building Product quality and Product safety
G	<ul style="list-style-type: none"> Corruption prevention / Anti-bribery, Insider trading, Whistleblower hotline, Education and Risk assessment Corporate Governance Company-wide risk management (environment, society, corporate governance) Compliance Tax transparency

Reference framework for Unicharm's CSR strategy

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

UN Global Compact

	Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	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.
	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.	Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the UN Global Compact

ISO26000



GRI Guidelines



Sustainable Development Goals (SDGs)



COSO
ISO9001
ISO14001
ISO10002
ISO13485
ISO14971

Communicating with stakeholders

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



■ Communicating with stakeholders

	Communication policy (Beliefs and Pledges)	Primary communication methods	Examples of dialogue themes
Customers	We pledge to earn the full support of customers by always doing everything we can.	Customer Communication Center Group interviews Monitoring surveys Exhibitions and events	Quality, safety and functions concerning products Opinions concerning products and services and response
Shareholders	We pledge to distribute industry-leading returns to shareholders.	General shareholders' meetings Results briefing Overseas IR roadshows	Summary explanations of financial results Sound company management
Business partners	We pledge to achieve mutually sound growth by maintaining fair and equitable relationships.	Quality Policy Briefing Session New product presentation conference Exhibitions and events Audits	Supply chain management Quality, safety and the environment
Employees	We pledge to achieve the happiness of associates and their family members by filling each of them with confidence and pride.	Labor-management discussions Employee survey Employee counseling hotline Family visit day at factories Internal intranet and company newsletter	Compensation and health Pride and satisfaction toward work Introduction of programs that respect diversity and examples
Society	We pledge to contribute to the economic and emotional fulfillment of the entire population and society through our corporate activities.	Agreements with local governments Cooperation with government and NGOs/NPOs Emerging countries Activities through industry organizations	Disaster assistance Continence care classes, Social Walking program Health and hygiene and local hiring Japan Hygiene Products Industry Association and Japan Anti-pollinosis Council

Unicharm's Approach to Resolving Social Issues

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

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

CSR Key Topic 1: Lengthening Healthy Life Expectancy	13
CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene in Emerging Countries	20
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CSR Key Topic 4: Contributing to the Community	27

CSR Key Topic 1: Lengthening Healthy Life Expectancy

Our basic approach and strategy

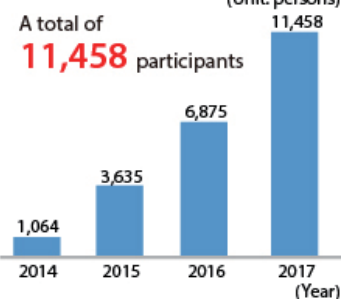
Now that we are entering a super-aging society, Unicharm's mission is to support elderly people to live in the way they wish to. We contribute to realizing a cohesive society through manufacturing and proposing products aiming for better continence care so that we can support many people who hope "to live independently and have a rich social life even after getting old."

Contributing to the realization of the SDGs

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



Social impact Cumulative total of Mild Incontinence Care and Continence Care Seminar participants



Background

Appropriate continence care is the key to lengthening healthy life expectancy

Japan has longer average life expectancy than any other country in the world. There is growing interest in the concept of "healthy life expectancy" which refers to how long people can continue to live independently, both mentally and physically, and in good health.

While the aging of the population continues to accelerate, the number of people over the age of 65 in Japan who are still in work has reached its highest level ever. Many people in their 60s are aware of the need to stay fit and healthy – by exercising, etc. – in order to avoid having their physical condition deteriorate to the extent that they require care services. There has been a marked increase in the number of people who, despite having reached an advanced age, still want to play a useful role within society and to stay active.

Of the various aging effects (geriatric syndrome) that tend to accompany the process of getting older, continence issues such as urinary incontinence can have an especially pronounced negative impact on people's state of mind. Appropriate care for continence issues is seen as having a key role to play in extending healthy life expectancy. We are implementing activities to help address this important issue.

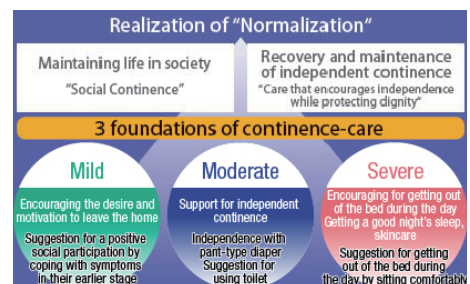
Our activities

Our challenge to support healthy life expectancy with "Lifree"

Realizing further improvements to mild urinary incontinence care, so that people can live every day to the full

Unicharm provides support to help people maintain their independence with respect to toilet use through our "Lifree" brand. In 2015, Unicharm moved beyond the provision of "care diaper". With the aim of ensuring that care can be provided for such a symptom in earlier stage as mild urinary incontinence etc., we offer continence care solutions appropriate for mild, moderate and severe incontinence.

When people are worried about urinary incontinence, this may discourage them from leaving the house, which in turn can prevent them from getting enough exercise and lead to reduced communication because they have less interaction with society. This can have a severe negative impact, for example, by causing people to become bedridden or triggering the onset of dementia, etc.

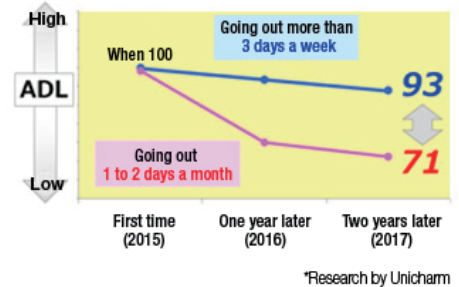


Starting from 2015, Unicharm implemented a follow-up survey of senior citizens over a two-year period. The survey found that, for people who had similar Activities of Daily Living (ADL) scores at the beginning of the survey implementation period in 2015, two years later there were significant disparities in the ADL scores of those people who only left the house once or twice a month and those who left the house at least three times per week; it was clear from the survey results that, the more opportunities people had to go out, the better they were able to maintain a reasonable ADL level.

Besides providing products that can help to extend healthy life expectancy by reducing unease about urinary incontinence right from the earliest stage when people first begin to experience problems, thereby making people less reluctant to go out, we are also working to spread awareness of continence care issues through the dissemination of information via the Unicharm website and the Continence Care Navi website, as well as the holding of seminars etc. throughout the country.

Please see Along with the Society. The Continence Care Navi website implements activities aimed at extending healthy life expectancy through “Mild Incontinence Care and Continence Care” lectures.

■ Follow-up survey examining the relationship between ADL scores and the frequency of going outside the home (implemented over a 2-year period)



Resolving people's concerns so that they can go out with peace of mind can help to extend healthy life expectancy

We have upgraded our Lifree Sawayaka Pads based on joint research undertaken in collaboration with a university

There has been an increase in the number of people (both men and women) who start to experience mild urinary incontinence in their 40s and 50s. Rather than conventional “care diaper”, we provide care products specifically designed to help with mild urinary incontinence. Aiming to spread awareness of common-sense for urinary incontinence care measures among both men and women, we have been doing our utmost both to improve our products and to implement awareness-raising activities.

Over time, urinary incontinence tends to worsen, in terms of both frequency and the amount of urine discharged. Our survey showed that over 70% of people felt that urinary incontinence was having a significant negative impact on their lives, because of concerns that, even when using specialist continence products, urine might still leak onto their underwear.

With this in mind, Unicharm's R&D team undertook a joint research project with Okayama University, to perform scientific analysis of the constituent elements of urine. This research on the components of the urine of people suffering from mild urinary incontinence showed that their urine tends to contain high concentrations of Tamm-Horsfall protein (THP), a type of protein that forms large aggregates that may exceed 1mm in size. This protein clogs up the fibers of the upper layer of absorptive pads, leading to an enhanced risk of leakage onto underwear.

On the basis of these research results, we implemented a comprehensive upgrading of our Lifree Sawayaka Pad in the spring of 2018. With their new corrugated structure, the surface area of the outer sheet is expanded, which helps to prevent clogging by THP, allowing urine to be absorbed rapidly. By comparison with existing products, the new Lifree Sawayaka Pads provide a substantial improvement in terms of eliminating the “wet feeling”.

In addition, the new packaging design for Lifree Sawayaka Pads uses photographic images that embody the concept of “For people who want to be able to enjoy going outside”. The images use models whose age makes it possible for women in their 40s and 50s to identify with them, reflecting our concern to ensure that Lifree Sawayaka Pads will appeal also to people in the age range where they are likely to be experiencing only relatively mild urinary incontinence.



Lifree Sawayaka Pads

Lifree Slim-fit Style Pant enables people to enjoy peace of mind when going out

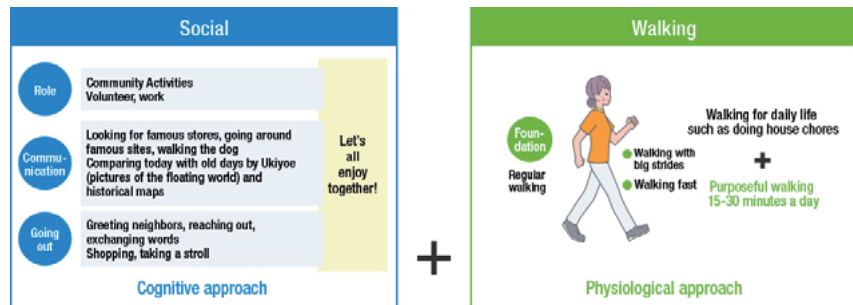
Accompanying the growth in the number of senior citizens in the population, the market for pant-type diaper suitable for people who have transitioned from mild to moderate urinary incontinence is growing. Because these pants have a similar feel to conventional underwear, it is relatively easy to persuade care-recipients to wear them and they are also coming into increasingly widespread use among people in their 60s who need to be away from home for extended periods of time - for example for travel or to play sports - and who would feel uneasy relying on pads. Lifree Slim-fit Style Pant features a hip-hugging slim-fit design similar to that of conventional underwear. In 2016, the number of people buying Lifree Slim-fit Style Pant for their own use grew 2.3-fold compared to 2015.

In the spring of 2018, Unicharm launched the new, improved version of our Lifree Ultra Thin Underwear-like Pant-type Diaper. The use of a highly-permeable film improves breathability by 25% compared to existing products. All of these products embody Unicharm's commitment to helping extend healthy life expectancy by ensuring that, even as the symptoms of urinary incontinence worsen, people can still go out without hesitation.

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

Dementia results in the neurons in the brain being destroyed, for various reasons, and can lead to deterioration in bodily function that presents serious obstacles to enjoying a reasonable quality of life. In Japan, the number of dementia sufferers had reached 4.62 million by 2012, and was forecasted to rise to 7 million by 2025, at which time around one person in five over the age of 65 will have dementia. Dementia is also forecasted to be the single biggest reason why people will be in need of care services.

For dementia prevention, there is widespread agreement that a good approach is to combine the “physiological approach” – which emphasizes regular exercise and a balanced diet – with the “cognitive approach,” which emphasizes maintaining human contact through hobbies, volunteering and involvement in neighborhood activities. Unicharm contributes to the extension of healthy life expectancy through our continence care products so that senior citizens with continence issues can still keep going out as much as they want. We have launched the Lifree “Social Walking®” initiative, through which participants who are using Unicharm’s continence care products have the opportunity to walk while enjoying social interaction in a purposeful way, thereby fostering exercise and social participation and helping to prevent dementia.



* What is “Social Walking®”?

“Social Walking®” is a neologism that combines the words “social participation” and “walking” and is a walking program aimed at preventing dementia that makes it easy for anyone to engage in walking in an enjoyable way. Besides direct social participation through involvement in volunteering activities and local community activities, “Social Walking®” also includes activities that can lead to social participation, such as looking for outstanding but little-known shops and restaurants in the neighborhood and activities that get participants talking to other people. Not only is social participation in itself effective in preventing the impairment of cognitive function, giving walking a social participation purpose has the goal of encouraging to get people into the habit of walking on a regular basis.

● Holding of “Social Participation + Walking” experience activities

Since it was launched in 2016, the Lifree “Social Walking®” experience activities have been held in Tokyo, Osaka, Shizuoka etc., with a combined total of over 300 people taking part.

In 2017, activities were held in Kakegawa City, Shizuoka Prefecture, Minato Ward, Tokyo, Musashino City and Nakatsugawa City, Gifu Prefecture, etc. During the activity held at the Mozu-Furuichi Kofun Ancient Tumulus Clusters in Osaka Prefecture in October, participants were given a lecture on dementia prevention and then did warm-up exercises which incorporated training in techniques for helping to ease the symptoms of urinary incontinence after which they undertook “Nordic Walking” using walking poles. The participants walked around the Mozu-Furuichi Kofun Ancient Tumulus Clusters which is a candidate for registration as a World Heritage Site. The results obtained in a questionnaire survey administered to the participants showed that many participants felt that they had learned something new and had enjoyed the experience, with comments such as “It was very enjoyable” and “I want to incorporate this type of activity into my daily life,” etc.

“Social Walking®” leader training was held in November 2017 in Shiki City, Saitama Prefecture. The plan is to increase the number of activity leaders capable of leading “Social Walking®” activities, so that these activities can be held on a frequent basis throughout Japan. In the future, we will be working to strengthen measures for expanding collaboration with local government authorities throughout the country.

Voices from participants (selected remarks)

- If walking is just something that you feel obliged to do, then you won’t be able to keep it up over the long term. I like the idea of being able to walk while chatting to other people and enjoying the different scenery that you get at different times of year and the way the street scenes change over time. (Male participant in his 70s)
- I have foot pain, which means that I don’t tend to walk as much as I would like, but I found it much easier to walk when I was walking together with a large group of people. (Female participant in her 70s)
- “Today I was able to walk 2km!” “Today I was able to walk 5km!” As I gradually increased the distance walked and experienced a sense of accomplishment, I found that I actually enjoyed the walking itself. (Female participant in her 50s)
- I think it is very important to get into a daily rhythm. I will be making “Social Walking®” a habitual activity. (Male participant in his 50s)

Voice from an expert

For the prevention of dementia, walking - which is an activity that anyone can undertake easily - is the type of aerobic exercise that is most highly recommended as part of its physiological approach. Walking is good for the blood flow to the brain; it improves the condition of the brain by delivering nutrients and oxygen to the brain and can generally be expected to provide significant benefits in terms of preventing dementia. Research has shown that if middle-aged and elderly people keep walking regularly for a period of one year, the hippocampus - the part of the brain that handles memory - gets bigger.

In the cognitive approach to dementia prevention, activities that involve contact with other people have a very important role to play. Research reports have also shown that people who are unable to engage in satisfactory communication with family and friends are at greater risk of developing dementia than people who engage in lively communication at least once a week. The more people use their brain in connection with other people, the more opportunity the neural circuits have to function which may help to retard the deterioration in cognitive functioning. Even for people with weak legs or who suffer from lifestyle disease, participating in "Social Walking®" is a good idea, unless your doctor has told you that you should not undertake this type of activity.



Mr. Yoshinori Fujiwara
Research Director
Tokyo Metropolitan
Institute of Gerontology

Voice from a representative of a local government authority that has been implementing "Social Walking®"

Mr. Toshio Konma
Director Health Promotion Section,
Department of Health and Welfare,
Kakegawa City Government

In Kakegawa City, we are promoting community development through collaborative efforts which integrate the respective capabilities of government, ordinary citizens, business enterprises and other organizations, etc. As part of these efforts, in February 2017, we signed a "Comprehensive Partnership Agreement" with Unicharm and, in June, we implemented our first "Social Walking®" activity. Thanks to advance notification, with notices at public facilities, shops, etc. encouraging citizens to take part, over 100 people applied to take part in the activity. On the day of the activity, thanks to all sorts of painstaking efforts including a sense of playing game to make it a fun event that people could enjoy, the response from participants was very positive, with over 90% of participants reporting that they were satisfied with the activity.

Voice of the person in charge

When organizing Unicharm's "Social Walking®" experience activities, we make a real effort to ensure that participants can enjoy interacting with other people and can walk with peace of mind. At the activity venues, while participants are walking, they can listen to guides and volunteers who explain the history of the area, the plant life etc.; while visiting these historic sites and beauty spots, even people who have poor communication skills can enjoy listening to what is being said. In addition, two different types of walking route are provided at each event, to take into account the variation in participants' physical condition.

In the future, we will be working to expand our "Social Walking®" program through collaboration with local government authorities with the aim of reducing the number of people who will be affected by dementia.



Masaki Ishibashi
Global Marketing Division
Unicharm Corporation

Implementation of the "Dementia Supporters Cultivation Seminar" employee training activity

In 2017, Unicharm held "Dementia Supporters Cultivation Seminar" training activities for Unicharm employees in collaboration with local communities, aiming to ensure that Unicharm employees acquire correct knowledge about dementia and learn how to provide support for dementia sufferers and their family members so that they can live with dignity.

In the healthcare business, which is one of Unicharm's core business areas, we have added hands-on training in practical care methods to employee training, so that frontline employees can develop a better understanding of what customers' lives are like and make effective use of this knowledge in their work. Unicharm has also begun holding "Dementia Supporters Cultivation Seminar" activities as part of the training of new employees, a new initiative aimed at cultivating human talent that has a deeper understanding of dementia and is able to make a positive contribution to society through both dementia prevention and dementia care. New employees attended lectures aimed at deepening their



understanding of dementia given by instructors from Shikokuchuo City's "Regional Comprehensive Support Center," after which they took part in a role-playing activity to help them learn the right way to communicate with people with dementia and acquire the appropriate mindset; trainees also learned about the importance of providing support for dementia sufferers by the entire local community as a whole.

Comments from the new employees who took part in the training activity included: "I intend to try to put into practice what I learned in this activity in my own daily life, to provide support to make life at least a little bit easier for people with dementia," and "It provided a useful opportunity for me to think about how much I can do to help people with dementia when I meet them," etc.; the training activity represented an opportunity for new employees to learn the importance of demonstrating respect for the situation that other people are in.

In the hands-on training in practical care methods, which began the next day, the new employees were able to make effective use of what they had learned in the role-playing activity; having had this advance preparation and being able to put themselves in the shoes of care recipients, their performances in the hands-on training was significantly better than that of previous year's trainees. Unicharm intends to continue implementing the "Dementia Supporters Cultivation Seminar" in future years.



Unicharm has also been holding the "Dementia Supporters Cultivation Seminar" for the advisors working at Unicharm's Customer Communication Center so that they can handle queries from customers with dementia in an appropriate manner; participants have learned about the symptoms of dementia and how to provide support for dementia sufferers. Seminar participants were able to develop a shared awareness of the importance of adopting a basic approach that emphasizes "Not making people alarmed", "Not trying to hurry people up" and "Not doing anything that impinges on people's self-respect."

Comments from Seminar participants included: "I had already obtained some information about dementia from my work, from training activities, from newspapers and from TV, but this training Seminar gave me a more in-depth understanding of dementia" and "I feel that it's important to have this kind of opportunity to obtain accurate information and enhance your awareness on an ongoing basis". Effective use was also made of virtual reality equipment to enable participants to experience how dementia affects people's vision and other senses, so that they could develop a more in-depth understanding of the memory problems that dementia sufferers experience and of their mental state.

Building a cohesive society in which people and pets can live harmoniously

Thanks to improvements in pet food and in veterinary care for pets, average pet lifespan has increased and there are more and more cases of elderly pets that require special care, to the extent that this is becoming a significant social problem. Pets that are in a deteriorating physical condition may end up effectively "bedridden" and requiring continence care; larger breeds of dog are particularly likely to end up needing care. As these dogs tend to be big and heavy, providing nursing care can be a serious burden for their owners.

For pet-owners, pets are an important and valued member of the family. From Unicharm's perspective as a provider of pet foods, pet toiletries and other pet products, we want to try to make life easier and more comfortable as much as possible for elderly pets that require nursing care and also to go some way towards reducing the burden on their owners. With this goal in mind, we have launched the Unicharm Pet Pro range of pet nursing care products. In November 2016, these new products began to be sold to veterinary hospitals throughout Japan.

Issues and problems revealed by an interview-based survey

In order to be able to directly examine the "frontline" of providing nursing care for pets, we implemented an interview-based survey and usage testing; thanks to the collaboration of veterinary hospitals, we were able to arrange for 50 pet owners to agree to act as product monitors.

The survey results showed that very few specialized pet nursing care products were being used; because most of the pet owners with pets requiring nursing care were using towels or ordinary pet bedding sheets for their animals to sleep on, the pets' weight was not being distributed properly, which in many cases led to the development of bedsores (pressure sores). Pets' bodies also tend to become dirtied by excrement and discharges, which leads to an increase in skin problems and can also be a cause of unpleasant odors. In many cases, the animals' discomfort led to them barking at night which made life difficult for the owners. With the situation continuing to get worse no matter how much they tried, many of the owners were at their wits' end. The interview-based survey revealed that there was a real need for nursing care mats that can help to spread bodyweight pressure, pet bedding sheets with good breathability and pet sanitary products that keep animals clean all the time; responding to these needs, Unicharm began work on development of related products.

Following a process of trials and errors, this development work led to the launch of the Unicharm Pet Pro product line.

The first product to be developed was specialized nursing care mats. As dogs get older, they tend to get thinner and the pressure of their bodyweight tends to become concentrated on their protruding bones, which can lead to bedsores. Unicharm began a search for materials that would help to spread bodyweight pressure more effectively and, after repeated trials and errors, was able to implement product development successfully.

As a result, we managed to develop a nursing care mat for pets that features a special two-layer structure, ensuring superior bodyweight pressure dispersion and first-rate breathability no matter what posture the animal is lying in. We also made improvements to pet bedding sheets, which in the past have tended to have poor breathability, resulting in a damp environment that contributes to the development of bedsores; we developed a new type of bedding sheet with enhanced breathability that is easier on the skin. Dogs that require nursing care tend to become dirty with excrement; in order to keep them clean, Unicharm has developed “Oshirimawari Cleaning Fluid” and “Oshirimawari Wipes” that can be used to clean the surface of nursing care mats.



Pet nursing care mat



Pet nursing care “Deosheet”



“Oshirimawari Cleaning Fluid”



“Oshirimawari Wipes”

Working towards the establishment of pet nursing care as an important new field

Since this new product range was launched, Unicharm Pet Pro has received extensive coverage on TV and in the newspapers, etc., and has also been the subject of announcements by the Japanese Society of Clinical Veterinary Medicine, etc. Unicharm Pet Pro is attracting a great deal of interest and high praise from veterinary professionals. Unicharm has also been holding seminars at many veterinary hospitals and at universities and vocational colleges that train veterinary nurses. We are working actively to disseminate information that can help to improve the quality of care for elderly pets.

Our aim is for both pets and their owners to be able to maintain a high quality of life right up until the pet's final moments. In the future, Unicharm will continue to make serious efforts to improve the living environment for pets.



Seminar for veterinarians and veterinary nurses

Voice from a customer



Ms. Setsuko Kato who agreed to act as a product monitor for Unicharm's survey and Kai-kun

Around six months ago, my Labrador suddenly stopped being able to walk. Having never experienced this before, I was at a loss as to what to do about it. I bought some mats that he could sleep on, but they were difficult to be settled and because they were so thin I was worried that he wasn't able to sleep soundly. When I found out from our local veterinary hospital that you could get Unicharm Pet Pro nursing care mats for large dogs, I decided to try using them, because they were bigger and thicker than the mats I had been using before and had better breathability. After I tried using the new mats, I found that, whereas before the dog had been waking up and shifting his posture about once every two hours or so, now he wasn't so restless and he was able to sleep soundly for periods of five hours or more at a stretch. To stop him from developing bedsores, I had been getting him to change position regularly and had had a catheter inserted. Looking after him was a lot of hard work, but I wanted to keep him alive as long as possible.

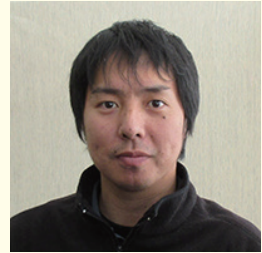
After I became a product monitor for the new products that Unicharm was developing, the project manager came around regularly to see how we were getting on which made me feel a lot more confident. I get the feeling that the provision of care for elderly pets still lags a long way behind nursing care for humans. I hope that in the future Unicharm, as a manufacturer of pet care products, will continue to provide products and services that help to reduce the burden on pets in need of care and on their owners so that they can live more comfortably and happily.

Voice from a member of the development team

The successful launch of the Unicharm Pet Pro range was made possible thanks to the collaboration and support that we received from the pet owners who agreed to act as product monitors, from the development team at TOYOBO Co., Ltd. who developed the special material used for the pet nursing care mats and from the staff of the veterinary hospitals who assisted us with this project. In particular, we are deeply grateful to the 50 pet owners - and their 50 doggies - who helped us with the interview-based survey and with the trial use of prototype products. In the early stages of trial production for the nursing care mats, we found that the prototype mats were actually making the problem of bedsores even worse. Deeply regretting the unnecessary discomfort that had been caused to the animals, we were determined to help cure the dogs' bedsores and to successfully create products that could help the animals we had seen; this became the driving force behind our development work. Having decided that we would work together with the owners to provide care right up until the pets' last moments, in almost all cases, we were there with the doggies at their end. I personally feel that having had to face up to these aspects of life, I have grown both as a product developer and as a human being.

I am also deeply honored to have received Unicharm's President Award * for my involvement in the development of Unicharm Pet Pro.

* Unicharm's President Award is presented on an annual basis to provide recognition for individuals or teams within the Unicharm Group, whether in Japan or overseas, that have achieved particularly outstanding results. In 2017, Komatsubara received the Gold Prize, the highest President Award honor, at an awards ceremony at which 20 groups that had gone through from the preliminary rounds received awards.



Daisuke Komatsubara
Toiletries Development
Division
Unicharm Corporation



Komatsubara checking up
on Kai-kun

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

Our basic approach and strategy

Unicharm has pursued manufacturing and selling of sanitary products and disposable diapers in the emerging markets in fast-growing Asia since the 1990s. Our never-changing hope is that we continue to deliver products and services to more women in the world that change their “discomfort” into “comfort.” We aim to make a contribution unique to Unicharm through helping women living in all regions to shine even more.

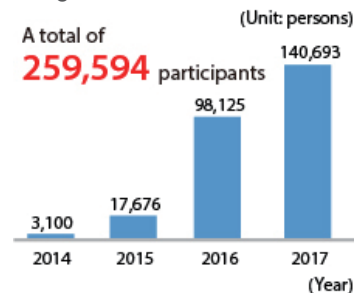
Contributing to the realization of the SDGs

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



Social impact

Number of people in emerging economies attending menarche education activities



Background

Aiming for a society where women can be independent and have social influence

In South Asia, the Middle East and North Africa, women's opportunities to receive an education and to work are restricted, which makes it difficult for women to participate fully in society. There are also some countries and regions where women's activities are limited during their menstruation because of deeply-entrenched customs. In many Asian countries, there are various issues affecting women's lives that are influenced by cultural and social factors.

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

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



Our activities

Progress of “menarche education program” in Myanmar

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

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

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

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

In collaboration with the Japan International Cooperation Agency (JICA) and the Japanese Organization for International Cooperation in Family Planning (JOICFP) and working with the Myanmar Ministry of Health and Sports as the partner for local implementation, we have developed menarche educational materials (for use in specific regions) that have officially been approved by the government of Myanmar for the first time. These educational materials are based on materials written for Japanese schoolgirls, but we have changed the illustrations and expressions used to make them locally relatable and have made adjustments that take into account local cultural factors. We provided training in using the menarche teaching materials to local educators who then conducted menarche education for a total of 6,100 schoolgirls in five test regions and also distributed Unicharm sanitary pads to them so that they could try using them and experience appropriate care. According to the results obtained in a survey conducted after this educational activity, many schoolgirls who received the menarche education made comments along the lines of: "I learned many things that I had not known before and I was able to gain correct knowledge of menstruation", "I was able to have a positive conversation about menstruation with my mother", We also found out that more than 70% wanted to keep using sanitary pads. After carefully reviewing the content while referencing the feedback received from the participating schoolgirls, their parents/guardians, educators, etc., we completed the final version of the menarche educational materials which has been approved by Myanmar's Ministry of Health and Sports.



Menarche educational material developed for Myanmar

Implementation of measures aimed at expanding the scope of menarche education

In February 2017, a results-sharing meeting was held, attended by officials involved in school healthcare and puberty healthcare activities, both at the central government level and at the state and regional government level. The results that had been achieved attracted a great deal of interest from officials in states and regions where tests had not been performed, and from NGOs, and there was a lively exchange of ideas regarding the potential for using the teaching materials and educational methods that had been developed in this project to expand the scope of menarche education activities. With the aim of laying the foundations for the government-led extension and expansion of menarche education activities in the future, Unicharm has worked together with JOICFP to set up a Core Trainer Team comprised of government officials from the Ministry of Health and Sports and the Ministry of Education. Work has begun on the cultivation of menarche education instructors (providing training for instructors using the menarche education teaching materials) with a group of instructors drawn from local government education bureaus and health bureaus. To facilitate the extension and expansion of government-led menarche education activities, a regional advisor meeting was held, attended by 8 members of the core trainer team and by 35 "master trainers," who will play a central role in menarche education activities at the regional level.



Trainer cultivation undertaken by Myanmar's Ministry of Health and Sports

In 2017, menarche education activities were implemented in three regions within Myanmar, reaching a total of approximately 90,000 schoolgirls; the results achieved included an increase in the overall level of knowledge regarding sanitary products and how to use them and an increase in the percentage of girls using sanitary pads. However, by comparison with neighboring countries, Myanmar has relatively few retail stores per head of population; there are few grocery stores or other stores in rural areas and those stores that do exist tend to be very small and do not carry sanitary products. This situation led to the development of a business model whereby sanitary pads would be sold at schools which schoolgirls would be going to on a daily basis. Some schools have already begun selling sanitary pads specially designed for schoolchildren in the 13 - 17 age range. Efforts are being made to expand the network of schools and retail outlets that sell sanitary pads, so that as many schoolgirls as possible (and their family members) will be able to use sanitary pads.



Menarche education in progress



Sanitary pads specially designed for schoolchildren



Sanitary pads specially designed for schoolchildren

The voice of the contact person for JOICFP



Ms. Mayo Kobayashi
Program Officer,
International Program Group,
JOICFP

I would like to express my appreciation for the support that Unicharm has provided, which has made possible the continued implementation of measures to expand the scope of menarche education in Myanmar. In 2017, the scope of implementation was expanded from 5 districts in 2 regions to 15 districts in 3 regions, with the cultivation of a total of 75 menarche education instructors; as a result, we have been able to provide menarche education to large numbers of schoolgirls and their parents and guardians. The instructors made a real effort to give the girls a clear idea of what the menarche actually involves, through the use of short plays etc.; as a result, a large number of schoolchildren were able to acquire basic knowledge about how their bodies develop during puberty and learn how to look after themselves properly when they get their first period. Unicharm also provided waste receptacles for the proper disposal of sanitary pads, a gesture which was much appreciated by the participating schools.

The voice of the officer

The menarche education program in schools that was launched in 2016 has now entered its second year. We were able to implement the program in more schools, and with more schoolchildren participating, than last year. The reality of the situation in Myanmar is that knowledge about how to look after oneself properly during menstruation is not widespread among schoolgirls in rural areas. It is important for activities that get schoolchildren, and their family and friends, into the habit of using sanitary products on a regular basis to maintain a healthy, sanitary lifestyle continue to be implemented on an ongoing basis. In the future, we will continue our awareness-raising activities concerning knowledge about menstruation and how to deal with it. Through our activities, we hope to support the social empowerment of the women who will be contributing to Myanmar's development in the future and to make a meaningful contribution towards the realization of a society in which Myanmar's women can lead fulfilling lives.



Yasutaka Nishioka,
Managing Director,
MYCARE Unicharm Co., Ltd.

Progress on menarche education in India

Expanding the implementation of menarche education programs throughout India

In 2013, in cooperation with JICA and local NGOs, Unicharm began promoting an educational program on the mechanism and appropriate care of the menstrual cycle called "Managing Menstruation: My Pride" for schoolgirls in India. This program aims to help teenage girls in India stay sanitary and remain active with confidence during their menstrual cycle. The program was launched in 2014, targeting 3,100 schoolchildren at 16 schools in Delhi. Awareness of the program subsequently spread from school to school, and to other regions in India, and the scope of implementation has been expanded over the past five years to include 995 schools in 15 cities across India, with a total of around 200,000 schoolgirls receiving menstruation education. Comments from schoolchildren who receive the menarche education included: "The content of the teaching was very good and a lot of useful information was presented. It brought home just how important it is to use sanitary pads. I want to try using Sofy sanitary pads." Teachers commented that "This is an issue that we had not been addressing in schools. This kind of program offers great potential and is something that definitely needs doing."



Expanding the roll-out of menstruation education

In 2017, in addition to our existing menarche education activities for schoolgirls, we also launched awareness-raising activities to spread correct knowledge about menstruation in rural areas. "Mahila Sahayogi" ladies have been trained to act as sanitary product awareness-raisers, spreading accurate knowledge about menstruation within their local community and encouraging rural women to start using sanitary pads. Unicharm has also collaborated with the Indian government on the planning of menstruation workshops. A total of 144 workshops have been held in 5 states, with 8,413 people taking part.

As a result of these efforts, in the regions targeted by the activities, the percentage of women who have an accurate understanding of menstruation has risen from 19% prior to activity implementation to 92% afterwards.

In addition, in Punjab State, training programs for teachers were conducted in collaboration with the Punjab State School Education Department. With the aim of enhancing teachers' capabilities, live broadcasts of training videos were implemented for 14,000 teachers in 3,368 schools in 21 districts, strengthening participants' knowledge of sanitary education.



Menstruation education in progress



Trainer



Live broadcast

Job Support at a Women-Only Factory in Saudi Arabia

Further expanding the scope of the women-friendly working environment

For cultural and religious reasons, women in Saudi Arabia are not permitted to be in the same room with, or speak to, men from outside their own family. With the aim of providing women with an opportunity to develop their capabilities while still respecting local cultural traditions, in May 2012, Unicharm established a women-only factory in Saudi Arabia. In an environment in which it is difficult for women to participate fully in society, Unicharm has worked actively to promote female employment. The employees include women of all ages and the factory has made a deliberate effort to recruit women with disabilities. Many of the women have demonstrated great enthusiasm in their work which allows them to achieve economic independence.

Having started out with 16 employees, the operation has since expanded dramatically. A third factory was completed in Riyadh, the capital of Saudi Arabia, in April 2017. To ensure that employees can work happily with peace of mind, the third factory has been equipped with a daycare center, medical center, cafeteria, rest area, etc., and further improvements to the working environment are underway.

While expanding employment, there have also been efforts to streamline operations at the production facility and undertake investment in automation equipment, as a result of which productivity has increased 2.6-fold. The organizational structure of the factory aims to enhance overall plant operation through effective utilization of female leaders. Additional incentive pay etc. is available for outstanding employees, with the aim of both boosting employees' enthusiasm for their work and raising their living standards.

In the future, Unicharm will be striving to make a positive contribution to Saudi Arabian society by expanding and developing this organizational structure.



The onsite daycare



Providing adequate rest areas for female workers and their children



Measures to get female employees playing leadership roles in factory operation

Comments from the first female marketing specialist working at Unicharm's Saudi Arabian subsidiary



Layla Bablail
Unicharm Gulf Hygienic
Industries Ltd. (UGHl)

I am the first female employee to work as a marketing specialist at UGHI. I am responsible for baby diapers and wet tissues; I visit maternity hospitals and listen to the concerns of new mothers, explaining how to use diapers properly and providing guidance so they can enjoy looking after their children. During these visits, I discovered that mothers wanted wet tissues that were suitable for babies with sensitive skin; on the basis of these comments from mothers, we were able to launch a new type of wet tissues optimized for sensitive skin. I feel that we have been able to build a bridge between the company and mothers of a kind that did not exist before. Even in a conservative society such as Saudi Arabia, UGHI has been able to create ways to support mothers. In the future, we will continue listening to mothers' views and will work to support the development of a better childcare environment in Saudi Arabia.

CSR Key Topic 3: Contributing to Global Environment

Our basic approach and strategy

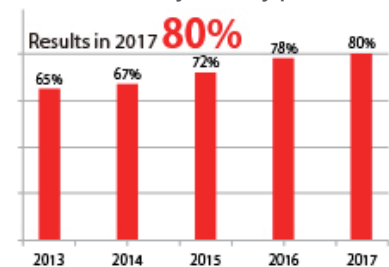
It is imperative for us, a consumer-goods company, to acknowledge the great responsibility we bear for handling disposable products and produce in a way that takes the environment into account. We are going forward with building a recycling-oriented model of disposable diaper production while maintaining its safety as a sanitary product, which is vital. We contribute to realizing a sustainable society through balancing environmental conservation and economic growth.

Contributing to the realization of the SDGs

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



■ Social impact
Change in the ratio of environmentally-friendly products



Background



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

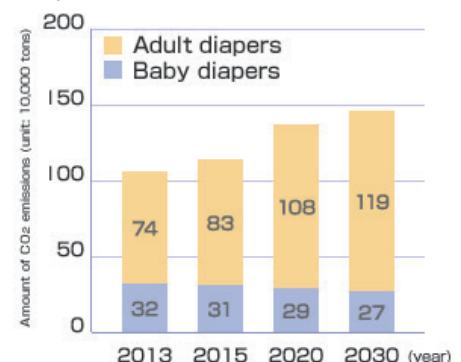
With elderly people coming to account for an ever larger share of the population, production of disposable adult incontinence diapers continues to increase. There is also a commensurate increase in the quantity of used disposable diapers that are incinerated. By volume, disposable diapers account for 1/8th of total household waste and the cost of incineration is rising.

In addition, at a time when global warming deriving from CO₂ emissions is becoming a serious problem for the entire planet, dealing with used disposable diapers by incinerating them generates additional CO₂ emissions. A further point is that disposable diapers are made from paper pulp which has wood as its raw material; rising pulp usage thus leads to the consumption of forest resources.

Recognizing that reducing waste incineration costs and CO₂ emissions can be of great value to society, from both the economic and environmental perspective, and that, as a manufacturer of disposal diapers, Unicharm has a responsibility in this regard, we have been implementing measures to put the recycling of used disposable diapers on a proper commercial footing.

The European Union (EU) has set a target of increasing the percentage of urban waste that is recycled to 65% by 2030 and steps are already being taken to recycle used disposable diapers. Unicharm too is undertaking technological development and empirical experimentation aimed at facilitating the recycling of used disposable diapers.

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



Our activities

Activities towards recycling disposable diapers

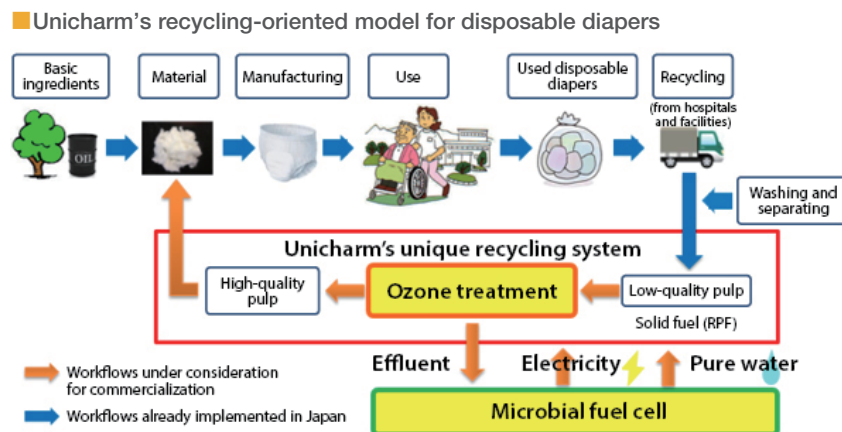
Unicharm launched its used disposable diaper recycling program starting from 2015. Previously, Unicharm has already been extracting plastic pulp and low-grade pulp from some used disposable diapers and plastic pulp had been recycled as Refuse Paper and Plastic Fuel (RPF). The challenge was to bring the cost of recycling down to around the same level as the cost of disposal by incineration and to enhance the value of the recycled product. By improving processing efficiency while taking into account the needs of sustainable operation, Unicharm succeeded in developing a unique recycling system that reduces the cost of recycling to a similar level to that of incineration and which generates recycled pulp that is of the same quality as virgin pulp.

About Unicharm's unique, improved recycling system

The recycling system that we developed in 2015 applies a unique ionization process to the low-grade pulp that we extract from used disposable diapers by means of cleaning and separation; the ionization process destroys the bacteria contained in the excretion. In this way, recycling is able to generate high-quality pulp that is just as hygienic and safe as virgin pulp.

We have continued to improve the technology in order to be able to use this system for volume production. By reusing the treatment water used when washing and separating the used disposable diapers, we have been able to make processing more efficient and also reduce the amount of waste water that is discharged. In addition, through collaborative research with Hokkaido University, we have developed technology for recovering calcium hydrogenphosphate dihydrate (DCPD)*, a type of nutrient salt, from high-concentration waste water and for the recycling of superabsorbent polymer. In collaborative research with Hiroshima University, we have undertaken experiments on purifying recycled high-concentration waste water to use it in the generation of electricity. In September 2017, Unicharm was granted an original patent for microbial fuel cell processing. By combining Unicharm's accumulated technology development and research with universities' know-how and research capabilities, we have been able to undertake the development of unique recycling systems.

*Nutrient salt function as "fertilizer" in the oceans and is a key factor in the growth of certain types of plankton.



Establishing a recycling system that can be spread throughout the world with the City of Shibushi

Disposable diaper recycling cannot be achieved without the assistance of local governments and waste collection businesses. Starting in May 2016, we have been carrying out verification testing of our used disposable diaper recycling system in collaboration with local government authorities and waste collection firms in Shibushi City, Kagoshima Prefecture.

The goal for Unicharm and Shibushi City is to establish a disposable diaper recycling system that can be widely adopted both in Japan and in other countries. We aim to thoroughly begin separated collection and recycling within Shibushi City by 2020, while continuing to examine various possibilities for the future.

Since this activity will have limited impact unless it can be expanded beyond a single municipality and adopted more widely, we are already holding talks with other municipalities located near Shibushi City. We aim to strengthen the measures being adopted so that we can secure the understanding and support of local government authorities and consumers and realize separated collection and recycling of used disposable diapers throughout Japan.

●Voice from the Shibushi City government official

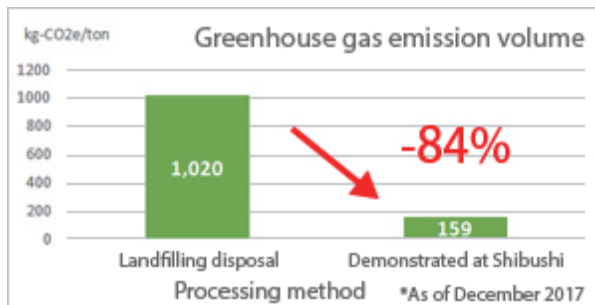


Mr. Junichi Nishikawa
Director, Department of
Environment,
Shibushi City Government,
Kagoshima Prefecture

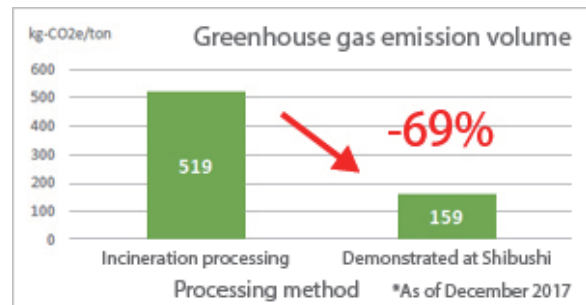
We started to become aware of the need to recycle used disposable diapers around 10 years ago. However, because recycling them as fuel could create a high environmental burden and because if they were recycled into pulp there would be a problem with residual superabsorbent polymer (SAP), it was not possible to put this idea into practice. While we were looking for a business enterprise that could work together with us on this initiative, we found the “Contributing to the Global Environment” section on Unicharm’s website and realized that Unicharm was thinking along the same lines as us, so we got in touch with them. Since May 2016, we and Unicharm have been working together vigorously to implement verification testing; we are very grateful for Unicharm’s assistance. One of our goals for the future is to start working with a larger number of local authorities that share Shibushi City’s vision of “Valuing material resources and valuing people.” Similarly, in order to further expand the impact of Unicharm’s environmentally-friendly business activities, we hope Unicharm to function as a “pathfinder” that can act as a model for other business enterprises to emulate.

Examining environmental and human friendliness in recycling disposable diapers

We examined from multiple aspects what actual effects employing the recycle system would have. What we found was that the amount of greenhouse gas emitted and the amount of water and wood used could be largely reduced when we compared burning used disposable diapers and creating new ones from virgin pulp versus recycling used disposable diapers to make new disposable diapers (we assumed that the environmental impact was the same whether manufacturing diapers from virgin pulp or recycled pulp). We were also able to confirm that the sanitation level of ozonated pulp was also maintained at a high level similar to that of virgin pulp. The verification testing at Shibushi City has shown that, thanks to the substantial increase in the recycling rate for pulp from used disposable diapers, the amount of energy needed for drying can be reduced and it is also possible to achieve a reduction in greenhouse gas emissions of 84% compared to landfill disposal and 69% by comparison with conventional incineration processing.



- Comparison with greenhouse gas emission volume and landfill disposal
* Including the substitution effect from recycled product.



- Comparison with greenhouse gas emission volume and incineration disposal
* Including the substitution effect from recycled product.

●Voice of the person in charge



Noritomo Kameda,
Director,
New Platform Center,
Global Research &
Development Division,
Unicharm Corporation

We are continuing to undertake development work aimed at returning materials to their original constituent elements as far as possible, so that the materials can be used again as disposable diapers, while at the same time extracting other types of materials and energy.

In our verification testing in Shibushi City, we have been working together with the officials of the local government authority to take on the challenge of getting this technology established as rapidly as possible, with the aim of developing a cyclical resource use model that supports the utilization of recycled products. Local residents and local government officials have collaborated enthusiastically on the verification testing and have been very encouraging, expressing comments such as “It seems likely to jump-start a dramatic reduction in the quantity of waste generated!”, “I hope this system gets adopted as soon as possible!” and “I wish they would expand the scope of verification testing to include our neighborhood too!” While, in the past, diaper manufacturing has relied on a disposable-type business model, taking into account the need to ensure the sustainability of the global environment and Unicharm’s own desire to be a sustainable business, it is clearly vitally important that we switch over to an emphasis on recycling and resource recovery. Through resource recovery, the mountains of waste that would otherwise be disposed of by incineration can be transformed into “mountains of treasure”. We believe that, if this cyclic business model can spread and become the de facto standard for the industry, then this will make a real contribution towards the sustainability of the global environment; that is why all of us on the development team and everyone in the local government authority are working flat-out to realize our goal.

CSR Key Topic 4: Contributing to the Community

Our basic approach and strategy

Unicharm's CSR activities aim to help solve society's problems through our core business areas. Besides striving to make a contribution on a global scale, Unicharm is also serious about tackling problems that affect local communities that have a close relationship with Unicharm's business activities; as a good corporate citizen, we aim to make a positive contribution to these communities by making effective use of our company's unique strengths. In addition, when the community is in a difficult situation due to sudden disasters and such, we would like to help in any way possible to support the minds and bodies of everyone who has been affected by the disaster. Many people have been affected by the great damage incurred on the Pacific coast of the Northeastern region due to the Great East Japan Earthquake that happened on March 11, 2011. Japan has also experienced the Kumamoto Earthquake of April 2016 and severe damage was caused by torrential rains in Iwate Prefecture in September 2016 and in Northern Kyushu in July 2017. We would like to express our sincere sympathy to those who have been affected and also wish for a swift recovery of the affected areas. Since immediately after the Great East Japan Earthquake, Unicharm has delivered supplies and continually used the Matching Fund, set up to receive charitable donations from employees, to provide relief support. Through these activities, we will continue to deepen our interaction with local residents and make contributions to local communities.

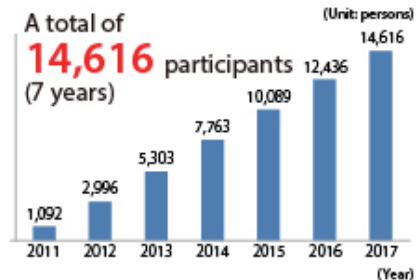
Contributing to the realization of the SDGs

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



Social impact

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



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

Our activities

Signing of a “Comprehensive Partnership Agreement for Local Revitalization” with Kakegawa City

Kakegawa City in Shizuoka Prefecture, where Unicharm's Shizuoka Plant (one of several Unicharm production facilities) is located, has adopted an “Ordinance for the Promotion of Urban Development in Kakegawa City through Collaboration”; by working together, the local government authority, local residents, local business enterprises and civic organizations are taking steps to realize a vigorous local community. Business enterprises and civic organizations that share the City's vision can sign a “Comprehensive Partnership Agreement for Local Revitalization” with Kakegawa City and then work together with the City on urban development. The Agreement covers collaboration in the following seven areas:

- (1) Disaster response and prevention; (2) Provision of support for the cultivation of children and teenagers and childrearing; (3) Health promotion; (4) Environmental protection; (5) Support for senior citizens and the disabled; (6) Promoting women's participation and advancement; (7) Other areas necessary to realize the goals of the Agreement.



Kakegawa City Mayor Mr. Saburo Matsui (third from the left) handing over the Agreement at the signing ceremony with other officials

As there was considerable overlap between Kakegawa City's vision and Unicharm's "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" commitment and key CSR themes, in February 2017, a "Comprehensive Partnership Agreement for Local Revitalization" was signed between Unicharm and Kakegawa City.

How is Unicharm using the company's knowhow, products, etc. to make a positive contribution towards addressing the issues that affect Kakegawa City? As a result of dialog with the local government authority and with local residents, a variety of initiatives are being developed.

Provision of "Excretion Care Seminars" etc. with the aim of extending healthy-life expectancy

It is generally held that exercise, diet and social participation all play an important role in extending healthy-life expectancy. Shizuoka Prefecture has announced policies that emphasize these three key factors and individual municipalities within Shizuoka have also been taking steps based on these policies.

Starting with the "Health Fair" organized by Kakegawa City Government, Unicharm has been collaborating with senior citizens' clubs in every district of Kakegawa City on the holding of "Incontinence Prevention and Self-care Seminars" and "Social Walking®" activities. Taking the signing of the "Comprehensive Partnership Agreement for Local Revitalization" in February 2017 as the starting point, by December 2017, a total of 15 events had been held and many more seminars are planned for 2018.



Seminar on preventing and dealing with excretion problems

Researchers from Unicharm's Continence Support Research Institute visited Kakegawa City to act as instructors for the "Incontinence Prevention and Self-care Seminars" providing explanations of how incontinence affects people, etc. The Seminars introduced Unicharm's "Lifree" range of products for tackling mild urinary incontinence, including incontinence pads and thin-type disposable diaper, etc., providing guidance on how to choose the right products and how to use them properly.

Mild urinary incontinence is a problem that affects many senior citizens, but one that people may feel uncomfortable talking about. Men in particular may not even be aware that incontinence care products are available, so the seminars provide a useful opportunity to draw their attention to these products. Time after time, we heard comments from participants that showed how pleased they were, along the lines of "I had no idea products like this even existed!", "With this product, I should be able to go away on holiday!", etc.

By making it possible for people to go out without having to worry about incontinence, the products introduced at the seminars create opportunities for people to exercise and participate more actively in society, which can help to extend healthy-life expectancy and prevent dementia.

It would be fair to say that spreading awareness of this type of knowledge forms part of our company's mission. In the future, we will continue to implement activities relating to the extension of healthy-life expectancy, with the aim of creating a society in which, as you get older, using incontinence products when you are going to do something that requires physical activity is seen as just as normal as using reading glasses as your eyes get older.

●Voice from the project manager in Kakegawa City, Shizuoka

Ms. Hiromi Takahashi,
Director, Senior Club Kakegawa Branch Secretariat, Senior Citizen Support Section, Kakegawa City Social Welfare Council

The seminar was very helpful in showing us how incontinence, which is a problem that people generally don't feel comfortable talking about, is caused by the structure of the body and by weakening of the muscles; anyone can find themselves being affected by incontinence as they enter middle or old age. The information we were given about useful exercises and about care products and how to use them will be very useful in planning our future strategies. Everyone felt that it was a very good seminar.

Holding of "Social Walking®" activities on the grounds of Unicharm's Shizuoka Factory.

"Social Walking®" events were held three times in Kakegawa City in 2017. In November 2017, a "Social Walking®" activity was held in the grounds of the Unicharm Products Shizuoka Factory.

Shizuoka Factory employees have been participating in volunteering activities, including acting as crossing guards at pedestrian crossings at the times when elementary school children are going to and from school, cleaning up rubbish to beautify the local environment, etc. Sparked by local residents' expressions of interest in participating in these activities together with the Unicharm employees, a "Social Walking®" experiential activity was held.

A talk about "Social Walking®" was followed by a walking experience activity held on the lawns within the Shizuoka Factory grounds. Participants were able to use the walking techniques that they had practiced during the event to

engage in social participation through activities such as acting as crossing guards and getting together with other people for walking activities, thereby helping to prevent dementia.

In this way, what started as an in-company volunteering activity has contributed to the development of community activities that can help to extend healthy-life expectancy. Thanks to the close fit between Unicharm's knowledge and know-how and the needs of the local community, it has been possible to achieve outstanding results.



"Social Walking@" experiential activity held on the grounds of Unicharm's Shizuoka Factory

Activities of this type are a marvelous opportunity for large numbers of Unicharm employees, including factory personnel etc., to experience Unicharm's approach to CSR, which emphasizes helping to solve society's problems through the company's core business activities.

The need to extend healthy-life expectancy and to ensure readiness for natural disasters etc. are issues that are shared by communities through Japan. In the future, while continuing its activities in Kakegawa, Unicharm will also be extending the scope of implementation to include the whole of Japan.

Please see CSR Key Topic 1 for more information about Lifree's "Social Walking@".

Shizuoka Factory certified as a "Place promoting health in Kakegawa"

In May 2016, Unicharm's Shizuoka Factory was certified by Kakegawa City as a "Place promoting health in Kakegawa." By officially recognizing the efforts of companies engaged in the promotion of health, this award system encourages the maintenance of healthy lifestyles by the generation that comprises people in the prime of their lives. The Shizuoka Factory has been working actively to safeguard and improve the health of its employees through health management.

For more information about the measures implemented at the Shizuoka Factory, please see Community-based Social Contribution Activities (Japan)

Activities to provide support for areas affected by natural disasters

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

Our activities of Matching Fund and Super Cool Biz and Warm Biz employee dress codes established to provide disaster relief assistance and to promote electricity conservation are now in their seventh year. The Matching Fund provides a matching donation equivalent to the price paid by Unicharm employees for original Unicharm polo shirts, jumpers etc. that can be worn at work; the money is used to donate care products to hospitals and other facilities in areas affected by natural disasters, thereby helping to enhance the quality of life of the care product users. Starting from 2016, Unicharm has also been donating to the MICHINOKU Future Fund, which aims to help children orphaned by natural disasters to realize their dream of continuing with their studies.

Besides original Unicharm polo shirts and jumpers, the scope covered by Matching Fund donations has been extended to include salmon skin leather ID card cases and bookmarks made by residents at a disabled persons' home in Miyako City, Iwate Prefecture, and Shibu-uchiwa fans (fans coated with persimmon varnish), which are a designated traditional handicraft in Kumamoto Prefecture. In this way, items purchased by Unicharm employees can also contribute to the reconstruction of areas affected by natural disasters.

In January 2017, a special "Uni-Uni Rakugo (Comic Story-telling) Performance" disaster area recovery support event was held at a workplace event organized by the Unicharm labor union, with the aim of helping to ensure that commitment to continued support for areas affected by natural disasters does not dissipate; the money raised through the sale of tickets was donated to the MICHINOKU Future Fund. At the beginning of the performance, Mr. Takashi Sueda, Executive Director of the MICHINOKU Future Fund, explained how the Fund operates, which helped to ensure that the Unicharm employees attending the performance felt that their money would be put to good use.

In July 2017, when the Northern Kyushu region suffered extensive damage from torrential rains, Unicharm sent company products to the affected areas and also donated 1 million yen to the Japanese Red Cross Society. For our donations etc., we made effective use of the Matching Fund, a disaster area support initiative that solicits participation from employees. We will continue to promote disaster area relief activities and energy conservation activities with our employees.



Original polo shirts and jackets



ID card case and bookmark made from salmon skin leather



"Uni-Uni Rakugo (Comic Story-telling) Performance" disaster area recovery support event

Initiatives for the Global Environment

Environmental Management

Our basic approach and strategy

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

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

Basic Environmental Policy and Environmental Action Guidelines

Unicharm Group Basic Environmental Policy:

As a company that engages in the manufacture and sale of disposable products, we recognize the extent of our responsibility to the global environment. Through our corporate activities we strive to create environmentally friendly products so that we may in the future pass on a beautiful earth to future generations.

We are committed to providing goods and services that bring comfort, excitement, and joy to people throughout the world and we are determined to realize the sustainable development of a society that achieves a balance between environmental conservation and economic growth.

Unicharm Group Environmental Action Guidelines

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

Management Structure

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

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

Environmental Management Structure



Environmental management in conformance with ISO

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

In order to further strengthen both our quality and environmental activities, in 2017, we merged our Quality and Environment management systems and reinforced our activities to improve quality and reduce our environmental impact. Furthermore, at pet care factories that had already been certified, we expanded the scope of application of the certifications to include departments that were outside the scope of the certification, such as the pet care marketing development departments.

■ ISO9001, ISO14001 and ISO13485 Certification at the Unicharm Group

Business site	Certification status		
	ISO9001	ISO14001	ISO13485
Unicharm and Unicharm Products	○	○	○
Itami Factory, Production Division, Unicharm Pet Care	○	○	
Mie Factory, Production Division, Unicharm Pet Care	○	○	
Saitama Factory, Production Division, Unicharm Pet Care	○	—	
Unicharm Kokko Non-Woven	○	○	
Cosmotec	○	—	
Shanghai Factory	○	○	
Tianjin Factory	○	○	
Jiangsu Factory	○	○	
LG Unicharm and Factory	○	○	
Taiwan Factory	○	○	
Thailand Factory	○	○	○
Vietnam Factory	○	—	
Indonesia Factory	○	○	○
India Factory	○	—	
Australia Office	○	—	
Saudi Arabia Factory	○	○	
Egypt Factory	○	○	

Environmental audits for risk management and enhancing performance

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

- (1) Periodic audits in conformance with ISO14001-compliant environmental management systems;
 - (2) Onsite confirmations at industrial waste processing partners;
 - (3) Confirmation of compliance with laws and regulations.
- In addition, operational audits performed by the Management Auditing Department confirm the status of waste treatment at sales offices that are not covered by an environmental management system.

Results of Environmental Regulatory Audits

It has been confirmed that in 2017 as well, surveys, data and documentation for submission to governments as required by environmental laws and regulations were submitted correctly. No fines have been incurred due to violations of environmental laws or regulations. Furthermore, there are no environmental matters pending.

Validation of Environmental Protection Activities

Our company identified materiality through meetings with investors and NGOs in 2016 and, based on these findings, drafted Eco Plan 2020 as a set of medium-term environmental targets for 2020. In 2017, we made plans to revise the content of Eco Plan 2020 activities in order to further improve its effectiveness.

Materiality which Unicharm identified

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

Impacts on business

High

Eco Plan 2020

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

- (1) Regarding reduction of waste, the above assessment was made because in 2017 we started verification testing in the City of Shibushi and we were able to convert 2,600t/year of product loss generated during the manufacturing stage into cat continence care products.
- (2) With the cooperation of our suppliers, the progress of Forest-derived Raw Materials Procurement that has obtained third-party assurance of sustainable paper and pulp has exceeded our plan for procurement of sustainable materials. Regarding palm oil suppliers, the above assessment was made because estimates were made to enable supply channel surveys and obtain third-party sustainability assurances.
- (3) Regarding measures against climate change, we achieved our targets for environmentally-friendly Eco Charming products, but the above assessment was made because initiatives to reduce CO₂ emissions intensity at the manufacturing stage stalled at some of our overseas sites.

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

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

Holding meetings to exchange opinions on environmental activities

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

We received high rating from IGES for our procurement of sustainable materials initiative and our extremely ambitious target of achieving 100% third party certification of paper and pulp by 2020 (Japan and overseas) and 100% third-party certification of palm oil suppliers (Japan). Regarding securing sustainable materials, when we said that it was difficult to ensure FSC etc. due to factors including cost, they pointed out the importance of putting effort into this at an early stage in terms of securing raw materials, since the value of forest certification is increasing and recently the New York Declaration on Forests* has come to be thought of as a means of climate change mitigation.

IGES pointed out that while momentum for measures against climate change has increased with the signing of the Paris Agreement, CDP is also raising the bar for what is required of corporations. IGES also said that CSR departments must keep up with world trends and communicate them to business and financial departments and, as GDP of countries where the company is running the business is forecasted to be impacted due to the intensification of global warming, the possibility exists that it will have an impact on our company's operations as well. In the course of discussion of climate change issues, we had a renewed awareness of the importance of measures against climate change, as expressed in the opinions from our side, who said that we felt such measures required a variety of people working hand-in-hand, across industry sectors.

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



Mr. Takayuki Shibaoka, IGES
(Business TF Researcher)



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



Mr. Sadayoshi Tokai
Manager
Nature Protection Office
WWF Japan

Mr. Yosuke Ikehara
(background)
Project Leader
Climate Change and
Energy Group
Nature Protection Office
WWF Japan

Also, during the process of creating its medium-term environmental targets called Eco Plan 2020, representatives from the Unicharm Group visited WWF Japan, a global environmental conservation group, to discuss expectations placed in the Unicharm Group regarding its future environmental activities so that it can address global environmental issues correctly through its business activities.

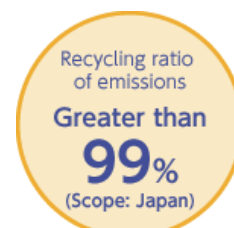
With regards to "Measures against climate change", WWF Japan explained that this issue cannot be addressed by a single company but rather the long-term process used by each company to realize ambitious targets aimed at a carbon-free society will lead to new innovations which will spur on society as a whole to work together toward the same end. WWF Japan also viewed "Sustainable procurement of materials" in a favorable light because of the extremely ambitious target of achieving 100% third party certification of paper, pulp and palm oil. WWF Japan further noted that the steps to completing Eco Plan 2020 should be established and disclosed in detail using a step by step process which will make it easier to monitor progress. Also suggested was that awareness should be raised through the value chain to encourage innovation by sharing long-term targets for 2030 and 2050 at an early stage.



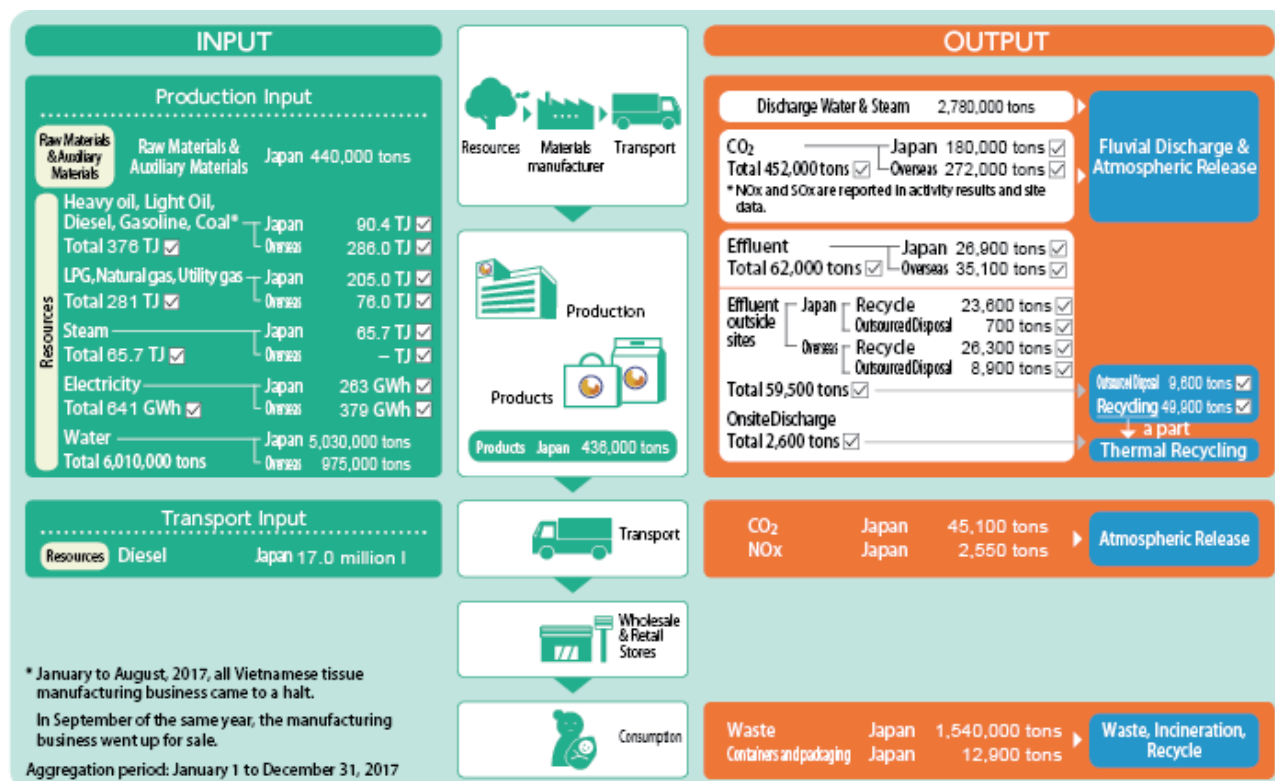
Energy/material flow from the entire lifecycle perspective

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

Emissions from major production bases in Japan total 21,010 tons over 99% of which were recycled.



Energy/material flow from a lifecycle perspective



Third-party assurance

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

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

Sites receiving third-party assurance: (81% of sales)

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

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

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

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

Overseas manufacturing sites (manufacturing locations only)

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

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

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

India: Unicharm India (Neemrana Factory)

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

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

* Includes January-August 2017 results from the tissue factory in Vietnam that was liquidated during the period.

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

Notes:

1. CO₂ emissions in Japan are calculated based on the 2016 emission factors under the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. The overseas portion is calculated based on the GHG Protocol Ver. 4.8. (0.734 for China, 0.809 for Indonesia, 0.500 for Thailand, 0.926 for India, 0.8 for Taiwan, 0.351 for Vietnam)
In terms of shipping, we have statistics only for inside Japan.
2. Discharge includes industrial waste, general waste from offices, and recyclables
3. Figures estimated from incinerator operations at the Fukushima Factory are used for the volume of thermal recycle of incinerated waste materials on premises.

Climate Change

Our basic approach and strategy

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

Risks and opportunities with climate change

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

Also, our company is using our technology for recycling used disposable diapers as an opportunity to promote forest protection and decarbonization by means of this technology.

Management Structure

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

Med-term activity goals

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

CO₂ emissions come, in the order of, approximately 45% from purchased materials under Scope 3, approximately 30% from disposal of products after use and approximately 15% from the manufacturing stage under Scope 1 and 2.

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

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

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

Please see also Initiatives to reduce CO₂ through products

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

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

Third-party assurance

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

Please see Environmental Management > Energy/material flow from the entire lifecycle perspective

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

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

The results of calculations following this standard indicate that 50% of Unicharm's emissions are from materials procurement and 33% from the disposal of products after use. We will continue to carry out activities aimed at establishing a low-carbon society.

* In 1998, the GHG Protocol Initiative was established as a meeting for developing standards of calculating and reporting GHG primarily by the World Resources Institute (WRI), an environmental NGO based in the United States, and the World Business Council for Sustainable Development, comprising 200 multinational corporations. In 2001, version one of the GHG Protocol was established and since then this approach to GHG calculation has become a worldwide standard.

■ CO₂ emissions by Scope (Japan)

Scope	Category	Emissions (thousand tons-CO ₂)
Scope 1		13
Scope 2		156
Scope 3	1 Purchased goods and services	779
	2 Capital goods	52
	3 Fuel- and energy-related activities	2.6
	4 Upstream transportation and distribution	45
	5 Waste generated in operations	1.6
	6 Business travel	0.4
	7 Employee commuting	1.6
	8 Upstream leased assets	1.4
	9 Downstream transportation and distribution	not applicable
	10 Downstream-processing of products sold	not applicable
	11 During product use	not applicable
	12 End-of-life treatment of products sold	524
	13 Downstream leased assets	not applicable
	14 Franchises	not applicable
	15 Investment	not applicable
Scope 3 total:		1,408
Scope 1, 2 and 3 total:		1,577

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

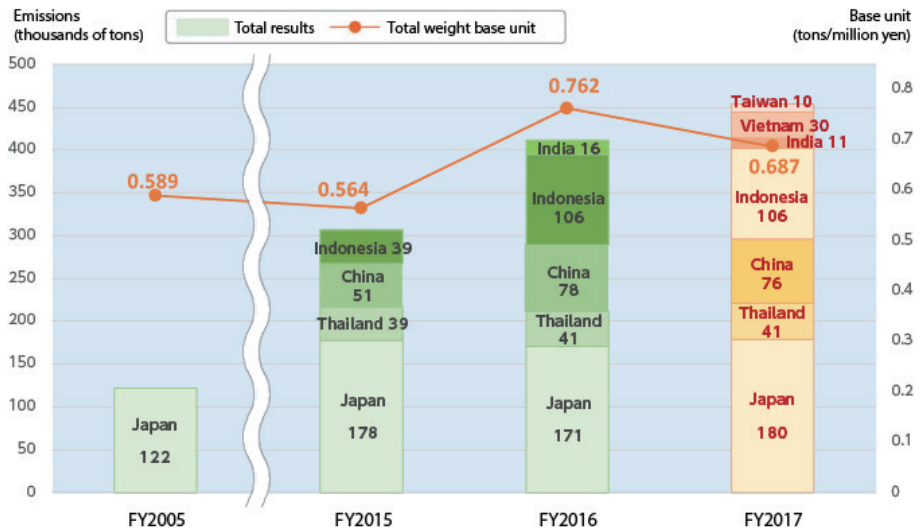
In 2017, Scope 1 was 37,800 tons and Scope 2 was 415,000 tons. Going forward, we will promote activities to lower CO₂ emissions in each country and work to lower base unit per net sales.

Please see Eco Plan 2020 for detailed targets.

Reducing CO₂ emissions

In 2017, we added Vietnam and Taiwan to the data range. As a result of these activities, we were able to lower the base per unit and reduce emissions in countries within the existing data range. In each country, the results reflected the accomplishments of energy conservation initiatives, but we are continuing to promote emissions reduction activities.

Unicharm's CO₂ emissions



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

Our company has set a target ratio for environmentally-friendly products as part of its environmental goal and is working on product development by having an environmentally-friendly mind. Products with improved environmental performance are defined as environmentally friendly products based on an evaluation of whether environmental impacts are successfully reduced within the life cycle from the baseline figures of FY2005. Certification is performed by the CSR Division, which is independent from development, by calculating LCA (Life Cycle Assessment). In 2017, we achieved our goal of 80% environmentally-friendly products. In 2018, we will work to further increase this percentage. Additionally, Eco Charming products are a further evolved version of environmentally friendly products defined as top tier products that help contribute to the realization of a sustainable society. As of today, a total of 146 items fulfilled this definition (certification was extended to pet care products and institutional-use products in addition to personal care products starting in 2017).

Going forward, we will continue to introduce environmentally-friendly products as a means to lowering CO₂ emissions of procured materials and reducing CO₂ emissions during product disposal after use.

Framework of environmentally-friendly products



Please see Eco Plan 2020 for detailed targets.

An example of Eco Charming products



Example - Sanitary Product

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



Sofy Ultra-Sound-Sleep



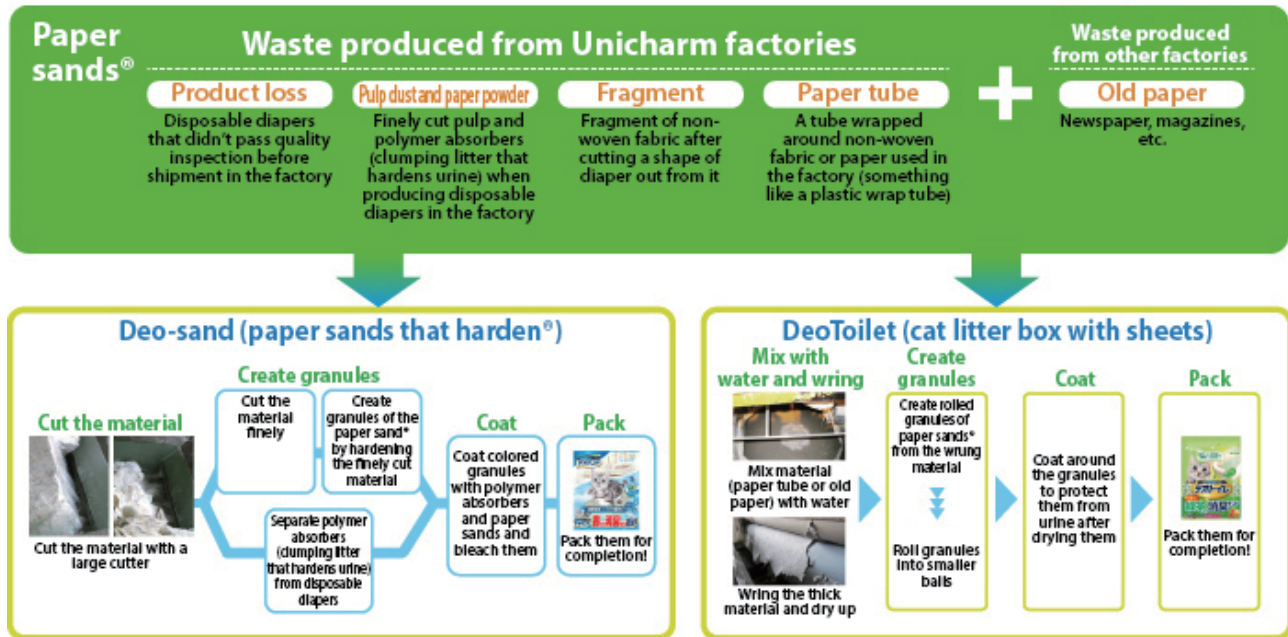
Best-Fit Slim (right)

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

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

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

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



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

Unicharm cooperates with a survey of 500 companies selected for their inclusion in the FTSE Japan Index as part of its efforts to address CDP climate change. In 2017, Unicharm received a disclosure score of B. This indicates that the PDCA cycle for climate change is functioning at a high level to address our company's overall efforts. Unicharm was also recognized for moving forward with information disclosures to shareholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of climate change.



lease see also Supply Chain (Environment) > Obtaining B Rating in CDP Forests Program and Water Resources > Obtaining B- Rating in CDP Water Program.

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

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

In order to draft concrete climate change mitigation plans, our company advocates for SBT (Science-based Targets) and uses the SDA tool (Ver. 8) to perform simulations up to 2050 and to draft reduction plans.

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

The Low-Carbon Cup is a program for commending activities of various organizations for preventing global warming in an attempt to build a low-carbon society for the next generation. The program shares know-how and information about excellent initiatives taking place across Japan and fosters cooperation and motivation for further activities. The year 2018 marks the eighth year of the program.

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

At Low-Carbon Cup 2018, after presentations by 30 finalists, the Unicharm Eco Charming Award was presented to the Saga Manabiya at Saga Commercial High School.



Introduction of Forest-derived Raw Materials activities at EcoPro 2017

Unicharm exhibited at EcoPro 2017

International Exhibition on Environment and Energy which was held at Tokyo Big Site in December 2017. This year we provided displays and explanations about our “Recycling System for Used Disposable Diapers” and “Lifecycle of a Disposable Diaper and Manufacturing Method of Paper-sand®” as examples of our climate change initiatives.



For our supply chain and biodiversity initiatives we presented “Certified Wood from Sustainable Forests” and “Introduction of our SDGs and CSR Activities,” for a total of four topics, and we exchanged views with the WWF concerning procurement of forest resources. Through these activities, we were able to introduce our company’s environmental initiatives to many stakeholders.

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

Please see Biodiversity for comments from the WWF

Pollution Prevention and Resource Utilization

Basic Vision

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

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

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

Management Structure

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

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

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

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

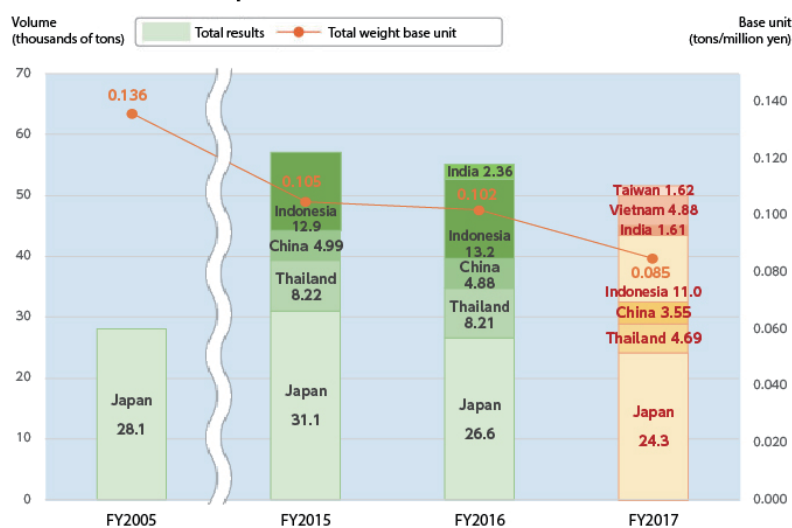
	Implementation items	2015 results	2016 results	2017 targets	2017 results	Evaluation	2018 targets	2020 targets
(1) Reduction of waste	■ Recovery technologies for used disposable diapers (Japan)	Established technologies	Starting with local governments	Trial operations	Start experiments	◎	Cycle model establishment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

Waste disposal reduction and effective utilization of resources

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

- Ongoing verification testing of recycling used disposable diapers
Ongoing verification testing in the City of Shibushi, Kagoshima Prefecture
- Initiatives for not disposing of waste from factories externally, but to recycle it within the Unicharm Group
Use of scraps produced during production of disposable diapers in Japan and overseas as the raw material for cat continence care products (Paper-sand®).
- Aiming for achievement of zero emissions at all production bases (three bases).
Reduction in landfill processing
- For waste that absolutely must be discarded outside of the factories, search for waste processing suppliers who will practice the 3Rs (reduce, reuse and recycle) and will not place strain on the environment and consign the processing to them.
Improve manufacturing quality and reduce waste generation
Prioritize recycling over heat treatment

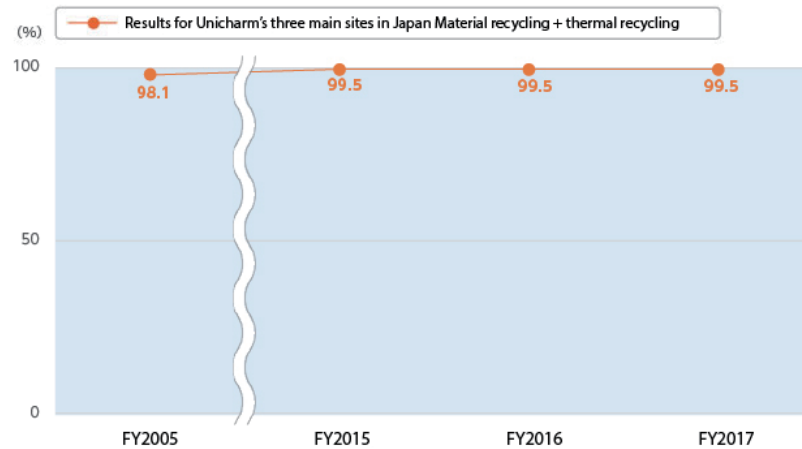
Unicharm's waste disposal volume



Recycling rate

In fiscal 2017, we continued to maintain the high recycling rate of over 99%. The number of other plants that have achieved zero emissions status by attaining a recycling rate of greater than 99% is also on the rise.

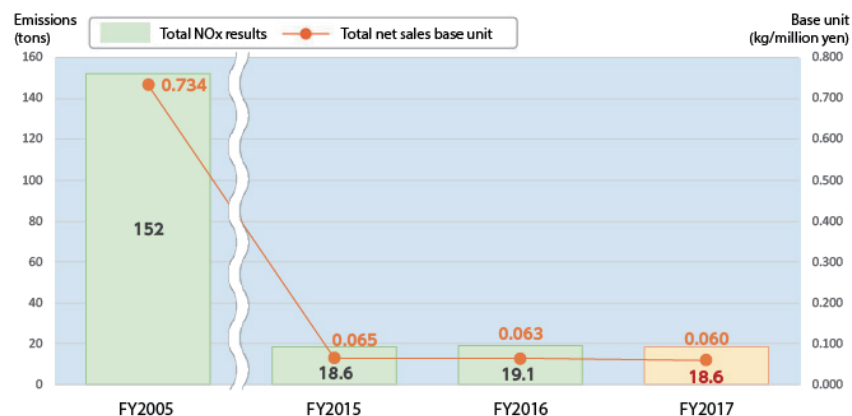
Recycling rate (Japan)



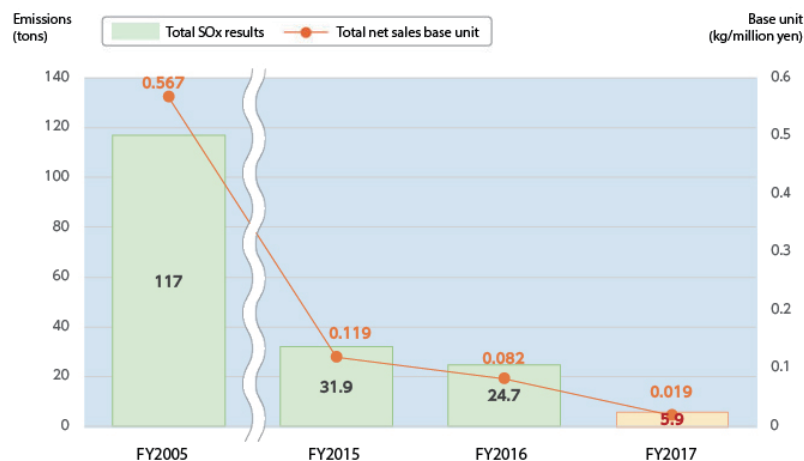
Measures against airborne pollutants

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

Unicharm's NO_x emissions (Japan)



Unicharm's SO_x emissions (Japan)



Protection of the ozone layer

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

■ Ozone depleting substances (Japan)

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

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

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

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

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

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

PCB storage situation

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

PRTR substance management

The reductions were accomplished as a result of activities at all bases.

■ PRTR substance management

Fiscal year	Toluene (t/year)	Ethylene oxide (kg/year)	Dioxin (mg-TEQ/year)
2015	314	12	0.0002
2016	356	4	0.0003
2017	281	4	0.0001

Supply Chain (Environment)

Our basic approach and strategy

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

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

Risk and Opportunity in the Supply Chain (Environment)

We perceive that a risk for our company is a decline in our business operations as a result of reduced supply due to destruction of forests and depletion of water resources in the upstream processes of forest-derived resources (paper, pulp, palm oil, etc.). Therefore, we formulated the Forest-derived Raw Materials Procurement Guidelines in 2016 and the Sustainable Procurement Guidelines in 2017, and we are striving to reduce the risk by ensuring the implementation of these guidelines by our suppliers.

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

Management Structure

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

Medium-Term Activity Targets

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

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

	Implementation items	2015 results	2016 results	2017 targets	2017 results	Evaluation	2018 targets	2020 targets
(2) Procurement of sustainable materials	■ Third-party assurance of paper and pulp suppliers (Japan)	82%	80%	90%	94%	◎	95%	100%
	■ Third-party assurance of paper and pulp suppliers (overseas)	-	84%	85%	87%	◎	90%	100%
	■ Third-party assurance of palm oil suppliers (Japan)	0%	Start of investigation	Understanding Current Status	Understanding Completion	○	Performance achievement 10%	100%

Evaluating New Suppliers

We conduct a questionnaire on the environment and supplier evaluations through the Procurement Department for new suppliers to check whether it is worthwhile for us to do business with them.

In 2017, we evaluated four companies and accepted three companies.

Evaluating Existing Suppliers

We carry out evaluations from five points of view (consistency of quality, stable supply, safety, environmental impact and delivery) and, once every three years, give commendations based on the scorings for each of a supplier's activities. In November 2017, we commended one top company, two outstanding companies and two excellent companies out of 76 companies.

Establishing the Unicharm Group Sustainable Procurement Guidelines

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

Please see the Unicharm Group Sustainable Procurement Guidelines for details.

Providing Suppliers with Explanations of Our Policies

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

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



Initiatives to Promote Forest-derived Raw Materials Procurement Guidelines

We established the Forest-derived Raw Materials Procurement Guidelines in July 2015. As a result of checks through questionnaires on the status of compliance distributed to 12 relevant suppliers, there were no companies in violation of the guidelines.

Forest-derived Raw Materials Procurement Guidelines

Introduction

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

Strategy

With climate change related risk having risen significantly in recent years, besides striving to reduce the burden placed on the environment, and to safeguard the environment, Unicharm is also making a serious effort to promote supply chain management that takes biodiversity into account, in line with the goal of building a sustainable society.

Therefore, we are committed to environmental conservation through the operation of the Forest-derived Raw Materials Procurement Guidelines, which make the Basic Environmental Policy^{*1} and the Basic Policy of Procurement^{*2} more concrete with regards to biodiversity.

^{*1} Basic Environmental Policy:

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

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

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

Objectives

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

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

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

Action Guideline

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

Terms

FSC : Forest Stewardship Council

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

PEFC : Programme for the Endorsement of Forest Certification Schemes

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

HCVF : High Conservation Value Forests

HCSF : High Carbon Stock Forests

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

JBIB : Japan Business Initiative for Biodiversity

<http://jbib.org/>

Promoting Environmentally-Friendly Supply Chain Management

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

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

Please see Eco Plan 2020 for detailed targets.

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

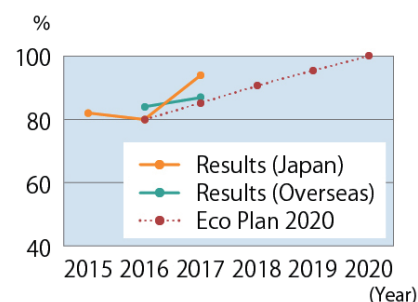


The mark of
responsible forestry
FSC® N002492



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

Percentage of Sustainable Materials Verified by Third-Parties including FSC



Vancouver Declaration to Promote the FSC and SDGs

Following multiple rounds of dialogue with FSC Japan, Unicharm stated its endorsement of the Vancouver Declaration on October 12, 2017, and we are committed to the expansion of FSC-certified forests.

The logos of companies that have endorsed the Vancouver Declaration can be seen at SUPPORTERS OF THE VANCOUVER DECLARATION.

Obtaining B Rating in CDP* Forests Program

Unicharm supports efforts to address the CDP forests program and cooperates with a survey of companies selected for inclusion in the FTSE Japan Index. In 2017, Unicharm received a B rating for timber materials, a B rating for palm oil and a B- rating for livestock cattle. This indicates that the PDCA cycle for forest-derived resources is functioning at a high level company-wide and that Unicharm was recognized for moving forward with information disclosures to stakeholders. Going forward, Unicharm will continue to carry out activities that are even more mindful of climate change.



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

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

Showcasing our Activities on Forest-derived Raw Materials at EcoPro 2017

Please see the Climate Change page.

Biodiversity

Our basic approach and strategy

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

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

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

Risk and Opportunity in Biodiversity

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

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

Management Structure

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

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

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

	Implementation items	2015 results	2016 results	2017 targets	2017 results	Assessment	2018 targets	2020 targets
(2) Procurement of sustainable materials	■ Third-party assurance of paper and pulp suppliers (Japan)	82%	80%	90%	94%	◎	95%	100%
	■ Third-party assurance of paper and pulp suppliers (overseas)	-	84%	85%	87%	◎	90%	100%
	■ Third-party assurance of palm oil suppliers (Japan)	0%	Start of investigation	Understanding Current Status	Understanding Completion	○	Performance achievement 10%	100%

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

Biodiversity Initiatives

Opinion Exchange Session with Experts 1

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

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

Opinion Exchange Session with Experts 2

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

● Voice from WWF staff member

Around the world, we are still losing approximately 6.5 million hectares of natural forest every year (about 30 times the size of Tokyo). There are many reasons for this, but one reason is the production of forest products, such as paper goods and palm oil, and agricultural products and it has been reported that this also leads to such problems as illegal activities, loss of valuable natural habitat and social conflict with local residents.

In order to solve such problems, the WWF believes that while it is naturally important for producers to consider the environment and society when making products, it is also important to create a society in which consumers consciously select products based on the same considerations.

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



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

Please see Climate Change > Introduction of Forest-derived Raw Materials activities at EcoPro 2017

Opinion Exchange Sessions with Other Experts

In 2017, Unicharm also held opinion exchange sessions with the Forest Stewardship Council (FSC), an NGO, the Global Environmental Forum (GEF), Japan representative for the Rainforest Action Network (RAN), the Japan Tropical Forest Action Network (JATAN) and the Borneo Conservation Trust Japan (BCTJ). We will utilize the opinions received from all of them in our future environmental activities.

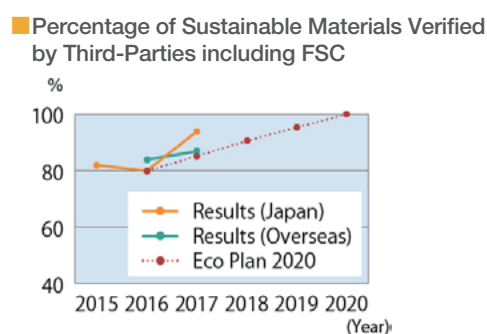
Initiatives of the Japan Business Initiative for Biodiversity (JBIB)

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



Promoting Use of Sustainable Materials Verified by Third Parties including the FSC

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



FSC-Certified Paper Initiative

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



Percentage of Third-Party Certified Sustainable Palm Oil

There was no use of RSPO-certified palm oil in 2017.

Waste Management

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

Water System Emission Monitoring Results

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

Atmospheric Emission Monitoring Results

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

Water Resources

Our basic approach and strategy

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

With regard to water usage, we believe that it is essential to understand each of the local circumstances of our production sites and utilize water resources as effectively as possible.

Risk and Opportunity in Water Resources

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

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

Management Structure

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

Identifying and Responding to Water Risk Using Aqueduct

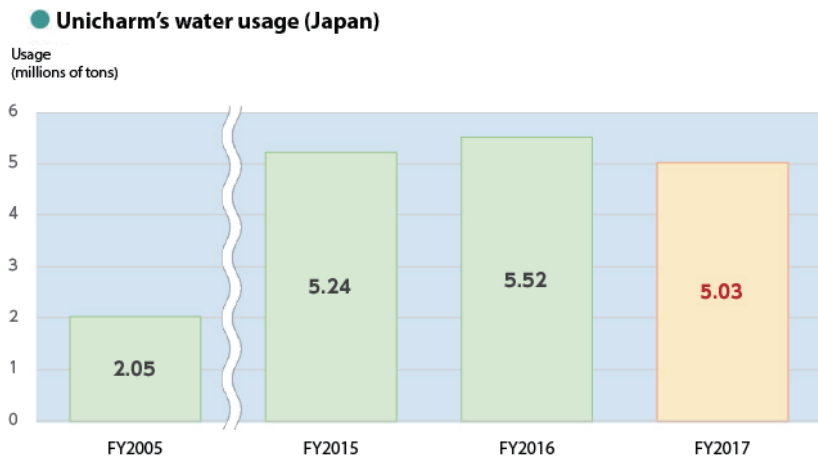
Unicharm's water usage for in-house processes consists of (1) approximately 60% in the manufacturing division for tissue which makes up absorbent materials (90% water recycling achieved in the processes); and (2) approximately 17% in the pet food production division, with use of cooling water at other sites (all in Japan). A decline in business operations due to a shortage of water has not occurred at the aforementioned sites in the past 20 years. According to our Life Cycle Assessment (LCA) throughout the entire supply chain, water usage for the procurement of materials has increased.

We recognize that it is important to assess water resource usage in collaboration with local areas to continue these businesses. In 2017, we implemented a medium-to-long term water risk analysis using Aqueduct from the perspectives of assessing the current risk and studying the future risk.

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

[Japan] Reducing Water Usage

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



Water quality, soil contamination and offensive odor

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2017, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, there were no accidents linked to soil contamination or offensive odor. Details related to the volume of COD and BOD are reported in the Site Data section.

Obtaining B- Rating in CDP* Water Program

Unicharm supports efforts to address the CDP water program and cooperates with a survey of companies selected for inclusion in the FTSE Japan Index. In 2017, Unicharm received a B- rating. This indicated that our company-wide management initiatives on water have been recognized. Going forward, Unicharm will continue to carry out activities that are even more mindful of water resources.



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

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

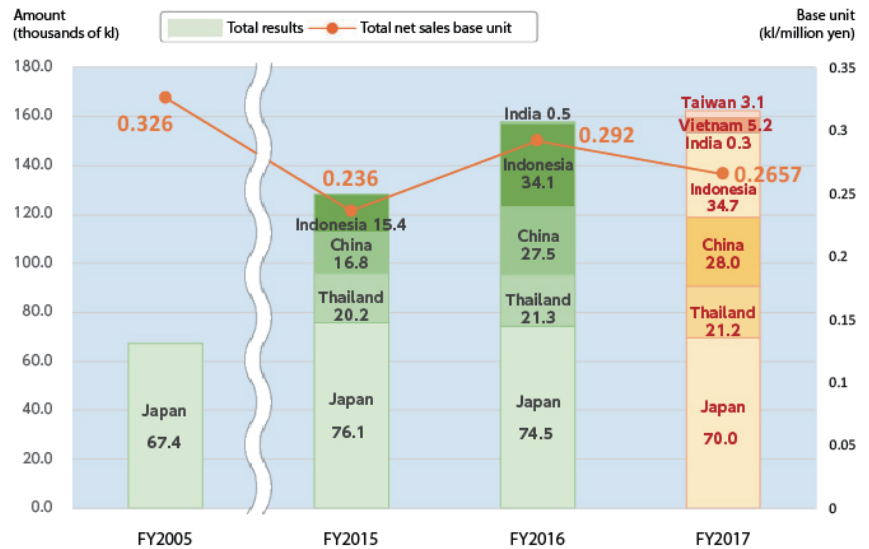
Activity Results

Addressing global warming and energy saving measures

Energy saving measures

We added Vietnam and Taiwan to the scope of countries for which we disclose environmental data in 2017. Although total energy usage increased, energy usage intensity declined. We will continue promoting energy-saving measures and adding sites for which we disclose environmental information.

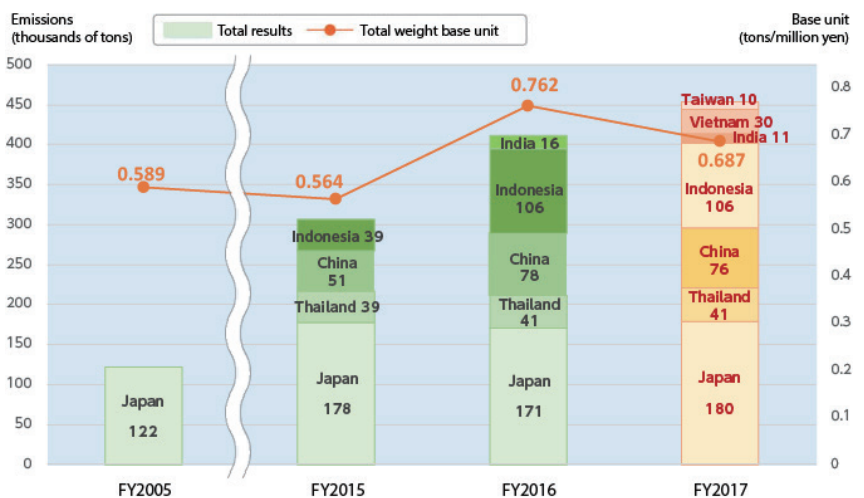
Amounts of energy used by year



Reducing CO₂ emissions

In 2017, we added Vietnam and Taiwan to the scope of countries for which we disclose environmental data. As a result of our activities, we were able to reduce CO₂ emissions intensity and we also succeeded in reducing CO₂ emissions in countries that were within the existing scope of our environmental data. The results of energy-saving activities in each country are shown and we will continue to promote activities to lower CO₂ emissions.

Unicharm's CO₂ emissions

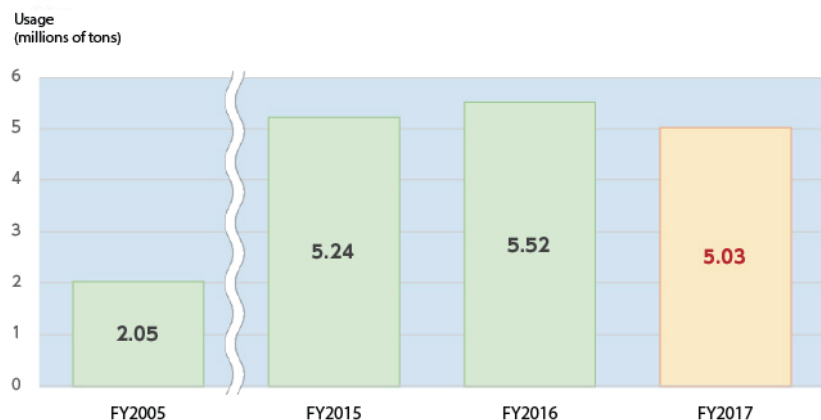


Promoting the effective use of resources and recycling

Reducing water usage

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

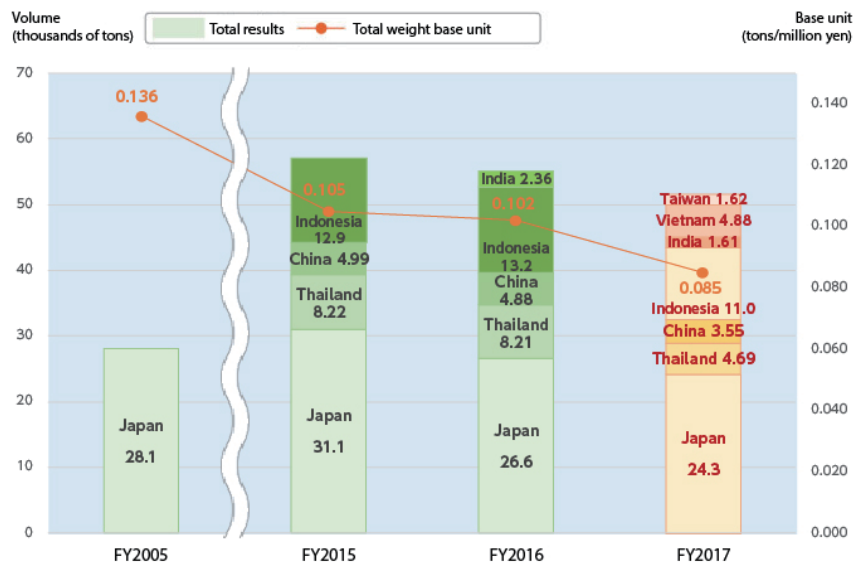
Unicharm's water usage (Japan)



Waste disposal volume

In 2017, we added Vietnam and Taiwan to the scope of countries for which we disclose environmental data. Our efforts mainly at overseas plants to utilize waste that used to be disposed of by external contractors as a material in cat excretion care products paid off, and both total waste disposal volume and waste intensity are on a downward trend.

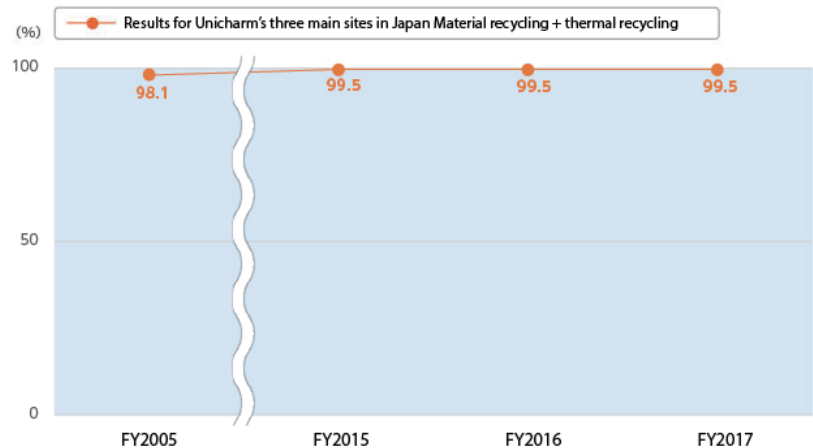
Unicharm's waste disposal volume



Recycling rate

In fiscal 2017, we continued to maintain the high recycling rate of over 99%. The number of other plants that have achieved zero emissions status by attaining a recycling rate of greater than 99% is also on the rise.

Recycling rate (Japan)

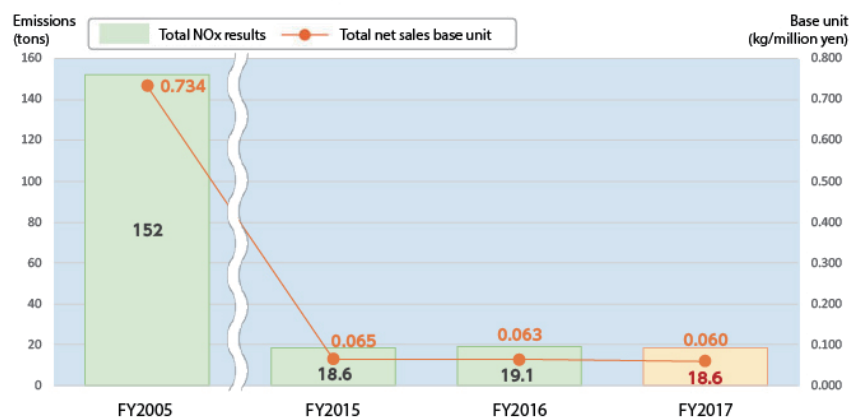


Initiatives to reduce the use of hazardous chemical substances

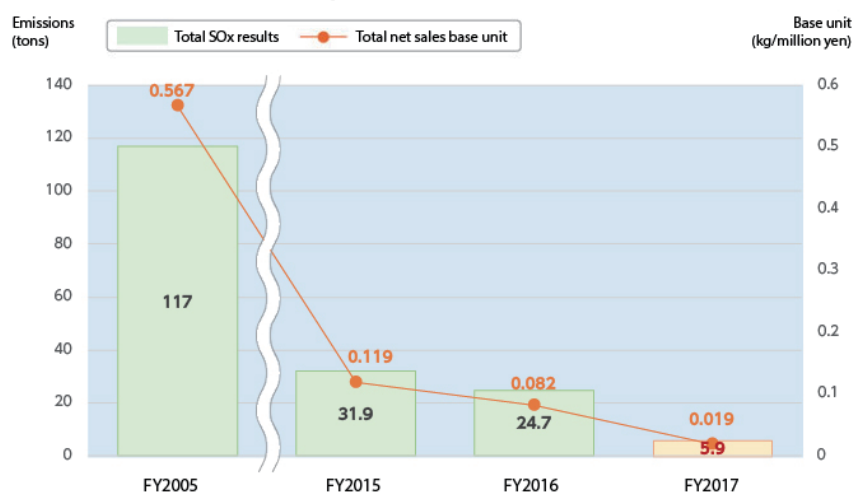
Airborne pollutants

As a result of the closure and consolidation of sites at Unicharm's non-woven fabric manufacturing company, base unit per net sales emissions of both NOx and SOx have continued to fall. Emissions of SOx in particular fell significantly due to the closure of boilers with high emissions.

Unicharm's NOx emissions (Japan)



Unicharm's SOx emissions (Japan)



Ozone depleting substances (Japan)

In 2017, no new fluorocarbon was used.

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

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

[Japan] Water quality, soil contamination and offensive odor

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2017, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, there were no accidents linked to soil contamination or offensive odor.

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

PCB storage situation

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

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

PRTR substances

Activities at each site paid off and achieved reductions.

Fiscal year	Toluene (ton/year)	Ethylene oxide (kg/year)	Dioxin (mg-TEQ/year)
2015	314	12	0.0002
2016	356	4	0.0003
2017	281	4	0.0001

Site Data

Environmental data show actual values for January – December 2017.

Unicharm Corporation

Head Office sites

- ➔ Addresses: Sumitomo Fudosan Mita Twin Bldg., West Wing, 3-5-27 Mita, Minato-ku, Tokyo Keikyu Second Bldg., 3-25-23 Takanawa, Minato-ku, Tokyo
- ➔ Business description: General head office operations (product planning and management, including baby-care related products, feminine hygiene products, adult incontinence products and cosmetic puffs, etc.)

Water usage	- ton/year
Electricity usage	1,052 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	84(7) tons/year

Development site

- ➔ Address: 1531-7 Wadahama, Toyohama-cho, Kanonji City, Kagawa Prefecture
- ➔ Business description: Research and development for paper products (diapers, sanitary napkins, liners, tampons, etc.)

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.1 tons/year NOx emissions: 0.1 tons/year
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	9,581 tons/year
Electricity usage	2,635 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	416(3) tons/year

Unicharm Pet Care Manufacturing Division Mie Factory

- ➔ Address: 1319 Higashitawara, Nabari City, Mie Prefecture
- ➔ Business description: Manufacture of non-woven pet care products
- ➔ Date operations commenced: 1966
- ➔ Site area: 19,134m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	1,613 tons/year
Electricity usage	6,864 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	727(82) tons/year

Unicharm Pet Care Manufacturing Division Itami Factory

- ➔ Address: 9-67 Kita-Itami, Itami City, Hyogo Prefecture
- ➔ Business description: Research, development and manufacture of pet food
- ➔ Date operations commenced: August 1998
- ➔ Site area: 12,692m²

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.6 tons/year
Water quality	BOD 4.3tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	1,245,870 tons/year
Electricity usage	6,508 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	705(356) tons/year

Unicharm Pet Care Manufacturing Division Saitama Factory

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.6 tons/year
Water quality	BOD 9.4tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	55,444 tons/year
Electricity usage	3,997 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	296(0) tons/year

Unicharm Products Co., Ltd.

Fukushima Factory

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

Air	Exhaust gas dioxin concentration: 0.000 ngTEQ/m ³ N SOx emissions: 1.7 tons/year NOx emissions: 7.6 tons/year
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	198,201 tons/year
Electricity usage	69,435 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	5,055(77) tons/year

Shizuoka Factory

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 1.1 tons/year
Water quality	BOD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	47,564 tons/year
Electricity usage	48,785 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	3,532(0) tons/year

Shikoku-Chuo Area Business Location

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.2 tons/year NOx emissions: 0.0 ton/year
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	53,331 tons/year
Electricity usage	51,146 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	3,726(36) tons/year

Onohara Works

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	3,973 tons/year
Electricity usage	17,130 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,923(38) tons/year

Toyohama Works

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: No applicable facilities NOx emissions: No applicable facilities
Water quality	COD 1.0 > ton/year
Soil	Same site and data as for Unicharm Kokko Non-Woven Co., Ltd.
Water usage	6,102 tons/year
Electricity usage	4,756 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	112(1) tons/year

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

Unicharm Kokko Non-Woven Co., Ltd.

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

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 2.5 tons/year NOx emissions: 2.5 tons/year
Water quality	COD 2.9 tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	494,833 tons/year
Electricity usage	14,787 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,658(41) tons/year

No. 2 Manufacturing Group, Kawanoe Works Team

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 1.1 tons/year NOx emissions: 1.8 tons/year
Water quality	COD 1.0 > ton/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	1,835 tons/year
Electricity usage	6,142 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	531(2) tons/year

No. 2 Manufacturing Group, Kokko Works Team

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: 0.2 tons/year NOx emissions: 0.8 tons/yea
Water quality	COD 21.4 tons/year
Soil	Soil contamination in excess of statutory standards never detected
Water usage	2,885,670 tons/year
Electricity usage	13,442 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	2,004(2) tons/year

Uni Care

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

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

Cosmotec Corporation

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.0 ton/year
Water quality	BOD 1.0 > ton/year
Water usage	3,257 tons/year
Electricity usage	4,515 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	1,341(42) tons/year

Peparlet Co., Ltd.

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 2.8 tons/year
Water quality	BOD 1.0 > ton/year
Water usage	15,576 tons/year
Electricity usage	10,770 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	490(0) tons/year

Kinsei Products Co., Ltd.

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

Air	Exhaust gas dioxin concentration: No applicable facilities SOx emissions: - ton/year NOx emissions: 0.4 tons/year
Water quality	COD 1.0 > ton/year
Water usage	4,841 tons/year
Electricity usage	2,930 thousand kWh/year
Waste emissions (of which waste disposed of by contractors)	604(0) tons/year

Human rights initiatives

Our basic approach and strategy

Since the founding of Unicharm, we have always believed in respecting human rights, as seen from the prominent mention of respect for people in our management policy and in the declarations of respect for people and the human perspective in the opening statements of The Unicharm Way Action Guidelines and Human Resource Philosophy. Various human rights issues exist throughout the world and because special attention must be paid to protecting human rights in global business based on international human rights standards, we uphold the Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly, and in 2017 we enacted the Unicharm Group Policy on Human Rights and demonstrate our continued efforts to fulfill our responsibility to respect human rights in all of our activities. Furthermore, we distribute our human rights policy to all Group employees as part of the Unicharm Group Action Guidelines.

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

● Unicharm Group Policy on Human Rights

The corporate philosophy “NOLA & DOLA” of Unicharm Group (the “Group”) contains our hope that “Unicharm aims to provide all people, from newborn infants to the elderly, with products that gently support their mind and body for freeing them from various types of burdens to fulfill their dreams”. In accordance with this philosophy, the Group supports the realization of a society where human rights are respected as a fundamental right granted to all people. Based on this assumption, the Group will make efforts to fulfill its responsibility to respect human rights.

1 Background

The Group has established the Unicharm Group Policy on Human Rights (the “Policy”) by which it will promote efforts for the respect of human rights of all stakeholders including employees based on the following international human rights principles; the International Bill of Human Rights (the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights), the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact and the UN Guiding Principles on Business and Human Rights. The Policy complements the corporate philosophy and the action guidelines (The Unicharm Way) in which it clarifies how the Group will address the matters concerning human rights.

2 Scope of Application

The Policy will apply to all executives and employees who work at the Group. The Group will also require its business partners and suppliers to support and comply with the Policy and work together with them to promote efforts for the respect of human rights.

3 Responsibility to Respect Human Rights

The Group will fulfill its responsibility of respecting human rights by ensuring that its business activities do not result in human rights violations and by responding appropriately to correct any adverse human rights impact our business activities may cause. Furthermore, the Group will require its business partners and suppliers to respond appropriately to correct any adverse human rights impacts on them even if the Group does not directly contribute to those impacts.

Compliance with Applicable Laws and Regulations

The Group will comply with the laws and regulations of each country or region where it conducts its business activities. Where there is a conflict between national or regional laws / regulations and international human rights standards, we will seek ways to honour international human rights standards.

Human Rights Due Diligence

The Group will establish a system of human rights due diligence in accordance with procedures based on the UN Guiding Principles on Business and Human Rights under which it will make efforts to prevent or mitigate adverse human rights impacts.

Remedy

In the event the Group’s business activities directly or indirectly result in adverse human rights impacts, it will provide a remedy through appropriate dialogue and procedures.

Education

The Group will provide appropriate education to ensure effective implementation of the Policy by which it will be instilled inside and outside the company.

Dialogue and Consultation

The Group will engage sincerely in the meaningful consultation with people whom its business activities may cause impacts as a part of its efforts under the Policy.

Reports

The Group reports on its efforts related to human rights through its website, etc.

Date of Establishment: October 25, 2017

Takahisa Takahara
President & CEO
Unicharm Corporation

Management Structure

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

Unicharm Group's CSR Promotion Organization

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

Process for Policy Establishment

Meetings with stakeholders to exchange views during the drafting process of the Unicharm Group Policy on Human Rights

As a company that fulfills its responsibility to respect human rights, we invited Mr. Makoto Teranaka, former longtime Secretary General of Amnesty International Japan, to speak on the topic of businesses and human rights. Afterwards, we held meetings for the exchange of opinions between members involved in drafting the Unicharm Group Policy on Human Rights and members of departments with a particular awareness of human rights. Mr. Teranaka does not accept the old attitude of it being wrong to cause human rights problems. He told us it is critical to deal with human rights problems when they occur, and how to manage them, and from the standpoint of a human rights professional he also gave us advice on creating a human rights policy which forms the basis of managing human rights problems. For example, to his question about how specifically our company is contributing to achieving what kind of society, in the introduction to our policy we stated clearly, "We support the realization of a society where human rights are respected as fundamental rights given to all persons." Also, to his comment that it was not clear to whom this policy applied, we revised the policy to read that it applied to all stakeholders including employees, as we had learned about the corporate stance required by society and reflected this thinking into the words of our human rights policy.

Questions came from the participants, such as "What is the best way to manage human rights as a company," "Who should be participating in it?" To these questions, Mr. Teranaka advised us that departments that controlled the company overall should be in charge, and the work would proceed more smoothly if performed by people who have many opportunities to interact with those outside of the company, such as those in sales. He added that if we



Stakeholder meetings



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

created a mechanism for reflecting the opinions of a variety of people, including those employees who are tend to be in a weak position on a daily basis, such as new employees or those who are involved in childcare or nursing responsibilities, the human rights policy that is enacted will come to life.

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

Our Human Rights Initiatives

In 2017, for the purpose of understanding business and human rights and the UN Guiding Principles on Business and Human Rights which are attracting worldwide interest and for getting a picture of human rights issues relating to our company, we participated in the Complaint-handling Mechanism Study Group and Stakeholder Engagement Program held by the Caux Round Table. During this program, we talked with business representatives, NGOs/ NPOs and experts about the kinds of human rights infringements occurring throughout the world and the critical human rights issues within the consumer goods industry and increased our understanding of these problems. By participating in the human rights Education Sub-Committee of the UN Global Compact and exchanging opinions concerning SDGs and human rights with experts and business representatives, our company is actively pursuing CSR initiatives through communication both inside and outside our company.

Along with Our Customers

Communicating with customers

Our basic approach and strategy

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

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

Customer Communication Center Vision

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

Complaint Correspondence Policy

- 1 Customer feedback will be centrally managed by the Company's customer communication centers and addressed in a fair and impartial manner in accordance with the QMS (ISO9001) complaint correspondence 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.

Management Structure

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

We have compiled concrete initiatives for customer response for the entire company and, together with our Self-Declaration of Consumer-Oriented Company, we are building a response system that is compliant with the ISO10002 complaint response MS.

With regard to overseas operations, Unicharm also made a declaration of self-conformity with the ISO10002 complaint response MS in July 2006 and is laterally extending customer communication centers in China, Taiwan, Thailand, Indonesia, Australia, India and other countries; together with periodic auditing of overseas customer communication centers and information-sharing, we are implementing efforts that will boost customer satisfaction across the Unicharm Group.

■ Self-Declaration of Consumer-Oriented Company

Self-Declaration of Consumer-Oriented Company

January 16, 2017
 Takahisa Takahara
 President & CEO
 Unicharm Corporation

[Philosophy]

We contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers both in Japan and abroad.

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

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

- I. All feedback received from customers is put together at Customer Communication Center (CCC) and addressed fairly and equally by CCC based on a QMS (ISO9001) complaint correspondence process manual and ISO 10002 complaint correspondence process documents.
 Information concerning faulty products or services is swiftly reported to top management and necessary steps are taken to improve the situation.
- II. If the situation must be remedied, related departments work together following procedures on QMS (ISO9001) rectification and prevention measures to swiftly remedy the problem and prevent future recurrences.
- III. Customer feedback is seriously reviewed and efforts are made toward improvements involving all relevant departments so as to ensure customer satisfaction.
 We strive so that precious customer feedback can be properly reflected in our improvement activities for products and services.

[Specific Initiatives]**I. Ensuring corporate governance****—System for reporting customer feedback to top management without fail—**

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

II. Proactive initiatives involving all employees**—Fostering a corporate culture and employee mindset that is customer-oriented—**

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

III. Swift response through systematic collaboration between related departments**—Initiatives for swift and honest responses—**

All feedback received from customers is put together at CCC and addressed fairly and equally by CCC based on a QMS (ISO9001) complaint correspondence process manual and ISO 10002 complaint correspondence process documents.
 Information concerning faulty products or services is swiftly reported to top management and necessary steps are taken to improve the situation.
 If the situation must be remedied, related departments work together to swiftly remedy the problem and prevent future recurrences.

IV. Enhanced information provision to consumers and two-way exchanges of information**—Disseminating information for safe use—**

Frequently asked questions about product safety will be published on the company's website in an effort to widely disclose this information.
 We will provide information to customers in various means so that customers can use our products safely and effectively. These means include product packaging, user manuals, and advertisements to educate customer about the correct ways to use products, as well as through our corporate website, news releases and disseminations from CCC.

V. Improvement and development based on consumer and social needs**—Product creation making customer-oriented approaches and social responsibilities a reality—**

The entire company will work on activities for linking needs with commercialization of products after seriously reviewing feedback from customers.
 We will establish rigorous environmental standards for our products, take on the challenge of selecting product designs and raw materials and reducing waste in the production process to every extent possible and expand the number of products that can clear these standards and bear the Eco Charming label.
 The entire company will also work as one solid team toward mitigating environmental impacts including reducing waste in business activities.

Initiatives of the Customer Communication Center

In January 2017, the Pet Care Customer Communication Center was merged into the Customer Communication Center and received 58,000 calls. The feedback we received was in turn shared widely with related departments inside the company and used to help improve our products and services.



Training session for listening skills

We conduct employee training at the CCC to reinforce quality and strengthen customer oriented approaches. In 2017, the managers at each of our factories in Japan underwent group training for listening skills using actual recordings of customer interactions. We will continue to enhance our customer oriented approach on a company-wide level and supply products that truly satisfy our customers.



Training session using actual recordings of interactions with customers

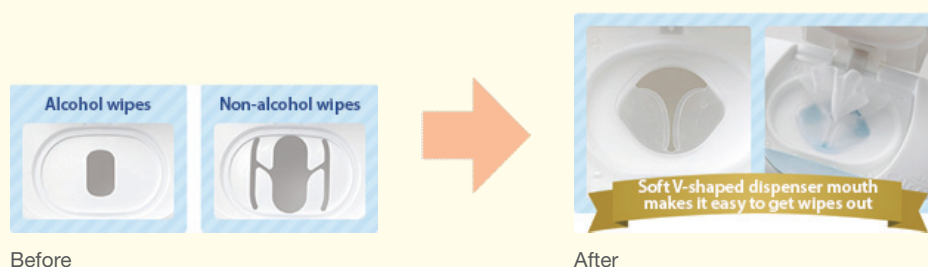
Main Initiatives of the CCC

Main initiatives	Contents
1. Responder training	We organize training programs to enhance our specialist knowledge, including sessions led by external instructors and other informative workshops, in order to improve the quality of our response.
2. Reflection in products	We share customer feedback with related departments in a timely manner through weekly and monthly report. This feedback is used to improve existing products and develop new products, in order to provide customers with products that are safe and convenient.
3. Information dissemination	Customer feedback is shared internally in real-time using our centralized customer information management system, or the SMILE system. Report meetings with business departments and product package confirmation meetings (Communication Guarantee Meeting) are also held to ensure feedback is utilized to improve products from a customer standpoint.
4. CCC training	The R&D and Manufacturing departments organize training sessions for new employees and others who wish to participate in order to reinforce their focus on the customer and quality. In FY2017, 888 employees took part in these training sessions.
5. Strengthen collaboration with overseas CCCs	The initiatives of our CCCs located around the world are being shared to help improve customer satisfaction across the entire Unicharm Group, including its overseas subsidiaries. This information is also being used to improve our response skills based on ISO10002 complaint response MS and to step up interoffice collaboration.
6. Commitment	The CCC is an independent department reporting directly to the Unicharm president and CEO. At the annual Board of Directors meeting, it presents and answers questions about the customer response policy for the next fiscal year. We have built and operate a system in which all executives can confirm progress towards goals and consider and give approval on whether consumer-oriented management is being promoted.

Example of Customer Feedback that has been reflected in products

A customer feedback - "Please improve the dispenser for Silcot Wet Wipes"

A customer noted that "it hurts if you put your finger in the dispenser and it's hard to get the wipes out." In July 2017, we began using a softer material for the dispenser mouth.



A customer feedback - "If you would renew the text written on Kiyora, I could once again use it with pleasure."

After receiving a request to renew the wording on Sofy Kiyora products, we debuted a redesign in March 2017.



Before renewal



After renewal

Activities of overseas Customer Communication Center

In March 2013, the Taiwan CCC made a self-declaration of self-conformity with regard to the ISO10002 complaint response MS. Following the declaration, the Japan CCC audited the Taiwan CCC in 2017 and confirmed that their system was operating properly and customer feedback and complaints were being addressed. In addition, an audit was conducted by Japan CCC before the India CCC made its declaration of self-conformity with regard to the ISO10002 complaint response MS to and we came to confirm that it had a proper environment and operations in line with the declaration and that each customer was being responded with sincerity.



Taiwan CCC



India CCC

Letter of thanks from consumers**Ultra Comfort Mask Pleats type**

This mask is great because it also shuts out the smell of tobacco smoke. I really appreciate that the mask fits in all directions.

**About Customer Communication Center Responses**

I sent a letter stating that my family member who was using rehabilitation disposable pant-type diapers ripped them and the contents spilled all over and stuck to the floor, which was terrible to clean up, for which I received a polite letter from Unicharm one week later. I was wondering how they would respond to the small opinion of a single consumer, but they responded in earnest. I was deeply impressed that I was dealt with as a cherished customer, which came across in the tone of the letter. I would like to use as many products as possible from such a friendly company.



Communication with customers using various media

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

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 800,000 members, this social media page disseminates parenting information to customers. In 2017, we released Moony-chan and Toilet Training, a new app to support the toilet training of children. In addition, we have developed corporate websites for overseas locations aimed at strengthening online communication with customers both in Japan and abroad.

Provision of information on continence care for the elderly

Mild Incontinence Navi provides information for females experiencing urinary issues such as due to pregnancy and delivery or increased frequency of urination or incontinence caused by age. Information including self care methods and advice from specialists are provided in collaboration with specialists of female urology, as well as obstetrics and gynecology.

Continence Care Navi provides expert advice, research reports, information on cases and treatment options for troubles related to urination and defecation for the elderly, as well as resources and tips on nursing care, with the hope of improving the quality of nursing care for both the elderly population and their caregivers. In addition, the site offers an encyclopedia on adult diapers and tips on how to choose and use adult diapers.



Mild Incontinence Care Navi



Continence Care Navi

Providing information on First Menstruation Education

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



First Body Navi

Supporting childrearing mothers

Pre-Mama Town and Baby Town are created in collaboration with childrearing related companies in support of childrearing mothers and their babies through offering a platform for searching, asking for, and exchanging information related to pregnancy, child delivery, and child care in accordance with their child's stage of development. Moreover, some 90,000 people have "liked" the interactive communication with mothers posted on the Moony Facebook page. In 2017, we released the app Moony-chan and Toilet Training which supports the toilet training of children. With approx. 25,000 downloads, this app has been well-received.



Pre-Mama Town



Baby Town



Moony on Facebook



Moony-chan and Toilet Training

Strengthening information provision to customers overseas

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



Corporate Site (Myanmar)



Sofy Feminine Care Products Website (India)



Baby Diaper Brand Mamy Poko Website (Thailand)



Lifree Adult Diaper Brand Website (Indonesia)

Product Development and Marketing

Insight research closely in tune with the frontlines

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

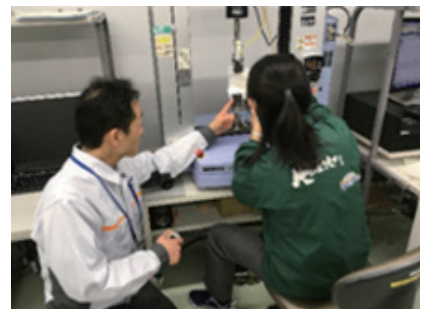
Please see CSR Key Topic 2: Supporting Women’s Independence and Improving Hygiene in Emerging Countries.



Monitoring survey

Collaboration between product, technical and facilities development groups

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



Product testing

Quality Management

Our basic approach and strategy

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

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

Management Structure

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

All our business offices have obtained ISO9001 and ISO14001 certification, on which our quality management systems (QMS) and environmental management systems (EMS) are based. In 2017, we integrated our quality and environmental management systems in order to further strengthen our activities in both areas. We also strengthened our activities for enhancing product quality and reducing environmental impacts. In addition to ISO-certified pet care facilities, we expanded the scope of ISO application to non-applicable departments such as marketing and development.

In Indonesia and Thailand, we obtained ISO13485 certification for medical device quality management due to regulatory changes in 2014. We also obtained ISO9001 certification in India in 2016 as part of our efforts to have ISO9001 and ISO14001 certification in each country.

■ Unicharm group's certification status for ISO9001, ISO14001 and ISO13485

Business offices	Certification status		
	ISO9001	ISO14001	ISO13485
Unicharm and Unicharm Products	○	○	○
Itami Factory Production Division, Unicharm Pet Care Division	○	○	
Mie Factory Production Division, Unicharm Pet Care Division	○	○	
Saitama Factory Production Division, Unicharm Pet Care Division	○	—	
Unicharm Kokko Non-Woven	○	○	
Cosmotec	○	—	
Shanghai Factory	○	○	
Tianjin Factory	○	○	
Jiangsu Factory	○	○	
LG Unicharm and Factory	○	○	
Taiwan Factory	○	○	
Thailand Factory	○	○	○
Vietnam Factory	○	—	
Indonesia Factory	○	○	○
India Factory	○	—	
Australia Office	○	—	
Saudi Arabia Factory	○	○	
Egypt Factory	○	○	

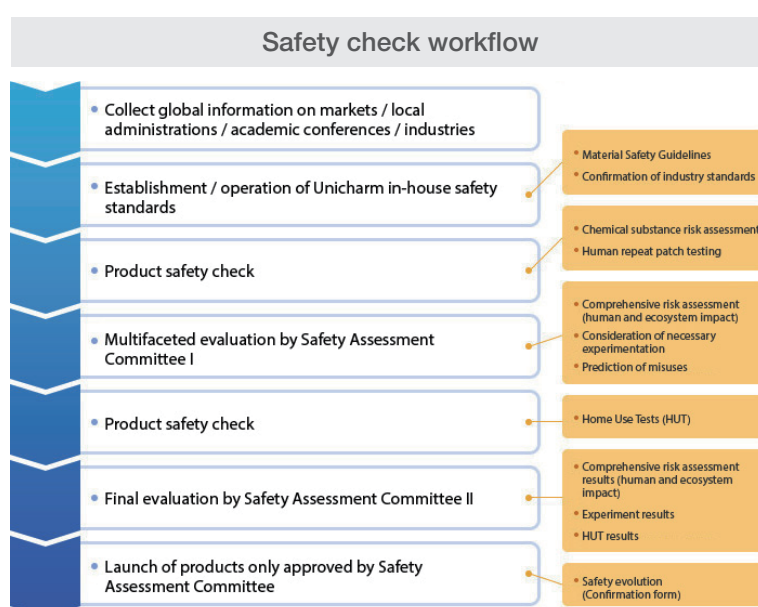
Safety Initiatives

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

At the materials procurement stage, we have in place guidelines for preventing contamination with chemical substances that have an impact on human health and ecosystems with a department dedicated to confirming chemical substance toxicity and legal compliance so that only appropriate materials are used. In 2017, an information management system was implemented for the chemical substances used in products, materials, etc. Together with strengthened cooperation with material suppliers, these efforts have enabled more efficient management of the chemical substances we use. At development of products stage, we establish “gate” operations through safety evaluation committees and engage in risk assessment with consideration to various types of actual use conditions, disposal methods, etc. In addition, we implement product use tests with products that use the safety-checked materials.

Animal Testing

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



Reference Information Example

- | | |
|--|--|
| → ECHA (European Chemicals Agency) | → DIRECTIVE 2009/48/EC (safety of toys) |
| → SVHC (Substances of very high concern) | → Implementation of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture |
| → RoHS (Restriction of Hazardous Substances) | → POPs: Stockholm Convention on Persistent Organic Pollutants |
| → REACH | → Dioxin Regulation Act |
| → Oeko-Tex standard 100 | → Montreal Protocol |
| → EU DIRECTIVE 2015/1221/EC | |

Global Safety Activities

Safety-related initiatives are necessary in all locations where Unicharm runs business, so we operate a global safety-check framework. We have been operating a safety-check framework in each country of operation since April 2007. In China, Korea, Taiwan, Thailand, Indonesia and Vietnam, this framework implements mostly through the local subsidiaries as of 2017. All persons in charge of safety gather for general meeting and teleconferences and hold regular separate meetings to share the latest information on safety. 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.

Quality Management Initiatives for Manufacturing

As an initiative for quality management, Unicharm Products uses the Unicharm Total Management Strategic System (UTMSS) at all its plants together with information from consumers relating to problems with products in order to make continuous improvements. Working together as a whole, we work to address customer feedback on problems with products which is essential to improving product quality and safety.

UTMSS is used for goals such as “visual control” and “standardization” that allow us to provide our customers with products that are consistent and of high quality. All plants implement regular UTMSS activities (at least once per month) to continuously improve productivity and quality. As a specific example, by introducing the “workmanship management” framework, we have minimized individual variations in work, thereby realizing stable quality. UTMSS members at all plants worldwide gather in Japan twice per year for an all-company meeting. At this meeting, UTMSS members report on the results of their improvement activities and the seven plants that had the best results make a presentation to share/implement their efforts. With Japanese plants as a benchmark, plants outside Japan deploy these ideas in their own countries. We also promote a “mother plant system” between factories in Japan and other countries to transfer frameworks and success stories to overseas plants. By implementing UTMSS improvement activities and establishing such frameworks, we promote productivity improvements and quality enhancement at plants outside Japan.



At an all-company UTMSS gathering



At an all-company UTMSS gathering

Initiative for appropriate product labeling

Since 2010, Unicharm has continued to maintain its track record of zero product labelling issues based on its own consumer-oriented labelling code.

In order to provide correct information to customers, our marketing communications (product packaging and advertising) are checked for compliance with applicable laws such as the Law for Ensuring the Quality, Efficacy and Safety of Pharmaceutical and Medical Devices, the Premiums and Representations Act and the Containers and Packaging Recycling Law and for compliance with industry standards set out by the Japan Hygiene Products Industry Association and our own proprietary evidence-based standards. We also confirm compliance from a customer perspective to ensure that the information provided does not invite false assumptions or mistaken use. In accordance with changes in the environment inside and outside the company including diversification of advertising medium, market changes and changes in consumer awareness, Unicharm updates its own standards and works thoroughly to ensure its application by providing trainings to the relevant divisions.

Additionally, at the product design stage, we have established a Communication Guarantee Meeting as a gate-check on labelling that is based on scientific evidence. Members from the Customer Communication Center also participate in the package design to lend a customer-focused perspective so that the company as a whole provides labelling that is optimal and accurate.



Communication Guarantee Meeting



Along with Our Employees

View Concerning Human Resources

Our basic approach and strategy

We will never discriminate based on race, religion, gender, age, family background, disability or any other factors. We also will not tolerate child labor or forced labor and we support the right to solidarity, collective bargaining and other group actions by guaranteeing the right to assemble and freedom of association.

We will hire and evaluate people in a fair and equitable manner, respect the rights and individuality of each employee, create a workplace that makes the most of each person's abilities and strive to achieve happiness for our employees and their families.

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

Human Resource Philosophy

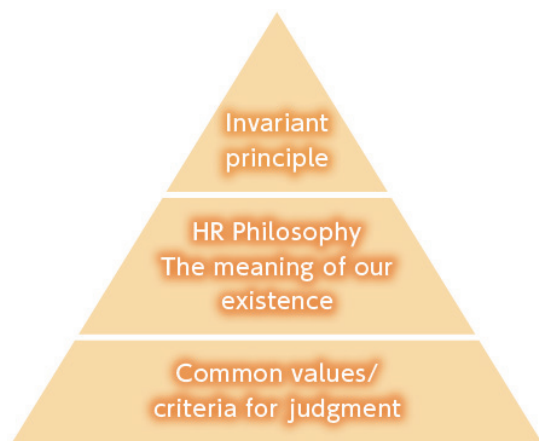
At Unicharm we value the autonomy of each and every individual, based on Unicharm's "Beliefs and Pledges" and Corporate Principles of Action. We endeavor to provide fair opportunities for our employees to find fulfillment in their work and to create a corporate culture that fosters the development of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

■ Unicharm Group's HR Philosophy Chart

● 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 Resources Philosophy

1. Human perspective

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

2. The organization and the individual

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

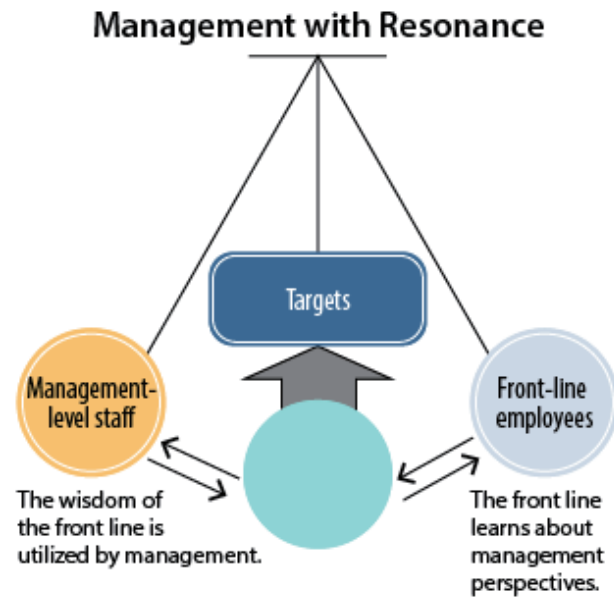
3. Growth and creation

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

Unicharm's unique management method

In order to realize the corporate philosophy, the industriousness of each and every employee becomes the epicenter of change, increasing the resonance of individuals who then reverberate together to effect change across the entire company and allow each employee to realize their vision. We call this business practice and creation of such corporate culture "Management with Resonance". We believe that management-level staff are able to come in first-hand contact with front-line information and share viewpoints. Meanwhile, through dialogue with management-level staff, front-line employees are able to learn management viewpoints, standpoints and time horizons to develop mutual understanding while still working to solving conflicts. In this way, both management and the front line work towards a shared goal, fostering a sense of comfortable unity even under strict conditions in the company. Daily ingenuity and wisdom therefore swings resonates between the front line and management like a pendulum. This is indeed the "Management with Resonance" in which the wisdom of the front line is utilized by management and the front line learns about management perspectives.

Management with Resonance

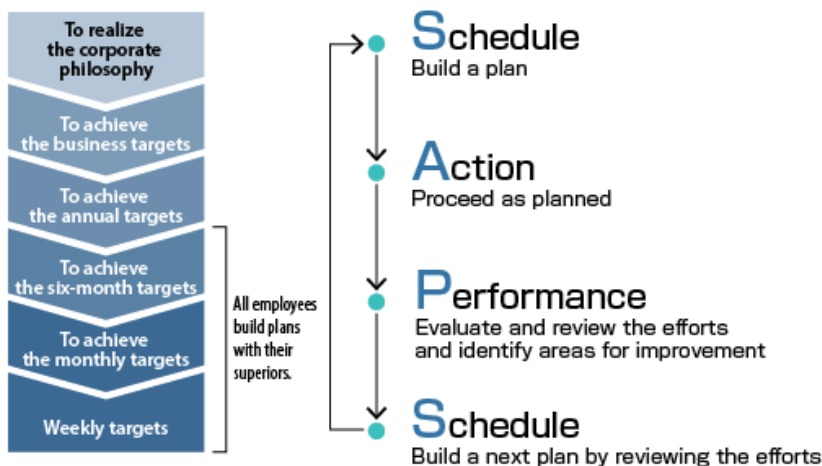


SAPS methodology: Emphasis on respect for people and a sense of accomplishment

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

The SAPS management model:

Unicharm's unique management method that maximizes time



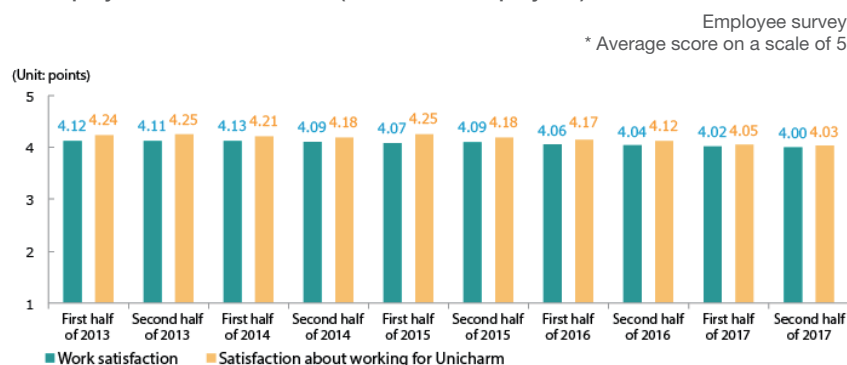
Six essentials of SAPS methodology

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

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)

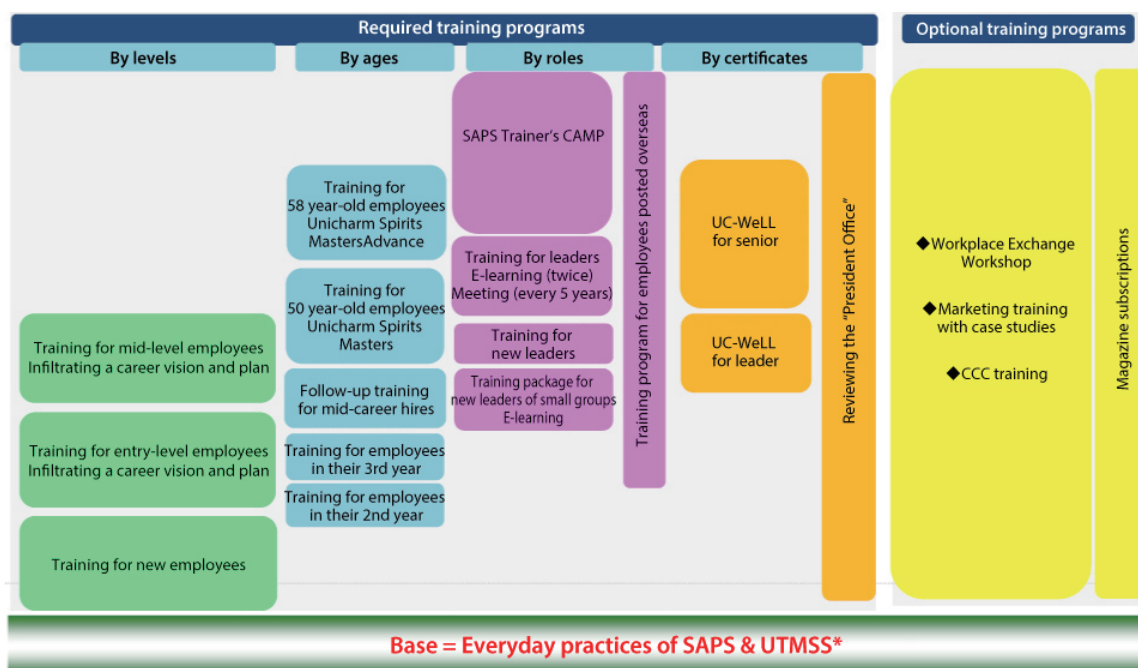


Personnel Utilization and Training

Expansion of education and training programs

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

Education System (FY2017)



*UTMSS: Unicharm Total Management Strategic System

■ Our distinctive training programs (excerpt)

Title	Summary
Training for new employees	<div> <div> (1) Transitioning from student life to working life (rewiring) (2) Deepening employees' understanding of the "3 DNAs" of Unicharm (3) First-hand experience and understanding of the three aspects of actual work sites (manufacture, purchase and use) and recognizing and persisting in developing a "consumer-oriented mindset." </div> <div> (4) Understanding the SAPS methodology (5) Experiencing the importance of working as an organization (team selling), and understanding Unicharm's persistent emphasis on "target oriented" and "target achievement" approaches (6) Creating your own "10-year career vision and plan" </div> </div>
Training at all levels, ages and roles	Training is carried out for people in keeping with their respective levels, ages and roles. All training is based on understanding our SAPS methodology and improving practical skills, providing opportunities and places to enhance the ability to think and take action.
SAPS Trainer's CAMP	An upskilling program of knowledge and technology for "leaders/educators" in order to practice and spread "SAPS methodology" for "management with resonance."
Unicharm Spirits Masters	A workshop program for veteran employees in their early fifties to develop action plans by utilizing their accumulated insights and skills in order to demonstrate their powers of execution and foster younger employees.
Unicharm Spirits Masters Advance	This program actualizes future action goals for employees who are about to move into senior expert positions with the aim of grooming them as successors of the Unicharm Spirit.
Kaban-Mochi (Strategy Secretary to CEO Program)	By accompanying senior members on overseas business trips, participants have the opportunity to observe and learn about the thoughts and actions of senior management members.
Ten-year career vision and plan	Provides employees with the tools and a system for designing and developing individualized 10-year career plans, and for completing their own action plans. The tools can also be used for communication with management, in order to support each employee in achieving her/his own goals.
Workplace Exchange Workshop	A cooperative training program established by several companies for the purpose of allowing participants to enhance their own skills and improve their own issues & weaknesses. Interaction with participants from other companies is expected to provide all participants with inspiration and insights that may not be available within a single workplace.
Training program for employees posted overseas	A training program which raises employees' awareness regarding cross-cultural communication, risk management, bribery, etc., and promotes their preparations for their post-overseas transfer so that they can rapidly assume their duties in the new environment and achieve results.
Training for new leaders	This program is aimed at nurturing executives in correct management behavior that respects people in terms of their role in dealing with business performance, human relations issues, leadership and status assessment.
Instructor training	Upon entering Unicharm, the first three years are considered a period for fostering a strong foundation. Senior employees take part in this instructor training program to promote fostering the new employees to develop their own knowledge and skills and enhance human skill while at the same time respecting their basic human rights.
Harassment training	Enhances management skills for understanding diverse values and drawing out the strengths of individuals.

Evaluations for career development

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

Our thinking about evaluation and training is that it is not only about results but also process—that is, requiring practices/behaviors that lead to results.

To evaluate such behaviors, there is a need of practice to combine the thinking for our evaluation and training system with that for SAPS methodology. All employees create their own career vision and plan and set half-year goals to achieve the plan with their superiors who check progress each quarter and provide support for the employees' career development by adjusting individual trajectories so their efforts will lead to good outcomes and successful experiences.

Respect for Diversity

Various support systems

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

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

Various support systems to respect diversity

System	Eligible people	Summary
Moony Birth Support Leave Program	Employees who undergoing fertility treatment	Leave for advanced fertility treatment (up to 1 year)
Moony Shortened Work Hours System for Childcare	For employees who have a child/children up to the third year of elementary school	Working hours can be shortened to 5 hours a day
Lifree Nursing-Care Leave	For employees who have family member(s) in need of continuous nursing care for more than 2 weeks as a result of injury, sicknesses, or physical or mental disorders.	By application, up to 5 days leave/year is available for one family member, up to 10 days leave/year for 2 or more family members who require nursing-care.
Career Recovery System	Former Unicharm employees who worked for more than 3 years and resigned from employment for various reasons such as marriage, pregnancy, childbirth, childrearing, nursing-care, or accompanying spouses on business transfers.	They are eligible for re-employment within a five-year period (from time of resignation), provided that both the former employee and the company reach a certain agreement.
Civic Duties Leave System	Those selected to serve a citizen judge or on a Committee for the Inquest of Prosecution	The required number of days leave to appear in court as a citizen-judge is available by application.
Bone Marrow Donor System	Employees who wish to donate their bone marrow	Up to 7 business days leave per 1 donation of bone marrow available by application, for the procedures required for donation to a patient in the working country (except for donor registration).
Working Interval Program	All employees	Once an employee finishes his/her work day, he/she will in principle have to have a rest period of 10-hours or more, with a minimum period set at eight hours.
Telework Program	All employees (Excludes positions for which telework is not feasible)	Employees can apply for permission to telework up to four times a month. The telework for that day is done from home or any other environment that allows concentration on work.
Anniversary Leave	All employees	Promotes the taking of planned annual leave for anniversaries or other days important to the individual. We are working to improve the rate of annual leave taken.(Two days per six months/four days annually)

Employment of people with disabilities

We aim to proactively employ personnel with disabilities who are well motivated and provide them with a workplace where they are also able to fully exercise their abilities and promote their desire to grow. More than anything else, we expect proper outcomes from employees with disabilities by setting appropriate goals in accordance with their respective abilities and desires and promote a corporate cultural environment free of barriers in all respects for enjoying the feeling of accomplishment as a team.

Initiatives for balancing work and childcare

Aiming to create an environment that supports both childcare and work, our childcare leave program allows employees to take up to two years of childcare leave. Childcare leave taken before and after pregnancy is treated as paid vacation, while employees with accumulated paid vacation days at the start of their childcare leave can use up to 15 of these days to receive their normal pay and help reduce their burden from birth and childcare. In 2015, we earned the right to use the Platinum Kurumin logo mark as a company with excellent childcare support practices. With this certification as further motivation, we continue to take further steps toward creating a secure workplace for employees free of worry. For male



employees with new born baby and their superiors, we hold explanatory meetings about the Moony childcare leave system and have created an environment that encourages the taking of such leave. We also thoroughly inform all employees of the purpose of this system. As a result, 73% took Moony childcare leave in FY2017. In 2018, we will newly establish childcare participation leave that allows for special leave of up to eight weeks in order to further develop an environment where fathers can participate in helping to raise their children.

●Voice from an employee who took childcare leave



Hiroki Kato
Global Human Resources
and Administration Division
Unicharm Corporation

I took Moony childcare leave twice: when my wife was in her hometown after the birth and when she returned to our home. The first time, we worked together for our first experience at being parents, sharing both the difficulties and the joy. The second time, I experience the rhythms of the daily life of my wife and son which made me again realize the difficulty of childcare and the speed of my son's growth. This was a valuable experience that made me want to cherish the time with my wife and child even more.

Support for women seeking to become pregnant

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

Unicharm Family Plant Visit Days

Unicharm holds Family 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



Fukushima Factory



With Moony-chan



Shizuoka 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. Depending on the details of these discussions, we also hold irregular meetings in addition to monthly meetings. In FY2017, we implemented human resources system reforms, held talks about work-style reforms, about reducing overtime work and about employee benefit programs and health management measures, among other issues, and continued with efforts to foster workplaces that can motivate and fulfill employees.

Occupational Safety and Health

Our basic approach and strategy

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

Basic Policy for Health Management

1. Employees give priority to primary prevention and strive to improve lifestyle habits based on the idea of protecting one's health through one's own actions.
2. The company provides a safe and comfortable environment so that employees can enjoy a fulfilling workplace and fully exercise their abilities.
3. The Human Resources Division properly uses and manages personal information such as medical examination results and promotes health management with collaborators inside and outside the company.

Being thorough with Workplace Safety and Industrial Health Management

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

Management Structure

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

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

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

We also have third-party organizations monitor our manufacturing sites in and outside of Japan.

This monitoring serves to identify issues with long working hours, occupational safety, wages and building safety so we can make improvements.

In order to create a safe and comfortable workplace, we have established a Health and Safety Committee with selected employees, labor union representatives and occupational physicians. The committee meets once per month regarding activities to improve the workplace environment, prevent workplace accidents and eliminate vehicle accidents.

Important actions from a PDCA perspective are reported to the directors through management meetings.

Actions related to safety that have been approved by the directors are implemented as activities in each department. Progress is reported to the directors in the Health and Safety Committee and periodic reports with their decisions on actions and instructions for improvements being issued to implement the PDCA cycle for safety activities.

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

Objectives

With the aim of reducing workplace accidents to zero and overtime by 10 percent over the previous fiscal year, production-focused top managers visit sites to promote PDCA for occupational health and safety. In FY2016, both the workplace accident frequency rate and the workplace accident severity rate were below the industry average and we achieved further improvements in FY2017.

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

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

Company-wide safety conventions

We hold company-wide safety conventions as part of our efforts to ensure employee safety. The 15th convention was held in FY2017 at the Central Plant, Shikoku Factory, Unicharm Products Co., Ltd. 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 creation of a safe and comfortable workplace is the most important thing for employees, so all employees have announced their resolve to get together as a solid team and reduce dangerous situations and create a work culture that does not permit unsafe conditions.



The 15th company-wide safety convention
Unicharm Products Co., Ltd.



Awards ceremony

Health and Safety Committee

Unicharm's "Health and Safety Committee" consists of industrial doctors and elected commissioners from the company and the labor union. The Committee implements various activities once a month, including activities related to improving the working environment and preventing work-related accidents, as well as carrying out campaigns to eliminate vehicle accidents. We have also implemented workplace improvement activities, carried out interviews for employees' 10-year career vision and plan, expanded opportunities for feeling the self-growth through the career change system and other initiatives and implemented telework and working interval programs, a monthly no-overtime day and premium Friday to create a well-balanced way to work. We have also clarified priorities, with employees thoroughly managing their actions by creating weekly plans for effective use of work time in order to promote reductions in working hours and the creation of a worthwhile working environment.



Health and Safety Committee

Promoting employee health

In order to make it possible for employees to be both healthy in body and mind and highly productive, we have implemented ongoing health and safety activities and improved facilities so that in FY2017, there were no fatal workplace accidents. Active promotion of annual health checkups resulted in a 100% uptake rate in FY2017. As an early prevention measure for female breast cancer and cervical cancer, it is essential for all female employees, regardless of age, to receive gynecological checkups the costs of which are fully paid by the company. With October designated as Pink Ribbon Month, we gave out pink ribbon badges and educational books to employees, providing our employees, their families and people close to them with the opportunity to think about breast cancer.



Training for Young Employees

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

To shift health management practices from treatment to prevention, we began in FY2016 administering a stress check, providing self-care training to all employees, carrying out health awareness-raising activities by health nurses once per month, holding body composition measurement events and, based on health nurse advice, making efforts for improving the everyday life of employees. We also initiated a health management training session for employees in their 30s to convey the importance of changing lifestyle habits from an early stage and being more health conscious. Furthermore, on January 1, 2016, we completely banned smoking across the entire company.

We also introduced an employee support program by which our employees and their families can consult with external counselors about their worries and troubles, in order to facilitate their realization of fulfilling and healthy lives without worries. As health and safety education in FY2017, we conducted general training on the occupational safety and health management system (OSHMS) and safety education related to facilities in addition to diverse training and lectures which included mental health, prevention of cerebrovascular diseases as health education and lifesaving training for emergencies, providing education and training to a total of 4,309 people.

Human Resources Data

Please see Human Resources Data for health and safety performance.

Human Resources Data

Human Resources Data

			Unit	2016			2017		
				Total	Males	Females	Total	Males	Females
①	Number of permanent employees (consolidated)		Persons	15,843	9,730	6,113	15,757	9,608	6,149
	Percentage of permanent employees (consolidated)		%	59.9	66.7	51.5	58.6	65.0	50.7
	Number of permanent employees (Japan)		Persons	3,001	2,470	531	3,109	2,532	577
	Number of permanent employees (other than Japan)		Persons	12,842	7,260	5,582	12,648	7,076	5,572
	Number of contract employees (consolidated)		Persons	10,626	4,857	5,769	11,147	5,172	5,975
	Percentage of contract employees (consolidated)		%	40.1	33.3	48.5	41.4	35.0	49.3
	Number of contract employees (Japan)		Persons	1,242	613	629	1,318	665	653
	Number of contract employees (other than Japan)		Persons	9,384	4,244	5,140	9,829	4,507	5,322
②	Employment rate of persons with disabilities (annual average)		%	2.01	—	—	2.1	—	—
③	Rehiring rate of retired employees		%	83	—	—	82	—	—
④	Employee turnover rate		%	2.5	—	—	2.8	—	—
⑤	Average age of employees		Age	41	42	38	41	42	38
⑥	Number of employees who are new graduates		Persons	49	33	16	55	37	18
⑦	Number of managerial employees (Japan)		Persons	647	580	67	592	523	69
	Number of managerial employees (other than Japan)		Persons	534	399	135	585	443	142
⑧	Percentage of available annual leave taken		%	55	—	—	59	—	—
⑨	Use of childcare leave system		Persons	84	35	49	130	75	55
⑩	Percentage of available childcare leave taken		%	51	30	100	80	63	100
⑪	Number returning to work after childcare leave		Persons	84	35	49	129	75	54
⑫	Return/retention rate for pregnancy and childcare leave		%	100	100	100	99	100	98
⑬	Use of nursing-care leave system		Persons	2	1	1	1	0	2
⑭	Use of shortened work hours system for childcare		Persons	52	0	52	56	0	56
⑮	Use of flextime system for personal lifestyle support		Persons	50	16	34	59	16	43
⑯	Health check-up rate		%	100	—	—	100	—	—

			Manufacturing industry average (2016)		2016	2017
⑰	Workplace accident frequency rate		1.15		1.04	0.33
⑱	Workplace accident severity rate		0.07		0.01	0.00

		2016		2017	
⑲	Number of union members	1,390 persons	Percentage of employees covered by the Labor Law	1,420 persons	Percentage of employees covered by the Labor Law
			100%		100%

			2017		
			Master's degree	University degree	
⑳	Starting salary	Yen	226,000		210,000

①, ⑦: Total group, ⑨ - ⑭: employees on the payroll of Unicharm or Unicharm Products. Others: employees on the payroll of Unicharm

*1 Based on numbers as of December 31.

*2 ⑨ - ⑭: permanent and contract employees. Others permanent employees.

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

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

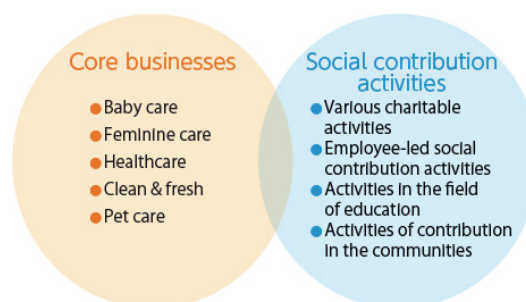
Along with the Society

Our Attitude toward Social Contribution and its Structures

Our basic approach and strategy

Unicharm believes that its business activities have a highly positive impact on society. We feel a strong sense of pride and joy in providing comfort, emotion and pleasure to people not only in Japan, but also in Asia and other parts of the world. Through our involvement in a variety of social contribution activities directly related to our business while expanding products and services suited to each country and region's characteristics, we are working to become a company that makes contributions to society through the creation of employment and one that is welcomed and trusted by people in these societies.

Unicharm's stance toward social contributions



Management Structure

In Japan, each division conducts autonomous activities centered around the CSR Division to fulfill our corporate social responsibility.

Overseas, local subsidiaries in each country lead community-focused social contribution activities.



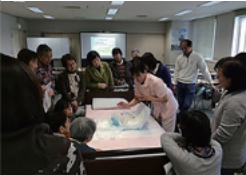



Making Contributions to Society through Our Core Business

Efforts to Lengthen Healthy Life Expectancy through Seminar on "Caring for Urine Leakage and Continence"

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

Please see CSR Key Topic 1 for efforts towards appropriate continence care to lengthen healthy life expectancy.

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

Target	General elderly population	At-home care specialists and family caretakers	Caretaking and nursing students (of vocational schools)
Theme	Caretaking prevention (urinary incontinence)	Continence care	Continence care
Number of presentations in 2017	46	31	32
Contents	<p>We introduce prevention and improvement, and finally, how to best live with urine leakage under the theme, "Preventing and self-care of urine leakage," which is important to care prevention.</p>  <p>Scenes from the day</p>  <p>Teaching materials</p>	<p>We introduce how to lessen the burden of continence care which is a large issue in at-home assisted care through introducing appropriate ways of choosing and using (or putting on) diapers</p>  <p>Scenes from the day</p>  <p>Teaching materials</p>	<p>We teach from the basics of the role and knowledge of the experts in the context of elderly continence care for the future experts of medicine and elderly care who will become caretakers for the elderly.</p>  <p>Scenes from the day</p>  <p>Introductory booklet for onsite lectures</p>

Efforts to Achieve Cohesive Societies of People and Pets Through Animal Therapy

We communicate the importance of interacting with animals through animal therapy[※] in order to achieve cohesive societies in which both people and pets can live healthy lives with full of joy.

The “Therapy Dog Interaction Project” was held together with a luncheon seminar by Director of Akasaka Animal Hospital (Adviser of Japanese Animal Hospital Association) Dr. Hiroko Shibantai at the “28th National Nursing Care Facilities Tournament - Ehime in Matsuyama” in July 2017. The seminar introduced the effects of interaction with animals by elderly people and was well received as 83% of participants responded that they were interested in this project. An animal therapy demonstration was also conducted for nursing home workers and 84% of these participants responded that they would like to conduct animal therapy.

Afterwards, animal therapy was also conducted at the Daigonosato home for the elderly in Kyoto.

※Animal therapy: About ~Companion Animal Partnership Program (CAPP)~

Animal therapy consists of volunteer activities mainly aimed at improving emotional stability, recreation and quality of life through visits to nursing homes, hospital, schools, etc. that allow people to interact with animals and enjoy the warmth and kindness of animals. The Japanese Animal Hospital Association promotes these activities that are broadly referred to as animal therapy together with member animal hospitals and volunteers (pet owners) nationwide. (From the Japanese Animal Hospital Association (JAHA) website)

■ Scenes from “28th National Nursing Care Facilities Tournament - Ehime in Matsuyama”



Luncheon seminar



Animal therapy demonstration



Animal therapy demonstration

●Voice from an expert

Animals are experts at encouraging people to speak and stimulating independence and behavioral motivation.



Hiroko Shibantai, DVM
Director of Akasaka Animal
Hospital
Adviser of Japanese Animal
Hospital Association

Whenever we see a dog or cat, we unconsciously want to pet them. There is a reason we think this way. Since ancient time, dogs and cats have been a part of human life as the most familiar animals that people can live together with and relate to.

When we interact with animals, it brings back memories of childhood and raising animals together with family members, which naturally causes us to speak and smile more.

Animals stimulate behavioral motivation and courage among elderly people and they will fulfill a major role in the super-aging society in the future. We would like to work together with people involved in medical and nursing care for the elderly in the future to create a warm society in which people and animals can help each other out as good partners and mutually improve each other's QOL (quality of life).

Continuous participation on Pink Ribbon activities in Japan and overseas

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

In Japan, Unicharm is now in its tenth year of supporting Pink Ribbon activities. 28 employees took part in the Pink Ribbon Smile Walk Tokyo Event held in October 2017 to communicate the Pink Ribbon message. “Moony Breast Milk Pads” were added to Pink Ribbon limited edition products centered around Sofy feminine hygiene products this year to expand the scope of awareness raising to women in the lactation period as well. In addition, information was provided on basic knowledge on breast cancer and self-check methods for early detection of breast cancer through a specially-established website and the Sofy Pink Ribbon Twitter fund-raising campaign was continued from 2016, through which money was donated to relevant organizations based on the number of tweets. In the city of Shikoku-Chuo, Ehime Prefecture, Unicharm took part in the 2017 Childcare Festa and other events where many employees were able to raise money and donated to relevant organizations.

United Charm Co., Ltd. (Taiwan) jointly held the 6th 2017 Pink Ribbon Walk Event in May 2017 with the Formosa Cancer Foundation. 94 employees and their family members participated in this event that raised awareness of the importance of breast cancer screening.

In addition, to enable employees to be both mentally and physically healthy and to engage in highly productive activities, we designated October as Pink Ribbon Month and gave out pink ribbon badges and educational books to employees, providing our employees, their families and people close to them with the opportunity to think about breast cancer. Active promotion of annual health checkups resulted in a 100% uptake rate in FY2017. As an early prevention measure for female breast cancer and cervical cancer, it is essential for all female employees, regardless of age, to receive gynecological checkups the costs of which are fully paid by the company.

■ Pink Ribbon activities in each region

Japan



Pink Ribbon Smile Walk Tokyo



Pink Ribbon limited edition products

Taiwan



Pink Ribbon Walk Event



First menstruation education

Since 2011, the Shizuoka factory has provided the First Body Navi booklet and Sofy Body Fit as teaching materials for menarche education to elementary schools in the city of Kakegawa, Shizuoka Prefecture. Because the information contained in First Body Navi can be downloaded as a PDF from the website, it is used as teaching materials for many schools. These menarche education activities are being expanded to locations such as India and Myanmar in addition to Japan. We will continue efforts towards the healthy growth of children in the future according to the living environment and culture while cooperating with local governments, schools, NGOs, etc.

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



First Body Navi teaching materials

Supporting Parent-Child Communication Through Toilet Training App

It is a happy moment for mothers and fathers raising children to celebrate their physical and mental growth when they became able to go to the toilet by themselves. However, it can also involve many stressful situations if things don't go as hoped, for example, if parents try too hard at toilet training because they want to stop using diapers as early as possible and they end up having to scold their child after toilet training does not go well. Unicharm has considered toilet training methods that are even better for parents and children than traditional methods. The “Moony-chan and Toilet Training” toilet training app based on a knowledge of development science was completed in May 2017 through joint R&D with Graduate School of Education, Kyoto University, Professor Masako Myowa, and Unicharm has started to provide this app free of charge. This app incorporates many innovations to stimulate communication that is fun for both parents and children and to encourage children to want to go to the toilet.



Moony-chan and Toilet Training

This app was awarded with the 11th Kids Design Award in the design for facilitating child bearing and raising division of the Kids Design Award*2 held by the Kids Design Association *1 (sponsored by the Ministry of Economy, Trade and Industry, Consumer Affairs Agency, and Cabinet Office).

*1 An NPO formed of various companies and organizations from differing industries that aims to create a social environment that leads to the healthy growth and development of children that will lead the next generation under “Kids Design 3 Design Missions”

*2 An award that selects and commends products, spaces and services that are excellent for supporting child raising

Voice from an expert



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

The brains and minds of children develop at an amazing speed. However, I think that in many cases parents who live busy lives due to raising children don't have a lot of physical or mental leeway as they are working hard and being challenged towards the growth of their children and their own growth as parents. In addition to the growth of children, I would like to support the spirit of parents who support these children. I have been involved with this research with this in mind. I would like for parents to use this app so they can realize the growth of children and their own growth as parents. I hope that someday parents are able to talk about their memories while looking at the records saved in this app when their children grow up.

Sponsoring the “Labor Pain Taxi Project” to Support Pregnant Women

Unicharm has supported the “Labor Pain Taxi Project” of Nihon Kotsu that supports pregnant women through the provision of disposable diapers, pre-moist wipes and breast milk pads. A file that summarizes goods and contact information that are useful for childbirth and child raising and information for prevention of accidents involving children, etc. is packaged together in an original delivery box and delivered free of charge to “Labor Pain Taxi” registrants.



Community-based Social Contribution Activities (Japan)

“Lecture on health-care” held at the Shizuoka factory

In May of 2016, the Shizuoka factory was certified as a “Place promoting health in Kakegawa”. By officially recognizing the efforts of companies engaged in the promotion of health, this award system encourages healthy lifestyles for the generation of people in the prime of their lives.



In June 2017, an instructor was invited to the Shizuoka factory from the Kakegawa City Health Department to conduct a “lecture on health-care” for all employees on themes such as measures to prevent lifestyle-related diseases. We will continue to promote healthy lifestyles for the generation of people in the prime of their lives together with local governments going forward.

Please see CSR Key Topic 4 for efforts with Kakegawa City.

Sponsored project to provide disposable 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.



Participation in the Childcare Festa 2017 in Shikoku-Chuo City

Unicharm Products and Unicharm Kokko Nonwoven participated in “Childcare Festa 2017”, a child raising festival held by the city of Shikoku-Chuo in November 2017. 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. The two companies operated a miniature steam locomotive and distributed pamphlets about the Pink Ribbon Campaign and breast cancer awareness.



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

We signed a memorandum of understanding with Ehime Prefecture in August 2017 on cooperation and coordination for the “Smiling Face of Ehime Child Raising Support Project”. This project aims to leverage the strength of Ehime Prefecture as one of the largest areas in Japan boasting many paper manufactures to support child-raising households through cooperation between the prefecture, municipalities and disposable diaper manufacturers in the prefecture by distributing tickets that can be used for purchasing diapers by households that have given birth to two or more children. We will work together with municipalities to reduce the burden on households raising children while supporting the healthy growth of children through these activities.



Donated wheelchairs to Sapporo City Council of Social Welfare

Ten wheelchairs were donated to the Sapporo City Council of Social Welfare in collaboration with Tsuruha Holdings Inc. in November 2017. Because these efforts have been continued every year since 2000, a cumulative total of 180 wheelchairs have been donated. The wheelchairs that have been donated are being used by many special nursing homes for the elderly in Sapporo City.



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

Unicharm's President and CEO Takahisa Takahara established the Unicharm Resonance Fund in 2017 for the purpose of the development of university students and graduate students leading the next generation, particularly students interested in manufacturing, welfare and globalism, in order to achieve cohesive societies of people and pets. The foundation provides scholarships for students enrolled at universities and graduate schools in Japan for the purpose of supporting the development of human resources that will contribute to society. The following words of appreciation were received from one student selected as a scholarship student: "I am using the scholarship for tuition fees and I will dedicate myself to my studies in the hopes that I can become an engineer that can contribute to society in some small way".

Community-based Social Contribution Activities (Overseas)

Lectures for those involved with health in schools in developing countries

Every year, the JICA Chubu International Center invites guests from developing countries for participating in training about school health. Continuing from 2016, lectures were held on girls' first period (menarche) education in Japan, India and Myanmar. After explaining about menarche education in Japan, its development in India and Myanmar was introduced together with the person in charge and it was explained how girls are now able to live more positively by using sanitary napkins in the correct way. Ms. Phyo Phyo Kyaw from Myanmar where menarche education is still under way talked about her ambitions: "These efforts were really revolutionary because people are still conservative toward menarche education in Myanmar. I hope that the area is expanded in the future because this is an important theme for schoolgirls in Myanmar".

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



Exhibited in Elderly Care Industry Exhibition

We exhibited in Elderly Care Industry Exhibition showcasing Japanese companies in the elderly care industry that was held by the Japan External Trade Organization (JETRO) in Ho Chi Minh, Vietnam. The exhibition was the first overseas event held as part of the Asia Health and Human Well-Being Initiative promoted by the Japanese government and, during this event, the participating companies introduced their products and services to members from each country who attended the forum on population issues in Asia for the Asia-Pacific Economic Cooperation (APEC) meeting that was held on the same day. Unicharm exhibited disposable adult diapers and introduced the concept of independence support in terms of continence. Although medical institutions, etc. in Vietnam provide care for people who required long-term care, the concept of independence support with a view to recovery has not been instilled yet, so our efforts will continue in order to establish this concept through products.



Special course for nursing students at the National University of Singapore

In July 2017, a special course on continence care and disposable diapers for elderly people was held at the Tokyo Ariake University of Medical and Health Sciences that has entered a student exchange agreement with National University of Singapore for the nursing department students of that university. Elderly care is something that students from Singapore, where population aging is advancing at a pace faster than in Japan, are extremely interested and the following comments received from students who participated in the program extensively reflected this: “I hope that the way of thinking that independence support for elderly people starts from very basic things like the proper use of disposable diapers will be also adopted in Singapore.” “I learned about the importance of selecting the best diapers that prioritize the comfort of the individual wearing them. I am sure that the knowledge learned and skills for putting on diapers will be useful for future nurses.” This special course was a good opportunity to introduce how to use Japanese style disposable diapers that use a pad and independence support using Unicharm’s rehabilitation pants to students from Singapore where only tape-type diapers are commonly used.



[Thailand] Donated to pediatrics in cooperation with The Mall

CSR activities have been conducted in cooperation with the Thai retailer The Mall for 12 years. Donations are provided to the most necessary organization in the Share for Child Project that is conducted three times per year. A donation was made to the pediatrics department of Maharat Nakhon Ratchasima Hospital this time which was the 34th time these activities were conducted.



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

The Community Children Foundation Donation (CCFD) is a foundation that supports poor children so they can live independent lives through the provision of scholarships, living expenses, vocational training, etc. under the leadership of Princess Sirindhorn. In July 2017, CCFD children were invited to the 30th anniversary ceremony of the local subsidiary in Thailand where a booth was established for fund raising activities. In addition, a walk & run event was held in September 2017 and a portion of proceeds from t-shirt sales were donated to the CCFD.



[India] Efforts to raise awareness of disposable diapers

Getting enough sleep is vitally important for the healthy growth of babies. Unicharm is conducting the Namaste Poko Chan Event to highlight the importance of providing an environment where babies can sleep soundly and hygienic excretion care in some cities and rural areas of India where the use of disposable diapers is still low. The event is held using a specially designed truck in open spaces in local communities to help promote awareness. With cooperation from local health nurses, many mothers came to these events where they could hear explanations on the importance of sleep, hygienic baby care and excretion care through short movies and hands-on experience programs and be able to see how to properly use disposable diapers and absorption experiments.

One health nurse who helped out at the event in Varanasi commented “Events on the health of babies are meaningful for society as well. I would like to recommend such events because I hope that people use disposable diapers for the healthy growth of babies in India”.

Participated mothers of the event also commented “Although I didn’t know very much about the functions of disposable diapers up until now and I had only used them when traveling, I would like to use them more often in the future because I learned that they are very convenient and safe for the skin”.



[Indonesia] Visit to a foster home

Coinciding with the founding anniversary of our local subsidiary in Indonesia, which was started with the purpose of interacting with babies and children in need of social support, our orphanage visits in Indonesia are now in their fourteenth year. In July 2017, 61 employees visited two orphanages where they deepened ties with children through product introductions and playing games. The employees presented monetary donations and, at the same time, Unicharm contributed its products.



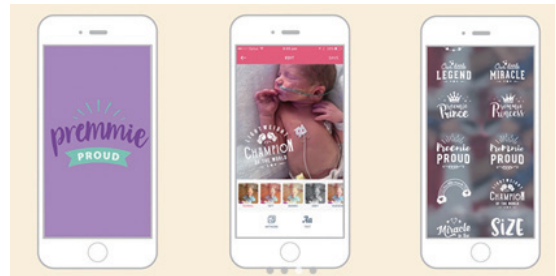
[Vietnam] Participated in a charity TV program to raise funds

In August 2017, the local subsidiary in Vietnam participated in a charity TV program called Today TV kết nối những tấm lòng to raise funds to support patients suffering from diseases who are not able to receive operations due to poverty.



[Australia] Started SNS activities for sharing miracles related to low birth weight babies

New SNS activities called Premmie Proud were started for the Baby Love brand of disposable diapers that are sold in Australia. The Premmie Proud activities are conducted in cooperation with the popular Baby Pics app for sharing baby photos and the Miracle Baby Foundation that supports low birth weight babies, their families and hospitals. The activities are designed to share and support the small miracle of the birth of low birth weight babies, under which photos from over 10,000 parents with low birth weight babies have been shared around the world.



[Australia] Donated to a humanitarian organization for women

In August 2017, the local subsidiary in Australia donated Unicharm feminine hygiene products that were purchased by employees through the in-house system to the Australian humanitarian organization for women, Share the Dignity. Share the Dignity provides support through feminine hygiene products, etc. twice a year to over 85,000 women suffering from domestic violence or without a place to live due to poverty.

[Taiwan] Carried out social contribution activities in commemoration of the company's 32nd anniversary in Taiwan

Since 2015, in the local subsidiary in Taiwan, the final Friday in November has been designated "Public Welfare Day" when employees of the company get involved in social contribution activities. In 2017, 167 employees visited three facilities for the elderly and conducted volunteer activities. In addition, in cooperation



with the leading Taiwanese welfare organization The Garden of Hope Foundation that aims to protect children and women from domestic violence and sexual violence, activities involving the sales of grab bags containing Unicharm products and donations to the foundation were conducted at 4 venues in cooperation with Far Eastern Department Stores, which is one of the largest department stores in Taiwan. The sales proceeds from the grab bags and Unicharm products are donated to a fund for child raising costs and medical costs for infants and small children protected by the foundation until foster parents can be found.

[Taiwan] Supported a World Prematurity Day event

On 17th November, World Prematurity Day, efforts are taking place to focus on the increasing problem of low birth weight babies. At an event held in Taiwan jointly sponsored with the Premature Baby Fund of Taiwan, the local subsidiary in Taiwan announced that it would jointly sponsor the NICU Head Nurse Tournament, a seminar for nurses caring for low birth weight babies and donate disposable diapers for low birth weight babies to 52 NICUs throughout Taiwan. In addition, a festival was held to celebrate the healthy development of babies born too small.

**[USA] Exhibited in Global Pet Expo 2017**

In March 2017, Unicharm's local subsidiary in the US exhibited at the Global Pet Expo 2017, which is the largest pet goods exhibition in the US held in the state of Florida. This exhibition that is held every year showcases approximately 1,000 companies from countries around the world and introduces over 3,000 new products. This year, a record-high 1,173 companies exhibited. Efforts were made to communicate with visitors through demonstrations and product explanations using large screens, etc. at the booth.



Along with Our Business Partners

Our basic approach and strategy

Approach to Materials Procurement

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

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

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

In 2016, we established an International Labor Standards (ILS) Promotion Office in Unicharm Products to help promote our social responsibilities through the whole supply chain, and, in October 2017, we established the Basic Policy of Procurement promoted from the Unicharm Group CSR Procurement Guidelines in response to increased expectations towards the CSR initiatives of global companies and to prevent human rights and labor problems throughout the supply chain. The Unicharm Group Sustainable Procurement Guidelines were established as a subdivision of this Basic Policy of Procurement to express our intentions towards the prevention of child labor and forced labor, the prohibition of discrimination, the right to the freedom of association, the right to collective bargaining, reductions in excessive working hours, minimum wages, health and safety standards and the prevention of corruption. These policy and guidelines cover all business partners that conduct business with the Unicharm Group around the world and will be translated into other languages besides Japanese and English provided at the time of establishment as required.

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

Basic Policy of Procurement

Basic Policy of Procurement

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

1. Compliance with Laws and Regulations, and Social Norms

- (1) Comply with related laws and regulations, and social norms, in purchasing activities.
- (2) Provide business partners with fair and equitable opportunities for competition in purchasing activities, regardless of nationality, size, or track record.
- (3) Require business partners to implement appropriate management of information obtained in purchasing activities.

2. Giving Due Consideration to Human Rights and Labour

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

3. Environmental Responsibility

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

4. Procurement of Safe and Secure Products and Materials that Provide Peace of Mind

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

5. Development of Relationships of Mutual Trust

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

■ Sustainable Procurement Guidelines

Unicharm Group Sustainable Procurement Guidelines

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

1. Compliance with laws and social imperatives

- 1) Legal compliance
 - Comply with laws and regulations (antitrust laws, personal information protection laws, subcontracting laws, etc.), as well as social imperatives related to individual country and region.
- 2) Fairness in transactions and prohibition of bribery
 - Comply with laws related to fair trading, fair competition and antitrust.
 - Prohibit all stakeholders from offering or accepting bribes (monetary or non-monetary benefits) and from abusing superior bargaining position.
- 3) Management and protection of information
 - Comprehensively manage and protect confidential information and build a structure that prevents information leakage.
 - Use suppliers' intellectual property rights only after concluding appropriate contracts and do not use them illegally.
 - Properly handle personal information.

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

- 1) Respecting the International Bill of Human Rights and the International Labour Organization (ILO) declaration
 - Respect the International Bill of Human Rights (the Universal Declaration of Human rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights) and the ILO Declaration on Fundamental Principles and Rights at Work.
- 2) Respecting human rights
 - ① Prohibition of child labor
 - Do not employ children who do not meet the minimum age requirement. (A child is defined as any person younger than 16 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling in which case the higher age requirement applies.)
 - ② Prohibition of forced labor
 - Do not employ any form of forced or inhumane labor, hold a person in slavery or servitude or engage in human trafficking.
 - Employ only people who voluntarily wish to be employed and do not restrict their rights to freely leave their jobs.
 - ③ Prohibition of discrimination
 - In recruitment and employment, do not discriminate on the basis of race, national origin, ethnicity, gender, religion, physical impairment, etc.
- 3) Prohibition of inhumane treatment
 - Respect the human rights of employees and do not subject them to inhumane treatment such as physical abuse, physical punishment, harassment, physical oppression or sexual abuse.
- 4) Fair employment
 - ① Working hours
 - Comply with the working hours set forth by the local laws and regulations of individual country and region (excluding crises and emergency situations).
 - ② Proper compensation
 - Pay employees in compliance with local compensation-related laws and regulations on minimum wage, overtime work, piecework pay, etc.
 - For overtime work, pay a wage premium in accordance with the local laws and regulations of the individual country and region.
 - ③ Ensuring health and safety
 - Clearly identify potentially dangerous locations related to work and take preventive actions and implement workplace safety measures.
 - To prepare for emergencies, take steps such as confirming the reporting requirements in the event of an emergency, establishing rules for notifying employees and installing fire detectors.
 - ④ Respecting freedom of unionization and the right to collective bargaining
 - Do not, in any way, obstruct employees' right to form a labor union using legal and peaceful means in accordance with applicable laws.

3. Responsibility to the environment

1) Environmental conservation

① Legal compliance

- Comply with the environment-related laws and regulations of the individual country and region.
- In accordance with local laws and regulations, submit the required administrative reports when necessary and retain records.

② Control of substances that are harmful to the environment

- Control discharge of harmful substances that can cause air pollution, water quality degradation, etc.
- Control discharge of harmful substances that can cause soil contamination.
- Control discharge of waste generated during manufacturing, product usage and end-of-life disposal.

③ Promotion of resource conservation and recycling

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

④ Promotion of global warming countermeasures

- Identify substances that contribute to global warming, assess their emissions and retain records.
- Control discharge of substances that contribute to global warming.

2) Promoting procurement of sustainable raw materials (Refer to the Forest-derived Raw Materials Procurement Guidelines.)

- Prohibit use of illegally logged lumber.
- Do not consume natural-resource-derived raw materials such as lumber and water excessively but utilize resources in step with the cycling speed at which nature recovers.

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

1) Supplying safe materials

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

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

- Submit safety data sheets (SDS) for materials.

Management Structure

Although Unicharm avoids various risks by closely communicating with business partners, it also implements procurement activities with a focus on crisis management in addition to communication in supply chains throughout the world in response to dramatic changes in awareness and regulations relating to human rights and the environment. In addition, Unicharm conducts a supplier risk assessment when starting new business transactions overseas to determine in advance whether it is an appropriate business partner. While regularly monitoring labor environment after business transactions are commenced, we are ready to establish a sound understanding and dissemination of Unicharm's stance and approach toward procurement including compliance with laws and social imperatives and due consideration to human rights and labor and thus call for the cooperation of the partners in environmental and ethical areas.

Supplier risk assessment

For new suppliers, we ask that suppliers understand the Unicharm Group Policy on Human Rights and the Sustainable Procurement Guidelines and conduct a risk assessment using the independently developed new supplier risk assessment table.

For existing suppliers, we conduct a regular supplier assessment in accordance with the annual plan. We have established the regular Unicharm Supplier Award that commends suppliers based on the results of these assessments and the explanation of the assessment items and standards at the awards ceremony also boosts the awareness of improvements by all suppliers.

Initiatives aimed at education and penetration

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

We held seminars on procurement at the factories of suppliers in addition to our plants in 2016 and 2017 for the education and penetration of the guidelines and the sharing of health and safety in the workplace. Seminars were held in eight countries (China, Thailand, Indonesia, Vietnam, India, Brazil, South Korea and Japan; 8 of our own plants) at 30 supplier factories for a total of 277 people.



Study session with suppliers

Labor environment monitoring initiatives

Unicharm conducts monitoring while cooperating with supplier factories. Through this monitoring, it is possible to identify issues related to long working hours, occupational safety, wages and building safety and encourage efforts towards improvement. Addressing issues of long working hours at factories, if a point to note related to long working hours is discovered, the details of that point are verified and appropriate measures are taken in cooperation with factories. In particular, monitoring of the labor environment is essential for achieving improvements in productivity and quality in an environment where the human rights of employees are respected and the safety of employees is protected.^{※1} Unicharm works towards these goals through strong partnerships with suppliers.

Monitoring is regularly conducted by external organizations. A monitoring program on materials supplier factories that Unicharm has a direct business relationship with was introduced from July 2016 and it was conducted at 71 suppliers in FY2017 (100% of target). This monitoring program was consolidated into the SMETA^{※2} from October 2017, under which monitoring is conducted based on global standards for effective risk management.

※1 : Please see Initiatives for details.

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

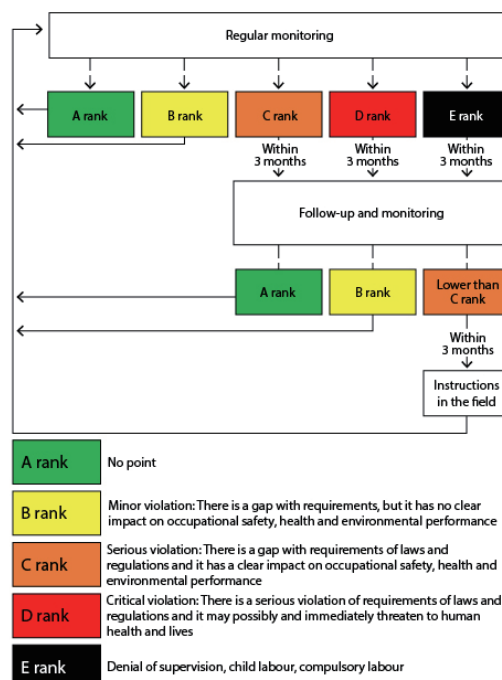
Regular monitoring

External auditors visit supplier factories that Unicharm has a direct contract with, and conduct monitoring. Monitoring starts with an opening meeting and includes observation of related facilities such as the factory, cafeteria and dormitory, interviews with factory employees, meetings with management and checks on the required documents. Lastly, a closing meeting is held and points to note confirmed in the monitoring are explained to management. At a later date, management will be requested to create an improvement report and commit to improvement. The monitoring results are scored on a 5-level ranking from A to E. If a point to note is confirmed when the rank is B to E through monitoring, Unicharm will conduct an analysis on the root cause of the problem, encourage the formulation of an appropriate improvement plan and provide support for resolution of the problem. If improvements at the factory are not made within the prescribed deadline, a visit is made to the factory and instructions are provided so that a rank of B or above can be acquired. If a point to note is detected through monitoring, efforts are made to improve together with the factory.



Instructions in the field

Monitoring assessment framework



Initiatives

Implementation of human rights and labor monitoring

The Unicharm Group regularly conducts monitoring on suppliers regarding ESG using the Sustainable Procurement Guidelines for the purpose of identifying risks. Improvement activities are conducted together with suppliers if any risks are identified.

Monitoring cases

Applicable countries	Evaluation results	Non-complying item	Rectification guidance	Improvement results
China	C	Evacuation route	Guidance to ensure width in accordance with laws and regulations	Improvement completed
Indonesia	B	Health insurance premium calculation method	Calculation in accordance with the law	Calculation method modification completed
Thailand	B	Emergency lights not installed	Guidance to install	Confirmation of installation
India	B	Emergency evacuation diagram in foreign language	Translation into local language	Presentation of improvement report

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

Case of Company X in India, rank B Implementation timing: March 2017 Improvement request: Improvement requested when it was discovered that a language that could not be understood by employees was used in the emergency evacuation route diagram Improvement measures: March 2017 Language that local employees could understand added to the emergency evacuation route diagram Follow-up monitoring: April 2017 Confirmation of the improvement report by the person responsible for the facility

Implementation of Quality Policy Briefing Session

The Quality Policy Briefing Session that is regularly held for suppliers was held in November 2017. This 12th Quality Policy Briefing Session was held to provide explanations on Unicharm's management philosophy, the approach towards CSR efforts, materials quality and materials distribution, safety, environmental consideration, the approach towards supply chain management, the revised Basic Policy of Procurement and Sustainable Procurement Guidelines and the newly established Policy on Human Rights in order to share information in an aim to foster a mutual understanding of sustainable procurement and strengthen cooperative efforts. Additionally, we are promoting quality improvement activities together with our local suppliers related to a broad range of themes involving materials through meetings with overseas subsidiaries and suppliers from various countries, including the 3rd Quality Policy Briefing Session held in China in September 2014.



Quality Policy Briefing Session in Japan



Quality Policy Briefing Session in China

Initiatives to Improve Quality

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

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

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

Along with Shareholders and Investors

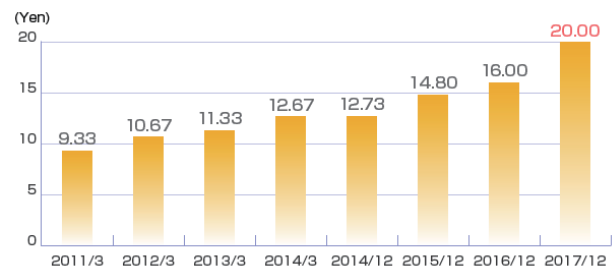
Our Basic Policy on Profit Returns to Our Shareholders

Our basic approach and strategy

The “Beliefs and Pledges” and Corporate Principles of Action outlined in the Unicharm Group’s Action Guidelines constitute our pledge to our shareholders which clearly state that “We pledge to distribute industry-leading returns to shareholders.” The basic guidelines for shareholder returns based upon these principles emphasize two points; investment to support business expansion in the med-long term and the continuation and stability of dividend payouts. As a result, in the fiscal year ending December 2017, the company paid an annual dividend of 20.0 yen per share continuing to increase dividends for 16 consecutive years. Additionally, we have bought back some 5.11 million shares worth approximately 14 billion yen in an effort to enhance the total return of shareholders.

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

■ Dividend payout amounts



Information Disclosure for Our Investors

Information Disclosure for Our Investors

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

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

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

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



Information for investors on our website



Results briefing



Overseas IR roadshow

Listed in the SRI Index

Listed in the SRI Index

Unicharm is included in the major international socially responsible investment (SRI) index, “Morningstar Socially Responsible Investment Index (MS-SRI)” (as of December 31, 2017).



Morningstar Socially Responsible
Investment Index (MS-SRI)

Management

Corporate Governance

Our basic approach and strategy

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

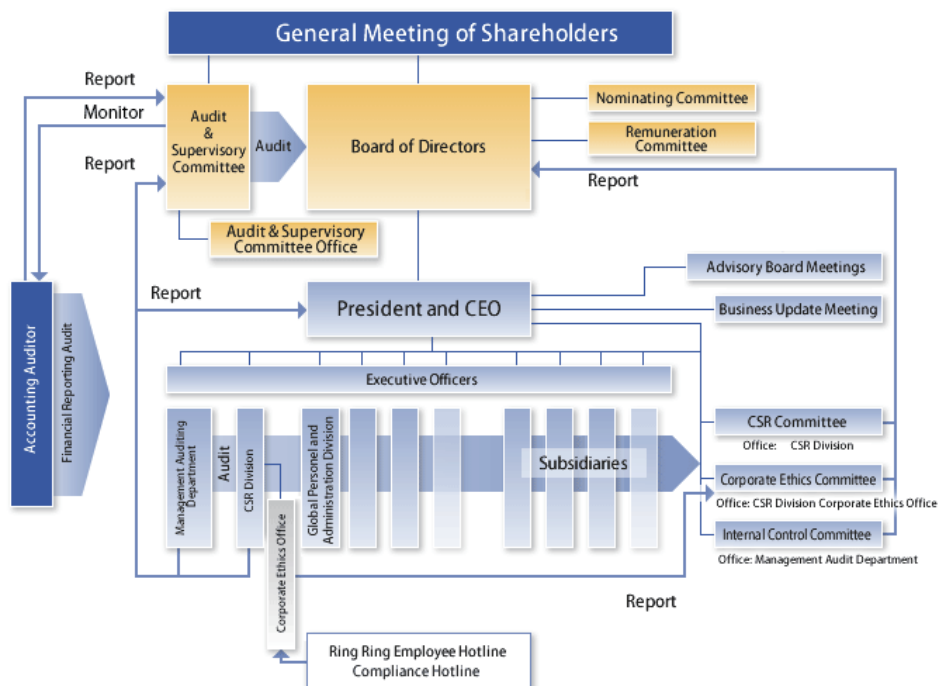
In order to achieve these targets, the basic policy towards corporate governance is to achieve transparent, fair, prompt and bold management through frank and proactive engagement that will gain the support of various stakeholders, initiatives in response to ESG issues and the further development of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

Report on Corporate Governance

Management Structure

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

■ Corporate Governance Structure (as of December 31, 2017)



Development of our internal control system

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

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

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

Selection Standards for Independent Directors

The selection standards for Independent Directors are indicated below.

Selection Standards for Independent Directors

Dialogue with Outside Directors

Unicharm held Interview with Outside Directors in November 2017. Please see Integrated Report 2018.

Compliance

Our basic approach and strategy

Our attitude towards compliance

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

Management Structure

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

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

Whistle-Blowing System

A Compliance Hotline has been established for Group employees as a consultation and whistle-blowing contact point in anonymity for violation of laws and regulations, violations of internal regulations and acts of corruption or major corporate ethics violations, while the Ring-Ring Employee Hotline has been established as a consultation and whistle-blowing contact point for problems at the workplace such as internal harassment acts and human relationship issues. 15 consultations (and 0 compliance violation) were responded to in FY2017.

We also operate similar hotlines in China and Thailand.

Initiatives to Raise Compliance Awareness

The Unicharm Group Action Guidelines in The Unicharm Way that is distributed to all Group employee states the laws and regulations that should be taken into consideration in order to achieve our pledge to each stakeholder and aims to improve awareness of compliance in relation to issues such as corruption prevention. In addition, monitoring is conducted twice a year through an employee awareness survey.

● From the Unicharm Group Action Guidelines

To achieve our pledge to business partners (excerpt)

Prevention of unfair competition

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

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

In addition, an executive responsible for legal affairs will be specified at the insider information management administrator in the Insider Trading Prevention Regulations in an effort to prevent illegal acts. Transactions with a high level of risk that are similar to insider trading are prohibited as a general rule. In addition, it is obligatory to submit a trade notice for Unicharm's shares, etc. every time treasury shares are sold and cautionary information is released as appropriate that sets specific limits on trades of Unicharm's shares in consideration of circumstances including the positions and departments of executives and employees.

Compliance Training and Education

In order to raise the awareness of executives and employees towards compliance with laws and regulations, etc. and prevent the occurrence of compliance problems, compliance themes are incorporated in new employee training and training for employees posted overseas and the Legal Department and Accounting Control & Finance Division hold compliance study session for directors and executive officers several times a year. Through this training, efforts are made to thoroughly instill awareness on matters such as prohibitions on bribes and facilitating payments to public officials and the importance of compliance with antitrust laws. In addition, a wide variety of e-learning courses on matters such as the difference between managerial accounting and financial accounting have been established. The status of participation in these courses is monitored in an effort to ensure participation and instill understanding. Furthermore, quizzes related to legal knowledge are regularly posted on the internal intranet in an effort to spread awareness to ensure that employees do not unintentionally violate the law by introducing cases that can lead to misunderstandings.

Risk Management

Our basic approach and strategy

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

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

The Board of Directors analyzes and evaluates material ESG risks that are regularly reported by each department manager in order to deliberate and decide on improvement measures that are implemented by the Board of Directors independently from the Audit and Supervisory Committee.

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

Major risks

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

Risk Management



For the management of these risks, Unicharm uses the ISO framework that also incorporated quality and environmental risks as important business risks as a manufacturer. In addition, individual management is conducted for risks including business continuity at the time of disasters.

Primary reference frameworks

- COSO • ISO9001 • ISO14001 • ISO10002 • ISO13485 • ISO14971

Management Structure

The CSR Committee that is cross-organizational structure for the support of CSR that is chaired by the President & CEO and vice chaired by the executive responsible for CSR considers sharing risk management issues and measures to be one of the important themes. The themes deliberated by the CSR Committee and the results of these deliberations are regularly reported to the Board of Directors by the executive responsible for CSR in an effort to share this information with Directors and members of the Audit and Supervisory Committee.

In addition, the Unicharm Group Action Guidelines have been established as action guidelines for actions by employees in recognition of major risks including the prohibition of insider trading, compliance with antitrust laws, the elimination of child labor and forced labor and the protection of personal information. In response to risks of corruption that have a high probability of occurring in society including insider trading and bribery, efforts are made to prevent corruption that include the provision of cautionary information to employees on insider trading using the internal intranet, training for employees posted overseas and the provision of cautionary information through e-learning as strengthened compliance training for employees engaged in operations in regional business activities are conducted, as well as the implementation of internal audits.

Response to the occurrence of ESG risks

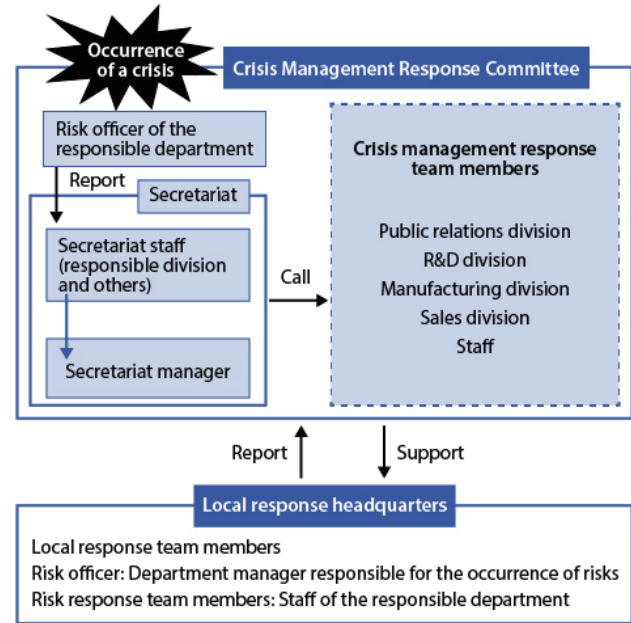
If a major crisis occurs, a Crisis Management Response Committee will be established and endeavor to respond quickly and appropriately and achieve a prompt recovery based on the Crisis Communication Manual established as a regulation related to crisis management.

An emergency in which the above risks are realized is considered a crisis and Unicharm positions the 12 items below as major crises. When such a crisis occurs, Unicharm fulfills its social responsibility by assessing the situation swiftly and accurately in accordance with the Crisis Communication Manual, working to prevent the expansion of damage and communicating appropriately with stakeholders. A handy manual has been distributed to every employee for the purpose of responding promptly when an ESG risk has emerged and a crisis has occurred. In addition, a structure has been established to respond to risks by the Crisis Management Response Committee in cooperation with internal related departments.

Major crises

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

■ Diagram of structure in response to occurrence of a crisis



Rigorous information security

To ensure rigorous information security, Unicharm has set out information security principles and procedures such as the Information Security Policy and the Information Management Security Rules. We also have Personal Information Protection Rules and Specific Personal Information Handling Rules in place to safeguard personal information provided by our customers and we strictly manage this information and take precautions to prevent information leaks. To ensure these rules are strictly observed and to prevent information leaks, Unicharm has established an Information Management Security Committee which develops groupwide information management security initiatives and carries out employee education and ongoing monitoring. One day every month has been earmarked as an information management day when we highlight a different security topic each month to remind employees about the risk of specific information leaks. Meanwhile, as a physical measure to prevent against information leaks through the loss or theft of devices, we completed the adoption of computers that cannot store data, the development of a cloud environment in which data and systems can only be used on a server and the use of the cloud for smartphone telephone directories.

Protecting intellectual property

The Intellectual Property Division centralizes the management of the group's intellectual property assets and formulates and executes intellectual property strategies linked to Unicharm's business and development strategies in an aim to put in practice an IP landscape in which intellectual property is useful for management decision making. As a patent application strategy, we intend to protect and utilize business and developmental results as intellectual property, along with reinforcing overseas patent applications in line with the global development of our business. As a result, we have captured a top-class share in the industry with the application rate for global patents at approximately 80% (2014) and the registration rate for Japanese patents at 94.8% (2016) (taken from the Patent Administration's Annual Report 2017). In addition, as Unicharm is focusing on the development of environment-friendly products and technologies, it has acquired patents related to the basic technologies for obtaining sanitary and safe high-quality pulp from used disposable diapers and patents related to processing methods that enable water purification at the same time as power generation using waste-fueled microbial fuel cells in the pulp acquisition process. Going forward, Unicharm will work to protect and use intellectual property at the same time as the development of technologies for practical application. Meanwhile, Unicharm has applied for and secured trademarks that protect the Group's brands in more than 160 countries around the world and we are also protecting our rights to proprietary packaging.

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

Unicharm also takes a firm stance on protecting its intellectual property rights, including filing lawsuits against their infringements or unauthorized use. Its IP division closely cooperates with business and product development divisions as well as overseas subsidiaries and works with local governments to eliminate unauthorized and counterfeit products in Japan and overseas such as Asia, ASEAN, the Middle East and Africa and online in e-commerce. Unicharm is committed to cultivating a corporate culture that promotes the respect and protection of intellectual property rights of Unicharm and other companies, as articulated in the Unicharm Action Guidelines, by conducting employee training through a combination of on-the-job training, off-the job training and e-learning to ensure that employees in Japan and overseas are fully aware of internal compliance issues related to such things as patents, trademarks and misleading representations, etc.

As part of our public activities, we seek to provide advice on and influence international policy with respect to intellectual property by actively exchanging opinions with patent offices in Japan, Asia and the ASEAN area.

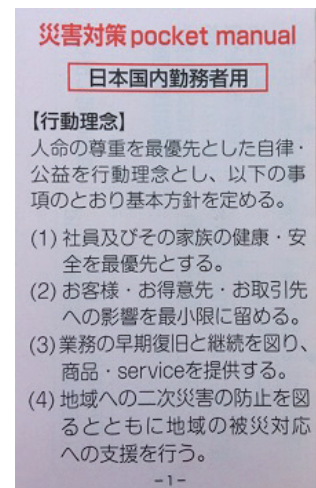
Business Continuity Plan (BCP*)

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

Main overview of the business continuity plan (BCP)

- (1) Basic requirements
 - Basic policy
 - Assumed risks
 - Impact assessment
 - Assumed damage
 - Main elements
- (2) Confirmation of safety and well-being of employees and their family members
 - Ensuring and saving lives
- (3) Concrete measures for business continuity
 - Organizational structure and command structure
 - Securing important bases
 - External information dissemination and information sharing
 - Backup
 - Provision of products and services
- (4) Important items that should be supported along with business continuity
 - Cooperation with and contributing to the community
- (5) Measures necessary for implementing the business continuity plan (BCP)
 - Education and training
 - Inspections, corrective action and reviews

Our BCP Manual describes steps to ensure the safety of our employees and their families, deliver Unicharm products that are necessities for daily living to people in disaster-affected areas as well as to those people who require them as soon as possible and recover important corporate operations of Unicharm, particularly head office functions. We are working to further enhance workplace safety through various initiatives.



Disaster response pocket manual

Specifically, we conduct e-learning sessions for all employees to raise awareness and encourage proactive responses and we distribute a disaster response pocket manual for immediate reference during an emergency to all employees. We have put systems in place that allow us to contact employees using smartphones, which they must carry at all times, to help us to confirm their safety and maintain business continuity during emergencies. In addition, we conduct disaster training drills at each business site, hold basic survival courses and provide training that is tailored to the function of each division and we carry out first response drills with an emphasis on confirming employee safety and the capabilities of disaster response headquarters including checking the safety of all Unicharm employees in Japan. In 2017, we conducted ongoing training and drills including drills assuming the nighttime evacuation of production bases. Going forward, we will develop systems for responding to all incidents that can be assumed by strengthening risk countermeasures on a global level that incorporate risks such as uprisings or terrorism overseas.

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



Crisis response training



Survival course at the head office

Tax Compliance

Efforts related to tax compliance

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

1. Compliance with tax laws

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

2. Relationships with tax authorities

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

3. Support for the BEPS project

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

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

Third Party Assurance Report

We obtained third party assurance of Unicharm's CSR Activity Report 2018. The details are found below.



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

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

April 9, 2018

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

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

We have undertaken a limited assurance engagement of the information marked (㊟) (hereafter the "Selected Information") in the Unicharm Group's CSR Activity Report (hereafter the "Report") for the year ended December 31, 2017.

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

Management's responsibilities

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

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

Our Independence and Quality Control

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

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

Understanding reporting and measurement methodologies

The absence of a significant body of established practice on which to base the evaluation and measurement of non-financial information allows for different, but acceptable, measurement techniques. The nature of non-financial information, and the techniques and precision used to determine and evaluate it, can result in materially different measurements. This may affect comparability between different entities and periods of time. The Selected Information, therefore, should be read and understood together with the Reporting Criteria¹. The Reporting Criteria used is applicable as at December 31, 2017.

Our Responsibility

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

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

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

- inquiry with relevant the Company's management;
 - evaluating the suitability of the Reporting Criteria as the basis for preparing the Selected Information;
 - evaluating the overall presentation of the Selected Information;
 - evaluating the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included visiting the three manufacturing sites listed below and one corporate office selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information; and
- Unicharm Products Co., Ltd. (Fukushima Factory), United Charm Co., Ltd. (Taiwan Chu-Nan Factory), Diana Unicharm Joint Stock Company (Vietnam Bac Ninh Factory)
- performing limited testing on a selective basis of the Selected Information at the corporate office and in relation to twenty-five manufacturing sites to check that data had been appropriately measured, recorded, collated and reported.

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information in this report for the year ended December 31, 2017 is not prepared, in all material respects, in accordance with the Reporting Criteria.

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

List of Contents

Chapter Title	Topic	Web version	PDF version	Chapter Title	Topic	Web version	PDF version
Overview of Unicharm Group	Company Profile		●	Along with Our Employees	View Concerning Human Resources	●	●
	Primary Consolidated Subsidiaries and Affiliates		●		Personnel Utilization and Training	●	●
	Production and Sales Areas		●		Respect for Diversity	●	●
	Main Business Indicators		●		Occupational Safety and Health	●	●
			●		Human Resources Data	●	●
Editorial Policy/Contents	Editorial Policy	●	●	Along with the Society	Our Attitude toward Social Contribution and its Structures	●	●
	Contents	●	●		Making Contributions to Society through Our Core Business	●	●
Message from the President		●	●		Community-based Social Contribution Activities (Japan)	●	●
Unicharm Group's CSR	Our basic approach and strategy	●	●		Community-based Social Contribution Activities (Overseas)	●	●
	Unicharm Group's CSR Key Topics	●	●	Along with Our Business Partners	Our basic approach and strategy	●	●
	Management Structure	●	●		Management Structure	●	●
	Reference Framework for Unicharm's CSR strategy	●	●		Initiatives	●	●
	Communicating with Stakeholders	●	●	Along with Shareholders and Investors	Our Basic Policy on Profit Returns to Our Shareholders	●	●
CSR Key Topics	1. Lengthening Healthy Life Expectancy	●	●		Information Disclosure for Our Investors	●	●
	2. Supporting Women's Independence and Improving Hygiene in Emerging Countries	●	●		Listed in the SRI Index	●	●
	3. Contributing to Global Environment	●	●	Management	Corporate Governance	●	●
	4. Contributing to the Community	●	●		Compliance	●	●
		●	●		Risk Management	●	●
Initiatives for the Global Environment	Environmental Management	●	●		Tax Compliance	●	●
	Climate Change	●	●	Third Party Assurance Report		●	●
	Pollution Prevention and Resource Utilization	●	●	List of Awards and Commendations Received in Fiscal 2017		●	●
	Supply Chain (Environment)	●	●	GRI Standard Comparison Table		●	●
	Biodiversity	●	●				
	Water Resources	●	●				
	Activity Results	●	●				
	Site Data	●	●				
Human rights initiatives		●	●				
Along with Our Customers	Communicating with Customers	●	●				
	Product Development and Marketing	●	●				
	Quality Management	●	●				

List of Awards and Commendations Received in Fiscal 2017

A list of recognition from third parties we received in 2017:

Month and year	Name and description	Implementing organization	Recipient
February 2017	Received a Nikkei Excellent Products/Services Award and Nikkei MJ Award of Excellence for Lifree Sawayaka Fresh Pad Series for Men's Sensitive Bladder	Nihon Keizai Shimbun	Unicharm Corporation
February 2017	Received Seiyu Supplier of the Year Award in overall division	Seiyu	Unicharm Corporation
February 2017	Received The Best Promoter Award in the Aeon Contribution Award 2016	Aeon	Diana Unicharm Joint Stock Company Vietnam
February 2017	Ranked 21st in the Japan's Best Global Brands 2017 brand-value ranking	Interbrand	Unicharm Corporation
February 2017	Toyo Keizai 11th CSR Company Rankings 2017: 77th	Toyo Keizai Inc.	Unicharm Corporation
February 2017	Received 1st Japan Industrial Association Chairman's Award	Japan Industrial Association	Unicharm Corporation, Unicharm Corporation Customer Communication Center
May 2017	Received Product of the Year 2017 Award in the disposable diapers division	Product of the Year	Unicharm India Private Ltd. (India)
June 2017	Premmie Proud won Silver Prize in the Social Community Building/Management division of the Canne Lions International Creativity Festival	Canne Lions	Unicharm Australasia Pty Ltd. (Australia)
July 2017	Center-in Compact received "2016 Kodansha Digital Advertising Award"	Kodansha	Unicharm Corporation
July 2017	Sofy won 2nd place and MamyPoko won 16th place in the Most Chosen Consumer Brand Footprint Award MamyPoko selected for Most Chosen Top User Brand Footprint Award	Kantar Worldpanel	Uni-Charm (Thailand) Co., Ltd. (Thailand)
August 2017	11th Kids Design Award received in the design for facilitating child bearing and raising division for Natural Moony and the training application Moony-chan and Toilet Training	Kids Design Association	Unicharm Corporation
September 2017	Premmie Proud won Silver Prize in the Brand Partnerships & Collaborations division and Health Services & Corporate Communications division in the 2017 Clio Awards	Clio	Unicharm Australasia Pty Ltd. (Australia)
September 2017	President Takahara selected as No. 2 in the special feature Best 100 Managers Moving Japan in the November issue of Forbes JAPAN	Forbes JAPAN	Unicharm Corporation
September 2017	Ranked 37th in the Ranking of the World's Most Innovative Companies in the November issue of Forbes JAPAN	Forbes JAPAN	Unicharm Corporation
October 2017	Awarded as representative of foreign company that has contributed to the economy and society in Bac Ninh Province, Vietnam	Bac Ninh Province	Diana Unicharm Joint Stock Company Vietnam
December 2017	Silcot Uru-Uru Cotton Sponge-touch ranked No.1 in the Best Beauty Goods division of the @cosme Best Cosmetics Award	@cosme	Unicharm Corporation
December 2017	Entered ranking of top 40 companies in the overall ranking in the Smart Work Management Survey	Nihon Keizai Shimbun	Unicharm Corporation

GRI Standard Comparison Table

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

GRI Items	Contents of GRI Index	Page to Refer
GRI102: General Disclosures		
1. Organizational profile		
102-1	Name of the organization	Company Profile
102-2	Activities, brands, products, and services	Business Operations
102-3	Location of headquarters	Integrated Report 2017: Strategy and Progress 2017
102-4	Location of operations	Company Profile
102-5	Ownership and legal form	Overseas Operations
102-6	Markets served	Offices and Group Companies
102-7	Scale of the organization	Company Profile
102-8	Information on employees and other workers	Overseas Operations
102-9	Supply chain	Offices and Group Companies
102-10	Significant changes to the organization and its supply chain	Financial Data
102-11	Precautionary Principle or approach	Human Resources Data
102-12	External initiatives	Offices and Group Companies
102-13	Membership of associations	Human Resources Data
2. Strategy		
102-14	Statement from senior decision-maker	Along with Our Business Partners
102-15	Key impacts, risks, and opportunities	Supply Chain (Environment)
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Not applicable
102-17	Mechanisms for advice and concerns about ethics	Business Continuity Plan
4. Governance		
102-18	Governance structure	Pollution Prevention and Resource Utilization
102-19	Delegating authority	Forest-derived Raw Materials Procurement Guidelines
102-20	Executive-level responsibility for economic, environmental, and social topics	Approach to Materials Procurement
102-21	Consulting stakeholders on economic, environmental, and social topics	Reference framework for Unicharm's CSR strategy
102-22	Composition of the highest governance body and its committees	Initiatives of the Japan Business Initiative for Biodiversity (JBIB)
102-23	Chair of the highest governance body	Promoting Environmentally-Friendly Supply Chain Management
102-24	Nominating and selecting the highest governance body	Reference framework for Unicharm's CSR strategy
102-25	Conflicts of interest	Initiatives of the Japan Business Initiative for Biodiversity (JBIB)

GRI Items	Contents of GRI Index	Page to Refer
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance CSR promotional structure
102-27	Collective knowledge of highest governance body	Corporate Governance CSR promotional structure
102-28	Evaluating the highest governance body's performance	CSR promotional structure
102-29	Identifying and managing economic, environmental, and social impacts	Unicharm Group's CSR
102-30	Effectiveness of risk management processes	CSR promotional structure
102-31	Review of economic, environmental, and social topics	CSR promotional structure
102-32	Highest governance body's role in sustainability reporting	CSR promotional structure
102-33	Communicating critical concerns	CSR promotional structure Response to the occurrence of ESG risks
102-34	Nature and total number of critical concerns	Not applicable
102-35	Remuneration policies	Corporate Governance Report
102-36	Process for determining remuneration	Corporate Governance Report
5. Stakeholder engagement		
102-40	List of stakeholder groups	Communicating with stakeholders
102-41	Collective bargaining agreements	Human Resources Data
102-42	Identifying and selecting stakeholders	Communicating with stakeholders
102-43	Approach to stakeholder engagement	Communicating with stakeholders
		Meetings with stakeholders to exchange views during the drafting process of Eco Plan 2020
		Meetings with stakeholders to exchange views during the drafting process of the Unicharm Group Policy on Human Rights
102-44	Key topics and concerns raised	Unicharm Group's CSR Meetings with stakeholders to exchange views during the drafting process of Eco Plan 2020 Biodiversity Initiatives
102-45	Entities included in the consolidated financial statements	Contents
102-46	Defining report content and topic Boundaries	Contents
102-47	List of material topics	CSR Key Topics
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Contents
102-51	Date of most recent report	Contents
102-52	Reporting cycle	Contents
102-53	Contact point for questions regarding the report	For more information about our CSR activities, please contact:
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standard Comparison Table
102-55	GRI content index	GRI Standard Comparison Table
102-56	External assurance	Third Party Assurance Report
GRI103: Management Approach		
103-1	Explanation of the material topic and its Boundary	Unicharm Group's CSR
		CSR Key Topic 1: Lengthening Healthy Life Expectancy
		CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene in Emerging Countries
		CSR Key Topic 3: Contributing to Global Environment
		CSR Key Topic 4: Contributing to the Community
		Environmental Management
103-2	The management approach and its components	Message from Management
		Unicharm Group's CSR Key Topics and Indicators (KPI)
		CSR Key Topic 1: Lengthening Healthy Life Expectancy
		CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene in Emerging Countries
		CSR Key Topic 3: Contributing to Global Environment
		CSR Key Topic 4: Contributing to the Community
		Environmental Management
103-3	Evaluation of the management approach	CSR promotional structure Validation of Environmental Protection Activities
GRI201: Economic Performance		
201-1	Direct economic value generated and distributed	Financial Data Presentation Materials for Investors
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Risk Management
201-3	Defined benefit plan obligations and other retirement plans	Presentation Materials for Investors
GRI202: Market Presence		
202-2	Proportion of senior management hired from the local community	Human Resources Data
GRI203: Indirect Economic Impact		
203-1	Infrastructure investments and services supported	CSR Key Topic 2: Supporting Women's Independence and Improving Hygiene in Emerging Countries CSR Key Topic 4: Contributing to the Community
203-2	Significant indirect economic impacts	Communicating with stakeholders
GRI205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Core themes and categories of CSR Committee initiatives Risk Management
205-2	Communication and training about anti-corruption policies and procedures	Core themes and categories of CSR Committee initiatives Compliance

GRI Items	Contents of GRI Index	Page to Refer
205-3	Confirmed incidents of corruption and actions taken	Whistle-Blowing System
GRI206: Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Whistle-Blowing System
GRI301: Materials		
301-1	Materials used by weight or volume	Energy/material flow from the entire lifecycle perspective
		Activities towards recycling disposable diapers
		Waste disposal reduction and effective utilization of resources
		Eco Plan 2020 Sustainable Material Procurement Targets and Results (Excerpt from Eco Plan 2020)
301-2	Recycled input materials used	Prioritizing the use of waste paper in cardboard of R70 or above in carton packaging materials
301-3	Reclaimed products and their packaging materials	Energy/material flow from the entire lifecycle perspective
		Activities towards recycling disposable diapers
		Recycling rate
		Initiatives to reduce waste at production sites (Scope 3 Category 5)
GRI302: Energy		
302-1	Energy consumption within the organization	Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
302-2	Energy consumption outside of the organization	Energy/material flow from the entire lifecycle perspective
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Addressing global warming and energy saving measures
302-3	Energy intensity	Addressing global warming and energy saving measures
302-4	Reduction of energy consumption	Addressing global warming and energy saving measures
302-5	Reductions in energy requirements of products and services	[Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12)
GRI303: Water		
303-1	Water withdrawal by source	Energy/material flow from the entire lifecycle perspective
303-2	Water sources significantly affected by withdrawal of water	Dozan River water system, Inano River system
303-3	Water recycled and reused	Energy/material flow from the entire lifecycle perspective
		Reducing water usage
GRI304: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Factories are located in industrial parks, and protected areas and adjacent areas are avoided
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity
304-3	Habitats protected or restored	No applicable activities are conducted
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable for the scope of business activities
GRI305: Emissions		
305-1	Direct (Scope 1) GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
		Ozone depleting substances (Japan)
305-2	Energy indirect (Scope 2) GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
305-3	Other indirect (Scope 3) GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12)
		[Japan] Sharing importance of climate change measures with suppliers (Scope 3 Category 1)
		[Japan and overseas] Initiatives to reduce waste at production sites (Scope 3 Category 5)
		Energy/material flow from the entire lifecycle perspective
		Addressing global warming and energy saving measures
305-4	GHG emissions intensity	Reducing CO ₂ emissions
305-5	Reduction of GHG emissions	[Japan] CO ₂ emissions throughout the supply chain (overall picture of Scope 1 - 3)
		[Japan and overseas] CO ₂ emissions from corporate activities (Scope 1 and 2)
		Reducing CO ₂ emissions
305-6	Emissions of ozone-depleting substances (ODS)	Ozone depleting substances (Japan)
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Initiatives to reduce the use of hazardous chemical substances
GRI306: Effluents and Waste		
306-1	Water discharge by quality and destination	Energy/material flow from the entire lifecycle perspective Site Data
306-2	Waste by type and disposal method	Energy/material flow from the entire lifecycle perspective
		[Japan] Reducing water usage
		Waste disposal reduction and effective utilization of resources
		Waste disposal volume
306-3	Significant spills	[Japan] Water quality, soil contamination and offensive odor
306-4	Transport of hazardous waste	[Japan] Initiatives to reduce the use of hazardous chemical substances (business waste) There were no hazardous wastes that was transported domestically
306-5	Water bodies affected by water discharges and/or runoff	Seto Inland Sea, Ina River system

GRI Items	Contents of GRI Index	Page to Refer
GRI307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Environmental audits for risk management and enhancing performance
GRI308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Evaluating New Suppliers
308-2	Negative environmental impacts in the supply chain and actions taken	Evaluating Existing Suppliers
GRI401: Employment		
401-1	New employee hires and employee turnover	Human Resources Data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Data
401-3	Parental leave	Human Resources Data
GRI402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	Dialogue between labor and management
GRI403: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	Health and Safety Committee
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Human Resources Data
403-4	Health and safety topics covered in formal agreements with trade unions	Health and Safety Committee
GRI404: Training and Education		
404-1	Average hours of training per year per employee	Expansion of education and training programs
404-2	Programs for upgrading employee skills and transition assistance programs	Expansion of education and training programs
404-3	Percentage of employees receiving regular performance and career development reviews	Evaluations for career development
GRI405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Human Resources Data
GRI406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Compliance
GRI407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Along with Our Business Partners Human rights initiatives
GRI408: Child labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Along with Our Business Partners Human rights initiatives
GRI409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Along with Our Business Partners Human rights initiatives
GRI412: Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	Along with Our Business Partners>Management Structure Along with Our Business Partners>Initiatives
412-2	Employee training on human rights policies or procedures	Initiatives aimed at education and penetration Our distinctive training programs (excerpt)
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Along with Our Business Partners>Management Structure Along with Our Business Partners>Initiatives
GRI413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	CSR Key Topic 4: Contributing to the Community Communicating with stakeholders
413-2	Operations with significant actual and potential negative impacts on local communities	Overseas Operations Offices and Group Companies
GRI414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Along with Our Business Partners>Our basic approach and strategy
414-2	Negative social impacts in the supply chain and actions taken	Implementation of human rights and labor monitoring
GRI416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Safety Initiatives
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Initiative for appropriate product labeling
GRI417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	Initiative for appropriate product labeling [Japan] Initiatives to reduce CO ₂ through products (Scope 3, Categories 1, 4 and 12)
417-2	Incidents of non-compliance concerning product and service information and labeling	Initiative for appropriate product labeling
417-3	Incidents of non-compliance concerning marketing communications	Initiative for appropriate product labeling
GRI418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Communicating with customers Rigorous information security
GRI419: Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance