

[Translation for Reference and Convenience Purposes Only]

CORPORATE GOVERNANCE REPORT

UNICHARM CORPORATION

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Unicharm Corporation

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<https://www.unicharm.co.jp/en>

The corporate governance of Unicharm Corporation (“Unicharm” or the “Company”) is described below.

I

Basic Views on Corporate Governance, and Basic Information on Capital Structure, Corporate Attributes, and Other Matters

1. Basic Views

Unicharm Group strives to achieve “sound corporate management” through its commitment to Unicharm Ideals. We aim to achieve sustainable growth and create medium and long-term corporate value through appropriate collaborations with stakeholders and secure the esteem and trust of the society.

In order to realize these objectives, we have established a basic principle of corporate governance that achieves transparent, fair, expeditious and decisive management by carrying out honest and active dialogue to obtain support from various stakeholders and work to improve ESG and a corporate environment where management can make appropriate decisions at the right time.

Reasons for Non-implementation of the Principles of the Corporate Governance Code

[Supplementary Principle 2-5-1: Establishment of a Framework for Whistleblowing]

The Company has established the Compliance Hotline and the Ring-ring Employee Hotline, which are contacts for whistleblowing in the event that an employee notices any fact that caused or may cause significant damage to the Company, such as noncompliance with the laws and regulations. In the event that an employee detects such a fact, he or she has to report it immediately.

The Corporate Ethics Office, which is responsible for the Compliance Hotline and the Ring-ring Employee Hotline, periodically reports the status of whistleblowing to the board of directors via the Corporate Ethics Committee while protecting the anonymity of whistleblowers.

Although the Company has not established a point of contact that is independent of management for investigation and assessment of facts concerning reported information and uncertainties, the Company strives to improve its effectiveness continuously based on the understanding that a whistleblowing system is one of the most effective methods in the early discovery of risks and contributes to a self-cleansing effect and promotion of compliance management.

[Supplementary Principle 4-10-1: Use of Optional Approach]

The Company's optional nomination committee and compensation committee consist of Representative Director, President & CEO (1 person), independent outside directors (2 persons), and other non-executive director (1 person). Therefore, half of their members are independent outside directors. In addition, the chairperson of the committees is also an independent outside director.

For the reasons for adopting such system, please refer to the "II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management," "3. Reasons for Adopting the Current Corporate Governance System."

[Principle 4-11: Preconditions for Board and Audit and Supervisory Committee Effectiveness]

As the Company takes the board size into consideration, all the directors of the Company are Japanese citizens who have expertise in international business.

Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1-4: Cross-Shareholdings]

The Company may hold minimum necessary shares of other companies for the purpose of maintenance and strengthening of the relationships. In such cases, the Company shall make assessments whether it should hold the shares based on whether such investment would contribute to an increase in corporate value of the Company, taking into consideration dividends, benefits from maintaining and strengthening the relationships, risks, capital costs, and other factors.

The board of directors examines the rationality of each shareholding annually, based on whether the purpose of the shareholding has become insubstantial, and the benefits and the risks are proportionate to the capital costs. If shareholdings are not reasonable, the Company sells the shares appropriately taking the market impact etc. into account.

With respect to the exercise of the voting rights, the Company shall exercise them appropriately by carefully examining proposals and judging whether they contribute to the improvement of shareholders' value. The Company shall not vote for any proposals that may damage shareholders' value, regardless of whether they are proposed by a company or its shareholder.

[Principle 1-7: Related Party Transactions]

When the Company engages in transactions (including indirect transactions) with its directors (including audit and supervisory committee members) or their close relatives, the Company shall secure approval of the board of directors in advance.

Regarding material transactions among Unicharm Group companies, the Company shall make a decision based on thorough deliberation by the board of directors including several independent outside directors in addition to prior legal check of the appropriateness of the conditions and how they are determined.

[Supplementary Principle 2-4-1: Ensuring Diversity in the Promotion to Core Human Resources]

Please refer to "III. Implementation of Measures for Shareholders and Other Stakeholders" "3. Measures to Ensure Due Respect for Stakeholders" "Other."

[Principle 2-6: Roles of Corporate Pension Funds as an Asset Owner]

The Company recognizes that the investment of corporate pension funds may affect employee's wealth and the Company's financial status. Therefore, the Company runs the corporate pension healthily by assigning persons who have proper experience and skills (e.g. person who has experience in Accounting Control and Finance Division) and seeking advice from external experts.

Asset managers are monitored through their periodical report on investment performance and investment stewardship.

Discretion to select securities and to exercise voting rights are entrusted to asset managers to avoid conflicts of interests between the beneficiaries of the pension fund and the Company.

[Principle 3-1: Full Disclosure]

i) Company objectives (e.g., management principles), business strategies and business plans

The Unicharm Group has established a corporate philosophy, which is disclosed. For details, please refer to the Company's website.

<https://www.unicharm.co.jp/en/company/corporate-philosophy.html>

The Company's medium-term management plan is disclosed on our website. For details, please refer to the Company's website.

<https://www.unicharm.co.jp/en/ir/library/chukei.html>

ii) Unicharm Group's basic views and guidelines on corporate governance

Refer to the "I. Basic Views on Corporate Governance, and Basic Information on Capital Structure, Corporate Attributes, and Other Matters" "1. Basic Views."

iii) Policies and procedures of the board to determine the remuneration of directors and executive officers

Refer to the "II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management" "2. Matters on Functions of Business Execution, Auditing and Oversight, Nomination, and Determination of Compensation (Overview of Current Corporate Governance System)."

iv) Policies and procedures of the board for the appointments and dismissals of executive officers and the nominations of director candidates and the dismissals of incumbent directors

Refer to the "II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management" "2. Matters on Functions of Business Execution, Auditing and Oversight, Nomination, and Determination of Compensation (Overview of Current Corporate Governance System)."

v) Explanation with respect to an individual appointment and dismissal of an executive officer and an individual nomination of a director candidate and dismissal of an incumbent director based on iv).

When proposing a candidate for a director (including a director serving as an audit and supervisory committee member) or dismissal of an incumbent director to a general meeting of shareholders, the Company shall explain the reason for nomination of such candidate or dismissal of such director in the notice of convocation of the general meeting of shareholders.

[Supplementary Principle 3-1-3: Initiatives on Sustainability etc.]

<Initiatives on sustainability>

Please refer to our sustainability report.

<https://www.unicharm.co.jp/en/csr-eco/report.html>

<Investments in human capital and intellectual properties>

1. Investments in human capital

Unicharm considers that it is important to cultivate a corporate culture which develops human resources to accelerate our business towards realization of a cohesive society and our corporate growth. In accordance with the 12th mid-term management plan (FY2024-FY2026), we try to establish human resources, environment, and organizational structures which create unique value by using "KYOSHIN" system, a human resource development IT platform used by all Unicharm Group companies globally.

2. Investments in R&D and Intellectual Properties

Based on the corporate philosophy of "Maintain our No.1 position through continued and dedicated service" and focus on continued creation of new values from technology innovation, the research and development

activities of the Unicharm Group are centered on the Technical Center and Engineering Center in Kan'onji City, Kagawa, Japan. The Company has committed to fostering category-leading products and improving efficiency by shortening the time required from product development to market introduction, through steady development and improvement of expertise in non-woven fabric and super-absorbent polymer technologies as well as paper and pulp. During FY 2024, overall research and development expenses totaled ¥10,304 million (1.0% of consolidated sales).

The Company is devoted to developing products, technologies and services which contribute to realize NOLA & DOLA, and safeguards sustainable business advantages by filing and registering intellectual properties created through the research and development activities. More specifically, we register patents, utility models, designs or trademarks for each purpose and protect results of our business and research and development activities multifacetedly. We also make the most of our intellectual property rights and, as our business expands globally, we efficiently file and register our intellectual property rights worldwide and improve global intellectual property rights portfolio.

<Disclosure in accordance with TCFD framework>

Please refer to our sustainability report 2024 (pp.41-44 for the latest Japanese version).

<https://www.unicharm.co.jp/en/csr-eco/report.html>

[Supplementary Principle 4-1-1: Scope and Content of the Matters Delegated to the Management]

The Company does not delegate decision-making of important business execution to directors by stipulation in the articles of incorporation in accordance with Article 399-13, Paragraph 6 of the Companies Act. While delegating decision-making of business execution to the representative director, president & CEO and other executive officers within the limit permitted by law in order to afford time for the board of directors to discuss and decide on medium and long-term strategies, etc., the Company ensures that important business execution decisions are made by resolution of the board of directors and that the board of directors supervises the transparent and fair decision-making process.

[Principle 4-9: Standards for Independence and Qualification of Independent Directors]

Refer to the “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “1. Organizational Composition and Operation” [Independent Directors].

[Supplementary Principle 4-10-1: Use of Optional Approach]

The Company establishes optional nomination committee and compensation committee to improve transparency and objectivity. Both committees are composed of one representative director, president & CEO, two independent outside directors, and one other non-executive director (4 directors in total), and chaired by an independent outside director.

For the reasons for adopting such system, please refer to the “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management,” “3. Reasons for Adopting the Current Corporate Governance System.”

[Supplementary Principle 4-11-1: View on the Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and on Diversity and Size of the Board of Directors, and also Combination of Skills of Individual Directors]

The Company believes that the following functions performed by the board of directors will lead to the establishment of greater corporate value. In addition, to achieve this, it is necessary for the board to be harmoniously composed of directors with necessary knowledge, experience and competency combining diversity and appropriate size.

- Decision-making on medium- to long-term directions
- Offering advice to the management from various internal and external perspectives

- Supervising transparent and fair decision-making processes through major decision-making in business execution and deliberations on reported matters

(Balancing diversity and appropriate size)

The Company has internal directors and executive officers who on the whole are highly skilled professionals in its business domains. With the premise that these internal directors and executive officers have technical discussions, the board of directors supervises each of the discussion processes. It also makes decisions on medium- to long-term directions and offers advice from various perspectives, thereby performing the functions in its role.

(Internal directors)

At the board of directors, processes are supervised on the assumption that specialized studies are being conducted by executive officers in addition to internal directors. Also, in order to create a system that can make decisions on medium- to long-term directions and provide advice from various perspectives, internal directors are appointed who have a wide range of knowledge about the Company's business.

(Outside directors)

The Company focuses on appointing outside directors whose forte is in the fields that are strategically important for the Company, and whose advice offered from an external perspective has particularly great significance.

Unicharm specified 5 strategic areas in the 12th mid-term management plan: (1) strengthening uniqueness and strengths with a basis on women, (2) revolutionizing the product creation process to create unique UI / UX, (3) building a model to maximize lifetime value with a basis on women, (4) Achieving 3 sustainable values through recycling for disposable pants (corporate value, social value, customer value) and (5) establishing human resources, environment, and organizational structures to create unique value. We appoint outside directors who have strengths in DX as areas where their advice is particularly useful in order to implement these strategies

We also believe that it is beneficial for outside directors to have experience in corporate management in order for the board of directors to fulfill its supervisory function, and we thus appoint outside directors with experience in corporate management.

(Directors who are audit and supervisory committee members)

As the Company is a company with audit and supervisory committee, directors who are members of audit and supervisory committee as a whole need to have necessary knowledge, experience and competency to carry out effective audit. We believe that a person with appropriate knowledge on finance, accounting, and the law, particularly sufficient expertise on finance and accounting, must be included as a director who is an audit and supervisory committee member.

For combination of skills of individual directors, please refer to the notice of convocation of the 65th ordinary general meeting of shareholders.

[Supplementary Principle 4-11-2: Securing Time and Effort of Directors]

In principle, directors may perform concurrent services only if there is no risk of a conflict of interest with the Company and they can devote the necessary effort as a director of the Company even in an emergency (takeover bids, shareholder proposals, scandals, etc.). If there are any concerns, approval must be obtained from the board of directors in advance, and if there are no concerns, a report must be made to the board of directors after the fact. Status of concurrent services of directors shall be disclosed in the business report annually.

[Supplementary Principle 4-11-3: Analysis and Evaluation of Overall Effectiveness of the Board of Directors]

Every year, the Company collects questionnaires from all directors and carry out discussions by all directors based on the results. By these processes, the Company checks the progress in follow-up to the previous assessment, identifies issues for further improvement and makes self-assessment on the overall effectiveness of the board. The results are disclosed after approval of the board. The analysis and evaluation for this year (2025) are outlined below.

1. Outlines of the questionnaire

The questionnaire consists of multiple choices questions on board composition (number of members, skills, knowledge, experience, diversity), supervision of the succession planning, quality, quantity and timing of information provided to the board, whether active discussions are made or not, frequency and duration of the meeting and the number and time for discussion of agenda items. It also contains free form questions on reflections on 2024, the direction the Company's board of directors is aiming for, functions that the Company's board of directors should strengthen, the role of outside directors, agenda setting, information provided to directors, board composition, medium- to long-term themes for improvement, etc.

2. Progress in follow-up to the previous assessment

- (1) In order to conduct more active discussions than before, from a point of continuing to make improvements such as striving to provide more easily understandable explanations of information needed for deliberations, the secretariat of the board of directors and the departments making applications have further strengthened their cooperation, and initiatives such as reflecting the audit and supervisory committee members' awareness of issues in explanatory materials have been implemented
- (2) With regard to the point that agenda setting with focus on risks, etc. shall be considered, addition of report items, etc. was done.
- (3) Opinions on board composition, succession planning and operations of nomination committee and compensation committee were shared with the secretariat of the committees, and discussions regarding succession planning were held.
- (4) Regarding the point that initiatives towards improvement taken place in 2023 (reporting on progress and follow-ups by the secretariat of the board, enhanced 1 on 1 meetings between outside directors and executive officers, etc.) shall be kept, reporting on progress and follow-ups were implemented while enhancing the content, and 1 on 1 meetings between outside directors and executive officers were held on important management topics.

3. Overall analysis and assessment on effectiveness of the board and issues for further improvement

Based on the results of the questionnaires and the discussions based on them, the board recognizes continuous improvement and esteem itself as effective.

In addition, the board of directors discussed the direction the Company should take, the functions that should be strengthened, the roles expected of outside directors, and other issues; and in order to further improve its effectiveness, the Company set the following agenda.

- (1) Topics that are considered requiring advice from directors, such as medium- to long-term directions, shall be added to the agenda at the decision of the chairperson and reported and discussed.
- (2) Provision of advance explanations to directors according to the case shall be enhanced. Explanations on the day shall be simplified for cases in which advance explanations are given in order to secure time for discussions.
- (3) Materials for the board of directors shall be improved to enable the board to discuss what risks are involved in each agenda item and whether the risk-taking is consistent with the Company's risk appetite.
- (4) Internal rules regarding concurrent services of directors shall be clarified from perspectives such as conflicts of interest and whether they devote the necessary effort to their duties.

[Supplementary Principle 4-14-2: Training Policy for Directors]

When directors including outside directors newly assume their positions, the Company shall provide them with opportunities to acquire necessary knowledge about the Company's business, finance, organizations, etc. and sufficient understanding of roles and responsibilities (including legal responsibilities) of directors. The

Company shall hold workshops for directors and executive officers during their terms of office. The Company shall also encourage them to vigorously participate in external seminars.

[Principle 5-1, Supplementary Principle 5-1-2: Policy for Constructive Dialogue with Shareholders]

The Company shall positively, and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the medium to long-term. The board of directors shall establish and approve policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

☐ Policies

i) Appointing an executive officer who is responsible for overseeing and ensuring that constructive dialogue takes place

The executive officer who is responsible for overseeing and ensuring that constructive dialogue takes place is the executive officer responsible for the Accounting Control and Finance Division.

ii) Measures to ensure organic coordination between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs

Departments in charge of IR, PR and general affairs periodically hold meetings about disclosure and briefing on financial closing and other matters. Departments in charge of corporate planning, accounting control and finance, the legal affairs and others participate in the meetings, as necessary, to ensure organic coordination.

iii) Measures to promote opportunities for dialogue aside from individual meetings

The Company implements measures to enable shareholders to deepen their understanding of the Company's management strategies and business environment, such as holding of investor meetings and meetings for presentation of the financial results and disclosure on the website, apart from individual meetings.

iv) Measures to appropriately and effectively relay shareholder views

Opinions of shareholders and analysts grasped by IR are reported to the board of directors at each IR, by Representative Director, President & CEO who conducts IR, which are actively utilized for management strategy reviews of the Company. In the notice of convocation of the general meeting of shareholders, questionnaires are published. Questionnaires are also distributed at explanation meetings for institutional investors. The board of directors receives the feedback on the responses.

v) Measures to control insider information

In principle, the Company prohibits communication of insider information to shareholders; and if insider information is communicated to shareholders, the insider information shall be published at the same time as that communication.

[Initiatives to Incorporate Capital Cost and Stock Price to the Management of the Company]

Unicharm is trying to achieve cohesive society, which is the Company's mission, by making details of Kyo-sei Live Vision 2030, the Company's long and mid-term ESG initiatives, and linking it to the 12th mid-term management plan (FY2024-FY2026). The Company sets targets in consolidated financial results for FY 2030: compound annual growth rate in sales at 6.9%, core operating profit ratio at 17.0%, and, in addition to these, ROE at 17.0%. To achieve these targets, the Company carries out business portfolio management reflecting agile business strategy coping with rapid changes in business environment by, for example, allocating resources considering capital cost to make decision on individual investment projects. The Company recognizes ROE as an important indicator. Taking capital cost into consideration, the Company is trying to achieve ROE higher than capital cost, maintain healthy financial status, and optimize balance with cashout to shareholders. The Company also engages in dialogue with shareholders and investors through general meetings of shareholders, briefing sessions and individual meetings and enhance disclosure in sustainable

growth strategies and other information. By doing so, the Company promotes appropriate and sufficient valuation of its shares and maximizes its equity spread (*1) and corporate values (PER & PBR).

At present, the Company estimates its capital cost being 4.4% (*2). The Company will continuously have discussions with investors and grasps their expectations and improve its management by making use of them.

(*1) Equity spread is an indicator which represents how a company's performance exceeds shareholder's expectations.

(*2) The Company calculates capital cost using CAPM and the following rates (as of January 2025).

Risk free rate: 0.9% (based on Japan 10 years government bond yield data)

Risk premium: 6.0% (based on an estimate by a financial organization)

Beta: 0.58 (based on weekly stock price in past three years)

Targets and progress are disclosed in the Company's integrated report and presentation materials for investors.

* Unicharm's Course for Maximizing Equity Spread on page 13 of Integrated report 2024

https://www.unicharm.co.jp/content/dam/sites/www_unicharm_co_jp/pdf/ir/library/annual/E_Integrated_Report_2024_all_view.pdf

* Presentation materials for investors

<https://www.unicharm.co.jp/en/ir/library/investors.html>

* 12th mid-term management plan

<https://www.unicharm.co.jp/en/ir/library/chukei.html>

2. Capital Structure

| | |
|----------------------------|-------------|
| Foreign Shareholding Ratio | 30% or more |
|----------------------------|-------------|

[Status of Major Shareholders]

| Name / Company Name | Number of Shares Owned (Shares) | Percentage (%) |
|---|---------------------------------|----------------|
| Unitec Corporation | 154,956,780 | 26.43 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 63,750,900 | 10.87 |
| Takahara Fund Ltd. | 28,080,000 | 4.79 |
| Custody Bank of Japan, Ltd. (Trust account) | 24,152,500 | 4.12 |
| The Iyo Bank, Ltd. | 15,299,856 | 2.61 |
| Northern Trust Co. (AVFC) Re UKUC UCITS Clients Non Lending 10pct Treaty Account | 12,355,262 | 2.11 |
| Nippon Life Insurance Company | 12,188,718 | 2.08 |
| JP Morgan Chase Bank 385632 | 10,501,042 | 1.79 |
| State Street Bank and Trust Company 505001 | 8,131,832 | 1.39 |
| The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders | 8,044,371 | 1.37 |

| | |
|---|------|
| Controlling Shareholders (excluding Parent Company) | — |
| Parent Company | None |

| | |
|---------------------------|--|
| Supplementary Explanation | |
|---------------------------|--|

3. Corporate Attributes

| | |
|---|---------------------------------------|
| Listed Stock Exchange and Market Section | Tokyo Stock Exchange, Prime |
| Fiscal Year-End | December |
| Type of Business | Chemical |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | 1,000 or more |
| Net Sales (consolidated) as of the End of the Previous Fiscal Year | ¥100 billion to less than ¥1 trillion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | 50 to less than 100 |

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

—

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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II

Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management

1. Organizational Composition and Operation

| | |
|---------------------|--|
| Organizational Form | Company with Audit and Supervisory Committee |
|---------------------|--|

[Directors]

| | |
|--|--|
| Maximum Number of Directors Stipulated in the Articles of Incorporation | 18 |
| Terms of Office of Directors Stipulated in the Articles of Incorporation | 1 year |
| Chairperson of the Board of Directors | Representative Director, President & CEO |
| Number of Directors | 6 |
| Appointment of Outside Directors | Appointed |
| Number of Outside Directors | 2 |
| Number of Independent Directors | 2 |

Relationship with the Company (1)

| Name | Attribute | Relationship with the Company (*) | | | | | | | | | | |
|----------------|--------------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Hiroaki Sugita | From other company | | | | | | | | ○ | | | |
| Noriko Rzonca | From other company | | | | | | | | | | | |

※ Categories for “Relationship with the Company”

※ “○” When the category currently applies to or recently applied to the person

“△” When the category applied to the person in the past

※ “●” When the category currently applies to or recently applied to a close relative of the person

“▲” When the category applied to a close relative of the person in the past

a. Executive of the Company or its subsidiaries

b. Executive director or non-executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which the Company’s outside directors/audit and supervisory committee members are mutually appointed (the director himself/herself only)

- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

| |
|-----------------------------------|
| Relationship with the Company (2) |
|-----------------------------------|

| Name | Audit and Supervisory Committee Member | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|----------------|--|-------------------------------------|---|--|
| Hiroaki Sugita | ○ | ○ | Although Mr. Hiroaki Sugita is a Senior Advisor of the Boston Consulting Group, he is not involved in its project with the Company. Moreover, the amount of consulting fees paid to the Boston Consulting Group by Unicharm Group accounted for under 1% of consolidated net sales in the past three fiscal years. Thus, Mr. Sugita is qualified as an independent director in accordance with the independence standards provided in the Guidelines concerning Listed Company Compliance, etc. of the Tokyo Stock Exchange and the Standards for Appointment of Independent Directors of the Company. Therefore, the Company judges that he is unlikely to have a conflict of interest with general shareholders and has designated Mr. Sugita as an independent director. | Mr. Hiroaki Sugita has extensive knowledge gained through a wealth of experience in support related to finance, accounting and management strategies in corporate management, especially globalization strategy, corporate governance, group management, and DX, as well as serving as Japan Co-chair for the Boston Consulting Group (currently, Boston Consulting Group LLC), a leading foreign consulting firm, where he still works as a Senior Adviser. The Company thinks that he will provide appropriate advice on governance and management strategy utilizing that knowledge as the Company further expands its business globally. |

| Name | Audit and Supervisory Committee Member | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|---------------|--|-------------------------------------|---|---|
| Noriko Rzonca | ○ | ○ | Ms. Rzonca is qualified as an independent director in accordance with the independence standards provided in the Guidelines concerning Listed Company Compliance, etc. of the Tokyo Stock Exchange and the Standards for Appointment of Independent Directors of the Company. Therefore, the Company judges that she is unlikely to have a conflict of interest with general shareholders and has designated Ms. Rzonca as an independent director. | Ms. Noriko Rzonca has secular experiences overseas and at major foreign subsidized financial institutions in Japan both at hands-on and management levels. She has a high level of insight in corporate management strategy and governance. As she has led the enhancement of DX strategies, development of DX human resources, and the establishment of a data-driven management foundation at Sony Bank Incorporated and Cosmo Energy Holdings Co., Ltd. and has a high level of insight into DX strategies, she is making a significant contribution to the promotion of DX as a management strategy and the development of DX human resources at the Company. In addition, she is giving accurate advice on planning and executing the Company's global strategies based on working experience including at overseas at foreign-capitalized companies. The Company thinks that she will provide appropriate advice on enhancing governance as well as executing digital strategy for the Company to become number-one in the world. |

[Audit and Supervisory Committee]

Composition of the Committee and Attributes of the Chairperson

| | Total Number of Committee Members | Number of Full-time Committee Members | Number of Internal Directors | Number of Outside Directors | Committee Chairperson |
|---------------------------------|-----------------------------------|---------------------------------------|------------------------------|-----------------------------|-----------------------|
| Audit and Supervisory Committee | 3 | 1 | 1 | 2 | Internal director |

Appointment of Directors and Employees Who Assist the Audit and Supervisory Committee with its Duties

Appointed

Matters relating to the Independence of Such Directors and Employees from Executive Directors

Refer to the “IV. Matters Related to the Internal Control System” “1. Basic Views on the Internal Control System and the Progress of System Development” “6. Employees Assigned to Assist the Audit and Supervisory Committee.”

Cooperation between Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The audit and supervisory committee works closely with the accounting auditor (KPMG Azusa LLC) to inspect operations and assets at the head office, main business sites, and domestic and overseas Group companies, and requests them to report on the statuses. In order to improve the reliability of financial statements, the audit and supervisory committee and the accounting auditor hold quarterly meetings and additional meetings as needed. At these meetings, they share information about their respective audit plans and audit results to increase the effectiveness and efficiency of audits.

The audit and supervisory committee and the Internal Audit Department hold periodic internal audit report meetings. At these meetings, the audit and supervisory committee receives reports on the results of internal audits of executive business divisions, examines the appropriateness of the internal control system from comprehensive and objective perspectives. It also provides recommendations for improvement concerning issues identified, recommendations for remediation, and follow-ups.

[Voluntarily Establishment of Committees]

Voluntary Establishment of Committees equivalent to Nomination Committee or Compensation Committee

Established

Voluntary Establishment of Committees, Composition of the Committee and Attributes of the Chairperson

| | Committee's Name | Total Number of Committee Members | Number of Full-Time Committee Members | Number of Internal Directors | Number of Outside Directors | Number of External Experts | Number of Others | Committee Chairperson |
|---|------------------------|-----------------------------------|---------------------------------------|------------------------------|-----------------------------|----------------------------|------------------|-----------------------|
| Committees equivalent to Nomination Committee | Nomination Committee | 4 | 0 | 2 | 2 | 0 | 0 | Outside director |
| Committees equivalent to Compensation Committee | Compensation Committee | 4 | 0 | 2 | 2 | 0 | 0 | Outside director |

Supplementary Explanation

Nomination Committee and Compensation Committee are comprised of Representative Director, President & CEO (1 person) and independent outside directors (2 persons) and other non-executive director (1 person).

[Independent Directors]

| | |
|---------------------------------|---|
| Number of Independent Directors | 2 |
|---------------------------------|---|

Matters relating to Independent Directors

The Company established the “Standards for Appointment of Independent Directors.” For details, refer to the Company’s website (in Japanese only).

<https://www.unicharm.co.jp/ja/company/corporate-governance.html>

The Company has appointed two independent outside directors with sufficient qualifications to fulfill the roles and responsibilities so as to contribute to sustainable growth and enhancement of corporate value of the Company over the medium and long-term. The Company has appointed all outside directors as independent directors, insofar as they meet the qualification.

[Incentives]

| | |
|----------------------------------|--|
| Incentive Policies for Directors | Performance-linked Remuneration, Other |
|----------------------------------|--|

Supplementary Explanation

■ Outlines of the Incentive System for Directors

For outlines of the incentive system for directors of the Company, refer to the “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “2. Matters on Functions of Business Execution, Auditing and Oversight, Nomination, and Determination of Compensation (Overview of Current Corporate Governance System)” “■ Remuneration.”

■ Restricted-share Based Remuneration

The Company adopts restricted-share based remuneration where (1) eligible directors and executive officers receive monetary claims from the Company as remuneration, (2) eligible directors and executive officers

contribute all of the monetary claims to the Company, and (3) the Company deposits of treasury shares in exchange for the contribution. The Company and each of eligible directors and executive officers shall sign an agreement on the allotment of restricted shares.

<Major Conditions in the Agreement on the Allotment of Restricted Shares>

- (i) The eligible directors and executive officers shall be prohibited from transfers etc. of the allotted shares of the Company (“Allotted Shares”) for three years from the date of the allotment (“Restriction Period”).
- (ii) If an eligible director or executive officer resigns or retires from the position of director or executive officer of the Company etc. before Restriction Period expires, the Company shall automatically acquire such Allotted Shares without contribution unless there are justifiable reasons for the retirement from office, such as expiration of the term of his/her office.
- (iii) The eligible directors and executive officers shall return all or part of the Allotted Shares without contribution in the event of material accounting frauds or substantial losses, to take responsibility for such occurrences.

Grantees of Stock Options

-

Supplementary Explanation

-

[Director’s Compensation]

Disclosure of Individual Directors’ Compensation

Selected Directors

Supplementary Explanation

Information on directors who receive compensation totaling ¥100 million or more is disclosed in the Company’s securities report.

The securities report is posted on the Company’s website.

<https://www.unicharm.co.jp/en/ir/library/securities.html>

Policy on Determining Compensation Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

Refer to the “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “2. Matters on Functions of Business Execution, Auditing and Oversight, Nomination, and Determination of Compensation (Overview of Current Corporate Governance System)” “■ Remuneration.”

[System for Supporting Outside Directors]

Secretaries provide outside directors with support. In addition, secretariat of the board of directors arrange board meetings and deliver meeting materials. Meeting materials are, in principle, delivered four days before the meeting to facilitate advance preparation. Information on the Company’s strategies etc. is also provided regardless of whether it directly relates to items to be resolved to enable adequate decision making.

An employee is assigned to the Audit and Supervisory Committee Office to assist the two outside directors who are audit and supervisory committee members. Full-time audit and supervisory committee member provides prior explanations, etc., about the proposals to the board of directors and, if necessary, sets up a meeting with the relevant departments to support the outside directors.

[Status of Person who Resigned from Representative Director, President, etc.]

| |
|---|
| Nomination as Advisers and Consultants, etc., who are Former Representative Director, President, etc. |
|---|

| Name | Title/Position | Operations | Service form/Conditions (Full-time, part-time, with or without remuneration, etc.) | Date of resignation from President, etc. | Term |
|------|----------------|------------|--|---|------|
| — | — | — | — | — | — |

| | |
|--|----------|
| Total Number of Advisers and Consultants, etc. who are Former Representative Director, President, etc. | 0 person |
|--|----------|

| |
|---------------|
| Other Matters |
|---------------|

There is no person who resigned from representative director, president, etc.

2. Matters on Functions of Business Execution, Auditing and Oversight, Nomination, and Determination of Compensation (Overview of Current Corporate Governance System)

■ Governance Mechanism

□ Board of Directors

Refer to the “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “1. Organizational Composition and Operation” [Directors]

□ Audit and Supervisory Committee

Refer to “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “1. Organizational Composition and Operation” [Audit and Supervisory Committee]

□ Nomination Committee and Compensation Committee

Refer to “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “1. Organizational Composition and Operation” [Voluntarily Establishment of Committees]

□ Advisory Board

All executive officers and responsible persons of relevant departments and full-time audit and supervisory committee member attend and Representative Director, President & CEO chairs. Outside directors attend as necessary. The Advisory Board deliberates on strategies listed in the medium-term management plan and the business plan and strategy of each Group company.

□ Business Execution Council

All executive officers and responsible persons of relevant departments, etc., attend and Representative Director, President & CEO chairs. The Business Execution Council is generally held every month and report on the status

of execution of business is made and discussions are made on important tasks for business execution selected by the chairperson in order to resolve expeditiously.

☐ ESG Committee

Representative Director, President & CEO is the chairperson and ESG Division assumes a function of secretariat. The ESG Committee deliberates on the progress and issues regarding major topics in the medium-term management plan and medium-to long-term ESG objectives.

☐ Corporate Ethics Committee

Executive officer responsible for Corporate Ethics Office is the chairperson and all audit and supervisory committee members are standing members. The Corporate Ethics Committee promotes the ethics and compliance system.

☐ Internal Control Committee

Executive officer responsible for Internal Audit Department is the chairperson and Internal Audit Department assumes a function of secretariat. The Internal Control Committee prepares management review of internal control on financial reporting and responds to financial auditor.

☐ Information Security Committee

Executive officer responsible for Digital Transformation (DX) Division is the chairperson and DX Division assumes a function of secretariat. Information Security Committee establishes a system to ensure information security and cybersecurity throughout Unicharm Group.

■ Business Execution

The Company adopts an executive officers system. Representative Director, President & CEO executes the business as the head of all execution divisions. Other executive officers, as the head of each execution division, are responsible for and execute the business in charge, which are determined by the board of directors and Representative Director, President & CEO.

■ Nomination

[Policy]

A candidate for director shall be nominated from among the persons who demonstrate excellent character, and knowledge in general management whether inside or outside of the Company, focusing on the quality of being able to properly fulfill the duty of care of a good manager and fiduciary obligations and contribute to sustainable growth and enhance the corporate value of the Company. For internal directors, directors, the Nomination Committee, and the board of directors shall regularly confirm and supervise the status of development of successors and nominate based on the results. Nominating candidates for directors, the Company ensures that the board is harmoniously composed of directors with necessary knowledge, experience and competency and diversity is combined with appropriate size. Refer to “I Basic Views on Corporate Governance, and Basic Information on Capital Structure, Corporate Attributes, and Other Matters” “1. Basic Views” “Disclosure Based on the Principles of the Corporate Governance Code” “Supplementary Principle 4-11-1: View on the Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, and also on Diversity and Size of the Board of Directors, and also Combination of Skills of Individual Directors” for details.

Executive officers shall be appointed, focusing on the ability to practice “Five Great Pillars and Associate Principles of Action” which are principles of action for managers and other employees of the Company and properly execute business of the Company Group.

The Company improves transparency and objectivity by clearly setting out the standards of evaluation for each director and executive officer taking their responsibilities into account. The board of directors determines the dismissal or non-reappointment of a director or executive officer by an overall judgement after deliberation by the Nomination Committee if performance of the director or executive officer is below the standards in 2 consecutive years.

For the details of the KPI, please refer “■Remuneration” [KPI].

[Procedure]

Nomination of candidates for directors and appointment of executive officers shall be determined by the board of directors after deliberation by the Nomination Committee, which is comprised of Representative Director, President & CEO (1 person) and independent outside directors (2 persons) and other non-executive director (1 person), and chaired by an independent outside director, to improve transparency and objectivity. Nomination Committee shall also deliberate on the policy for nomination of candidates for directors and appointment of executive officers as necessary. For a candidate of director who is an audit and supervisory committee member, the Nomination Committee shall prepare the draft after deliberation based on the policy of the audit and supervisory committee and with the prior consent of the audit and supervisory committee, and it shall be determined by the board of directors.

[Succession Planning]

The Company trains and nominates successors as follows:

- (1) Each executive officer periodically conducts interviews with future director candidates and future executive officer candidates based on their career visions and career plans, and carries out human resource mapping.
- (2) Representative Director, President & CEO quarterly conducts interviews with executive officers; gives guidance and training by setting measurable goals and objectives for executive officers and their organizations, and evaluating their achievements. In addition, outside directors also conduct interviews with each executive officer, and while confirming the status and issues regarding the business execution by each executive officer, offer advice from a broad perspective and give guidance and training that will lead to the executive officers gaining problem-solving skills and a higher level viewpoint as a member of management.
- (3) These procedures and the status of undergone process are reported to the Nomination Committee and the Compensation Committee for deliberation.
- (4) The board of directors nominates candidates for directors and executive officers based on the opinion of the Nomination Committee.
- (5) The “Secretary for Strategy” program is implemented for mid-grade employees in their thirties, where they are transferred to Business Planning Office and serve as secretaries of the Representative Director, President & CEO for two months to learn through OJT how they think and act for the purpose of medium and long-term discovery and training of future candidates of directors and executive officers. In addition, from 2024, the Company has been implementing the “Global 30 Program” as a next-generation global leader development program to train more than 50 senior executives who can demonstrate overall management abilities and play a central role in management by 2030. This is a three-year program in which representatives from individual countries and regions gather to acquire general knowledge and pass on the Unicharm Spirits through group training and direct communication with the Representative Director, President & CEO. At the end of the program, medium-term management plans are drawn up for each company.

The Company arranges discussions between executive officers and directors (including outside directors) about key strategies of the Company etc. Outside directors can lead and train executive officers through these discussions. Further, deliberation at the Nomination Committee can be deepened as the committee members (outside directors) know the candidates well.

[Nomination and Dismissal of President & CEO]

The Company recognizes that, in addition to succession planning, the nomination and dismissal of Representative Director, President & CEO is one of the most important strategic decision making. The company sets out clearly the standards of evaluation for Representative Director, President & CEO regarding the business results of the entire Company and the progress in important strategies. The board of directors determines the dismissal or non-reappointment of Representative Director, President & CEO by an overall judgement after deliberation by the Nomination Committee if performance of Representative Director, President & CEO is below the standards in 2 consecutive years.

For the details of the KPI, please refer “■Remuneration” [KPI].

■ Remuneration

[Policy]

Compensation, etc., for directors (excluding directors who are audit and supervisory committee members) and executive officers of the Company shall be determined, comprehensively considering the motivation for improvement of performance and corporate value and securing excellent human resources, etc., which shall be a level appropriate to their roles and responsibilities. Basic policies on compensation to promote growth-oriented management and to accomplish management strategy and fulfill management plan are as follows. Directors who are audit and supervisory committee members receive only fixed remuneration ensuring their independence in monitoring and advice on the Company’s management.

□ Basic Principles

- (1) Remuneration contributable to the sustainable growth and medium to long-term increase of corporate value
- (2) Remuneration plan that is linked closely with performance and motivates the fulfilment of management plans and the achievement of results of the Company
- (3) Remuneration level which attracts and retains “talented personnel” who are capable of company management
- (4) Highly transparent and objective process for determining remuneration

□ Remuneration Levels

In order to swiftly cope with the changes in external and market circumstances, remuneration levels are set based on a comparison with companies in the same industry and similar-sized companies within/outside Japan and on the Company’s financial condition.

□ Composition of Remuneration

The remuneration for directors consists of (1) basic remuneration (cash), (2) performance-linked remuneration (cash) and (3) restricted share-based remuneration.

- (1) Basic remuneration (37.5%): Basic remuneration is fixed remuneration which is determined for each position in line with responsibilities and is paid in fixed amounts each month.
- (2) Performance-linked remuneration (37.5%): As a short-term incentive, performance-linked remuneration is set in the range of 0% to 200% (10 steps) of the basic remuneration amount depending on performance results for one year (from January to December) and is paid each month from April of the next year to March of the year after next.
- (3) Restricted share-based remuneration (25%): As an incentive to increase corporate value over the medium to long term, the Company allocates restricted shares equivalent to 33% to 100% of the basic remuneration amount according to the performance results of one year (January to December) in April of the next year.

For restricted share-based remuneration and stock option system, please refer to the “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Supervision of Management” “1. Organizational Composition and Operation” [Incentives], too.

[KPI]

Indicators for determining performance-linked remuneration and restricted share-based remuneration are as follows.

- * Consolidated earnings: consolidated net sales, core operating income, earnings per share attributable to owners of parent (weight: 20% - 50%)
- * Division earnings: division sales, division profit (weight: 0% - 40%)
- * Company strategy: priority strategy, ESG performance (ratings of ESG rating agencies etc.) (weight: 20% - 50%)

* Division strategy: division priority strategy (weight: 0% - 40%)

Evaluation on company strategy and division strategy may be qualitative. ESG performance is measured as quantitative as possible (e.g. whether or not constituent of FTSE Blossom Japan Index, improvement in ESG ratings). Since 2022, the Company assigns one or more of 20 themes in Kyo-sei Life Vision 2030 to each executive officer and makes assessment of the performance.

(Examples of KPI Weight)

<Representative Director>

Consolidated earnings: (50%)

Company strategy: (50%)

<Senior Executive Officers in Charge of Frontline Division>

Consolidated earnings: (30%)

Division earnings: (30%)

Company strategy: (20%)

Division strategy: (20%)

[Procedure]

Compensation, etc., for directors (except for directors who are audit and supervisory committee members) and executive officers and relating policies are determined following procedures set out below. Remunerations of directors who are audit and supervisory committee members are determined through discussion among directors who are audit and supervisory committee members.

☐ Procedure to Determine Remunerations of Individual Directors

Representative Director, President & CEO who has authority delegated from the board of directors determines remunerations of individual directors after reporting of evaluation based on KPI to and deliberation by the Compensation Committee, which is comprised of Representative Director, President & CEO (1 person) and independent outside directors (2 persons) and other non-executive director (1 person), and chaired by an independent outside director.

☐ Procedure to Establish Policies on Remuneration

The board of directors establishes the policies after deliberation by the Compensation Committee, which is comprised of Representative Director, President & CEO (1 person) and independent outside directors (2 persons) and other non-executive director (1 person), and chaired by an independent outside director.

■ Audits and Supervision

☐ Audits and Supervision by the Audit and Supervisory Committee

The audit and supervisory committee determines the “Standards for the Audit, etc., of the Audit and Supervisory Committee” and the “Standards for Conducting Audits by Audit and Supervisory Committee related to the Internal Control System” and conducts audits in compliance thereof. The audit and supervisory committee also determines its opinions on appointment and compensation, etc., of directors (except for directors who are audit and supervisory committee members). For the opinions of the audit and supervisory committee on appointment and compensation, etc., of directors, please refer to the notice of convocation of the general meeting of shareholders.

<https://www.unicharm.co.jp/en/ir/convocation.html>

☐ Audits by Internal Audit Department

As an internal audit division, the Internal Audit Department is established directly under the supervision of Representative Director, President & CEO. Results of audits conducted by the Internal Audit Department are reported to Representative Director, President & CEO and the audit and supervisory committee. In case any deficiency is identified, corrective action plan is made and executed and the Internal Audit Department does the monitoring.

☐ Audits by Accounting Auditor

The Company appointed KPMG Azusa LLC to its accounting auditor.

<Name and Years of Continued Service of the Certified Public Accountants Who Conducted Audits of the Company>

Takashi Kondo (2 years)

Daika Azuma (2 years)

<Composition of Accounting Audit Support Team>

Certified Public Accountants: 21 persons

Other: 60 persons

The audit and supervisory committee, the Internal Audit Department and the accounting auditor periodically have meetings to exchange information and opinions, and try to make their audits more effective through mutual cooperation.

For the status of audits, refer to the “IV. Matters Related to the Internal Control System” “1. Basic Views on the Internal Control System and the Progress of System Development”

☒ Agreement Limiting Liability

The Company has not executed an agreement limiting liability with the directors and accounting auditor.

3. Reasons for Adopting the Current Corporate Governance System

(Role of the board of directors)

The Company believes that the following functions performed by the board of directors will lead to the establishment of an environment where the management can make appropriate decisions at the right time, and eventually to greater corporate value.

- Decision-making on medium- to long-term directions
- Offering advice to the management from various internal and external perspectives
- Supervising transparent and fair decision-making processes through major decision-making in business execution and deliberations on reported matters

The Company has internal directors and executive officers who on the whole are highly skilled professionals in its business domains. With the premise that these internal directors and executive officers have technical discussions, the board of directors supervises each of the discussion processes. It also makes decisions on medium- to long-term directions and offers advice from various perspectives, thereby performing the functions in its role.

(Composition of the board of directors)

The board of directors is composed to be an appropriate size in order to ensure thorough deliberations so that it plays the role stated above. The Company focuses on appointing outside directors whose forte is in the fields that are strategically important for the Company, and whose advice offered from an external perspective has particularly great significance. We also believe that having a certain proportion of internal directors appointed prevents any impediment to proper risk-taking and an incentive to provide information to the board of directors, leading to stronger decision-making and advisory functions. We focus on supervising the transparency and fairness of our decision-making process to establish suitable supervision by internal directors and outside directors in collaboration.

(Audit and Supervisory Committee)

A company with audit and supervisory committee is where audit and supervisory committee members are involved in decision-making and offering advice as directors. The Company has decided that having the

committee is right for it because the system is suitable for the board of directors to supervise transparent and fair decision-making processes. The Company's Articles of Incorporation do not prescribe that major decision-making in business execution may be delegated to directors according to Article 399-13, Paragraph 6 of the Companies Act, and thus any major decision-making in business execution is proposed to the board of directors.

(Nomination Committee and Compensation Committee)

The Company has voluntarily established the Nomination Committee and the Compensation Committee to ensure transparency and objectivity in the nomination of candidates for directors and executive officers and in the determination of their compensation. To prevent any impediment to proper risk-taking and an incentive to provide information to the board of directors while ensuring the transparency and objectivity of appointment and remuneration, we have decided that the current Committee chaired by an outside director has the right composition, with internal directors and outside directors comprising 50% each.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

| | Supplementary Explanation |
|--|---|
| Early Sending of Notice of Convocation of General Meeting of Shareholders | The notice of convocation is generally sent three weeks before the date designated for holding the general meeting of shareholders. It is also posted on the Company's website and TDnet about one week before sending the notice of convocation. |
| Holding of General Meeting of Shareholders of the Company, Avoiding Days on which Many General Meetings of Shareholders are Held | Date of the general meeting of shareholders is set by avoiding days on which many general meetings of shareholders are held as practicable as possible (On Wednesday, March 19 in 2025) |
| Exercise of Electronic Voting Rights | Voting rights can be exercised on the Internet (PC or smartphones). |
| Participation in the Electronic Voting Platform and any other Initiatives for Improvement of the Environment of Exercising Voting Rights by Institutional Investors. | The Company participates in the electronic voting platform for institutional investors, operated by ICJ, Inc. |
| Furnishing of Notice of Convocation in English (summary) | English translations of the notice of convocation and reference documents are posted on the Company's website, TDnet and the electronic voting platform for institutional investors about one week after Japanese original. |
| Other | The Company strives to transmit information to be easier to be understood by shareholders by using presentations with narration for explanation about reporting matters at the general meeting of shareholders. The results of resolutions are posted on the Company's website. |

2. IR Activities

| | Supplementary Explanation | Presentation by Representatives |
|--|---|---------------------------------|
| Disclosure Policy | Unicharm Group Disclosure Policy is available at https://www.unicharm.co.jp/en/ir/policy.html . | |
| Regular Briefings for Analysts and Institutional Investors | In order to fulfill accountability and enhance management transparency, the Company is emphasizing IR activities in addition to appropriate disclosure in accordance with laws and regulations. The Company holds explanation meetings for financial results twice a year at the announcement of the 2nd quarter and year-end closings for analysts and institutional investors, where Representative Director, President & CEO makes presentations on such management information as the financial information, status of business activities, future policies and strategies. In this regard, at the announcement of the 1st quarter and 3rd quarter closings, the Company holds online conferences, where Senior Managing Executive Officer, General Manager of Accounting Control and Finance Division makes presentations. | Available |
| Regular Briefings for Overseas Investors | Every year, Representative Director, President & CEO visits or otherwise holds briefing sessions for institutional investors in Europe and the Americas etc. Sessions are both online and in-person. | Available |
| Posting of IR Materials on the Website | On the Company's website, such IR materials as summary of financial results, materials for explanation meetings for financial results, the notice of convocation of the general meeting of shareholders, and integrated reports are disclosed together with English translations. https://www.unicharm.co.jp/en/ir/library.html | |
| Establishment of IR department (person in charge) | Investor Relations Department is established in the Accounting Control and Finance Division. | |
| Other | Representative Director, President & CEO who took dialogue with shareholders reports opinions and concerns of shareholders to the board of directors. In 2024, issues and initiatives for China business, changes in competitors and channels as well as expectations for the expansion of the Pet Care and Wellness Care businesses in the Asian market, factors behind the strong performance of the North American Pet Care business, factors behind the success of value transfer in Japan, succession plans, the use of cash, and what is explained about cashout to shareholders policies are shared. | |

3. Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | In “Unicharm Group Charter of Action,” the Company established, “‘Beliefs & Pledges’ and Corporate Code of Conduct” documenting five commitments to each stakeholder, including customers, shareholders, business partners, employees and society, and the action guidelines to implement them and strive to make them thoroughly understood. |
| Implementation of Environmental Activities and CSR Activities, etc. | <p>The “Purpose” of the Company is to contribute to achieving SDGs. In May 2020, the Company set prioritized targets for 2030 addressing environmental issues such as plastic materials, climate change, and deforestation in supply chains. In October 2020, the Company published “Kyo-sei Life Vision 2030,” which describes the Company’s vision for 2030 and declares Unicharm Group’s medium to long term ESG objectives. The Company is trying to resolve environmental issues and social problems and to achieve 20 goals defined in “Kyo-sei Life Vision 2030” to safeguard the well-being of individuals, our planet, and the society based on fair and transparent corporate management principles called “Unicharm Principles.”</p> <p>The details of the objectives and the activities etc. are posted on the website of the Company, “sustainability.” https://www.unicharm.co.jp/en/csr-eco.html</p> |
| Development of Policies on Information Provision to Stakeholders | In the “‘Beliefs & Pledges’ and Corporate Code of Conduct (Commitments to Shareholders)” of “Unicharm Group Charter of Action,” the Company set out its commitment that “Unicharm will actively make its information available to the public and strive to run trustworthy business.” Based on the above “Commitments to Shareholders,” the Company strives to realize expeditious and correct information disclosure for all stakeholders, including shareholders and investors and enhance transparency of management through wide-scale information disclosure. |

| | |
|-------|--|
| Other | <p>The Company shall not discriminate against employees by reason of nationality, race, religion, creed, sex, gender identity, sexual orientation, marriage and civil partnership, age, ancestry or disability, etc., and shall respect human rights and the character of every employee and strive to prepare and improve the workplace environment where every employee can exert their abilities. The Company has established Unicharm Group Policy on Human Rights, Basic Policy of Procurement, and Sustainable Procurement Guidelines in 2017, and is taking actions with all business partners in the globe to meet social responsibilities.</p> <p><Our Perspectives on Diversity></p> <p>The Company considers that it is important to achieve diversity of core human resources because making the most of diverse human resources and providing them with opportunity to exert their skills will result in creation of values through attraction and retention of talents and acceleration of innovation that contribute to realization of cohesive society (= social inclusion), which is the Company's mission.</p> <p><Measurable Targets the Company Voluntarily Set on Diversity and Their Progress></p> <p>Percentage of Women in Managerial Position Japan: 2024 Actual 17.7% 2030 Target 30% Global: 2024 Actual 25.5% 2030 Target 40%</p> <p>Percentage of Woman in Executive Officer 2024 Actual 3.4% 2030 Target 30%</p> <p>Percentage of Non-Japanese Workers above Head of Division Global: 2024 Actual 58.7% 2030 Target 80%</p> <p>Percentage of Midcareer Hires in Managerial Position Japan: 2024 Actual 38.1% * As the Company think that appropriate level of diversity is already achieved, no target is set.</p> <p><Policies for Human Resource Development and Internal Environment Development to Ensure Diversity, and the Status of their Implementation></p> <p>As policies for human resource development, the Company takes initiatives to respect each other and work together recognizing difference in ages, sexes, senses of values, opinions, ideas and lifestyles, and build teams of talented individuals. To achieve this goal, the Company carries out program which encourage workers to pay due regard to various abilities across departments, development of variety of skills through strategic reassignment, and training program on diversity and inclusion including empowerment of women.</p> <p>Regarding internal environment development, the Company develops working environment where employees of varied backgrounds can play</p> |
|-------|--|

| | Supplementary Explanation |
|--|---|
| | <p>active roles by offering childcare leaves, short working hours, flextime schedule, paid rest periods, work-interval system, availability of remote work and side jobs.</p> <p>For the status of implementation, refer to the following pages in the Company's Sustainability Report 2024.</p> <p>* "Diversity and Inclusion" at pp. 92-95 * "Social Data" at pp. 113-116 https://www.unicharm.co.jp/en/csr-eco/report.html</p> |

IV Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and the Progress of System Development

1. Compliance System

[Basic Policy]

- In company policies and the charter of action, the policy for compliance shall be specified.
- Training shall be provided so that officers and employees can acquire necessary knowledge.
- Regular monitoring on compliance awareness shall be conducted.
- Audits by an internal audit department independent of the audited department shall be conducted.
- Whistleblowing contacts shall be established for problem recognition at an early stage.
- The Company shall cut off any relationships with anti-social forces. The Company shall also strive to prevent any forms of corruption, including extortion and bribery.

[Operation Status]

- The Company proclaims in “Unicharm Ideals,” “We strive to pursue proper corporate management principles which combine corporate growth, associate well-being and the fulfillment of our social responsibilities.” The Company also establishes “Unicharm Group Charter of Action” and makes it available to officers and employees of the Company and domestic and overseas Group companies at any time.
- Several times a year, topics relating to compliance is addressed in study sessions for managers. Under new employee training and training for employees dispatched overseas, etc., themes related to compliance are addressed. In addition, the Company provides e-learning for officers and employees under various themes of compliance.
- The Company sets out survey items for compliance awareness in its employee awareness surveys, which have been regularly conducted in the Company and domestic and overseas Group companies and conducts monitoring.
- The Internal Audit Department conducts internal audits of the Company and domestic and overseas Group companies. The results of audits are reported to Representative Director, President & CEO and the chairperson of the audit and supervisory committee after completion of audits, and to the audit and supervisory committee periodically.
- The “Compliance Hotline” was established as the contact of consultations and reporting of matters that violate ethics and laws and regulations and the “Ring-ring Employee Hotline” as the contact for consultations on acts of harassment and matters of distress. The status of consultations and reporting is regularly reported to the board of directors through the Corporate Ethics Committee, taking care to protect the persons who consulted and reported.
- Cutoff of relationships with anti-social forces and prevention of corruption are specified in the “Unicharm Group Charter of Action” and efforts are promoted.

2. System of Retention and Management of Information

[Basic Policy]

- Information about the execution of duties of directors shall be properly retained and managed, considering confidentiality, integrity and availability, and compliance with laws and regulations, if they are enacted.

[Operation Status]

- In such internal regulations as the “Information Security Policy,” “Information Security Regulations” and “Document Retention Limit Table,” treatment of retention and management of information is determined and operated based on laws and regulations. Directors may access the information which is retained and managed at any time necessary.

3. Risk Management System

[Basic Policy]

- Roles and responsibilities related to risk management shall be clarified.
- Proper consideration shall be made for assumed risks in decision-making.
- Regarding the material risks of management, the Company shall construct a system to handle countermeasures across the entire company.
- The Company shall prepare organizations and systems and plan for corresponding risks.
- Audits of risk management process shall be conducted.

[Operation Status]

- Officers and employees of the Company and domestic and overseas Group companies are responsible for conducting risk management according to the authorities defined in the “Regulations for Division of Duties” and “Unicharm Group Approval Rules.”
- In decision-making, including those made at the board of directors, the Company has prepared rules for the decision-making process etc., so that appropriate consideration shall be given to assumed risks. Further, systematic reports on outcomes and follow-ups are implemented.
- For material risks of management of the Company and domestic and overseas Group companies, the Business Execution Council shall discuss the countermeasures. In addition, the status of risk management is regularly reported to the board of directors.
- For responses to any crisis, in the “Crisis Communication Manual,” the rules for crisis reporting, crisis response guidelines, etc. are established. The “Business Continuity Plan (BCP)” has been established and revisions to policies and plans are made to cope with changes in the business environment.
- The Internal Audit Department conducts audits of the Company and domestic and overseas Group companies. Audit results are reported to Representative Director, President & CEO and the chairperson of the audit and supervisory committee after completion of audits, and to the audit and supervisory committee periodically.

4. System to Ensure Efficiency of Execution and Performance

[Basic Policy]

- By clarifying the roles and responsibilities related to the execution and performance, duplication shall be eliminated and expeditious decision-making shall be realized.
- Management approaches ensuring efficiency of execution and performance shall be adopted and carried out.
- Consistent strategies and plans shall be developed at various levels from the entire group to field sites.
- Management strategies shall be flexibly reviewed, corresponding to changes in the business environment.
- Streamlining of business shall be vigorously promoted.

[Operation Status]

- The Company adopts the executive officer system to clarify the responsibilities for business execution. By establishing the “Regulations for Division of Duties” and “Unicharm Group Approval Rules,” roles and responsibilities of officers and employees of the Company and domestic and overseas Group companies are clarified.
- The Company and domestic and overseas Group companies share and promulgate group-wide goals and targets through the “Management with Resonance Practical Meeting” (held by linking the Company and domestic and overseas Group companies by TV conference and web conference every week), etc.
- The Unicharm Group medium-term management plan is established by a resolution of the board of directors. In order to realize the plan, implementation of strategies listed in the plan and respective strategies of Group companies are deliberated at the Advisory Board. Based thereon, a management budget is formulated by a resolution of the board of directors.
- The progress of the overall plan is monitored by the monthly Business Execution Council. For any issues that arise, responses are determined at the meeting.
- For streamlining of business, IT is effectively used and the Company continues to handle business process reforms.

5. Group Management System

[Basic Policy]

- It shall be the basic policy for domestic and overseas Group companies to carry out autonomous management at their own responsibility.
- Regarding the compliance system, risk management system, system to ensure the efficiency of execution and performance, the matters to be commonly applied to the domestic and overseas Group companies shall be clarified and such systems shall be constructed.
- Matters to be reported to the Company by domestic and overseas Group companies and to obtain approval of the Company shall be clearly specified.
- Transactions among the Group companies shall be made properly.
- Proper monitoring and supervision of the domestic and overseas Group companies shall be conducted.
- Effective audits of the domestic and overseas Group companies shall be conducted.

[Operation Status]

- It is the basic policy for the domestic and overseas Group companies to carry out autonomous management at their own responsibility.
- Regarding the compliance system, risk management system, system to ensure the efficiency of execution and performance, for the matters to be commonly applied to the domestic and overseas Group companies, company rules to be applicable to Group companies are established and they are operated with approval of each Group company.
- By company policies applicable throughout Unicharm Group, the matters to be reported to the Company by the domestic and overseas Group companies are specified. In the “Regulations for Limits of Authority,” the matters for the domestic and overseas Group companies to obtain approval of the Company are specified.
- Regarding the transactions among Group companies (including transactions between the Company and the domestic and overseas Group companies), conflict of interest is managed and if necessary, we respond by deliberation at the meeting of the board of directors where outside directors are present or by the officers concurrently holding offices abstaining from joining in deliberation and resolutions.
- Through exercise of voting rights at the general meeting of shareholders, officers concurrently holding positions in Group companies, reporting and deliberation at the board of directors, Advisory Board and Business Execution Council, monitoring and supervision of the domestic and overseas Group companies are conducted.
- In addition to audits of the domestic and overseas Group companies by the Internal Audit Department of the Company, major Group companies conduct audits by themselves. Audit results are reported, through Internal Audit Department to Representative Director, President & CEO and the chairperson of the audit and supervisory committee after completion of audits, and to the audit and supervisory committee periodically.

6. Employee Assigned to Assist the Audit and Supervisory Committee

[Basic Policy]

- An employee or employees assisting the audit and supervisory committee shall be assigned to assist the duties of the audit and supervisory committee.
- Independence of the employee assisting the audit and supervisory committee from directors other than the audit and supervisory committee members shall be ensured.
- Effectiveness of instructions of the audit and supervisory committee on the employee assisting the audit and supervisory committee shall be ensured.

[Operation Status]

- In order to assist the audit and supervisory committee with its duties, the Audit and Supervisory Committee Office is established.
- Determination of such personnel affairs matters as appointment, assessment, relocation and disciplinary actions of the employee assisting the audit and supervisory committee needs prior consent of the audit and supervisory committee.
- The audit and supervisory committee may directly give instructions to the employee assisting the audit and supervisory committee and the employee assisting the audit and supervisory committee shall follow the instructions.

7. Systems of Reporting to the Audit and Supervisory Committee

[Basic Policy]

- Systems in which the audit and supervisory committee can receive reports from the related persons and the audit and supervisory committee can obtain cooperation of the related persons when the audit and supervisory committee members investigate the status of business and assets, shall be established.
- Systems for reporting to the audit and supervisory committee of facts which might cause significant damage to the Company shall be established.
- Systems for reporting to the audit and supervisory committee by the full-time audit and supervisory committee member shall be established.
- Systems in which reporting to the audit and supervisory committee by an accounting auditor and internal audit department shall be established.
- Systems which ensure that the person reporting to the audit and supervisory committee shall not be unfairly treated shall be established.

[Operation Status]

- If it is requested by the audit and supervisory committee or the audit and supervisory committee member, officers and employees of the Company and the domestic and overseas Group companies shall expeditiously give reports on the business or cooperate in an investigation of the status of the business or assets (except for cases with just cause not to do so for officers and employees of the domestic and overseas Group companies).
- If the officers of the Company discover facts which might cause significant damage to the Company, they shall immediately report to the audit and supervisory committee.
- Full-time audit and supervisory committee member collects information and report to the audit and supervisory committee by attending the Advisory Board, and Business Execution Council etc., and visiting audit.
- The accounting auditor and the Internal Audit Department regularly report to the audit and supervisory committee on the policies and plans of an audit. Audit results (including the results of an audit of the domestic and overseas Group companies and an audit which was independently conducted by the domestic and overseas Group companies) are reported to Representative Director, President & CEO and the chairperson of the audit and supervisory committee after completion of audits, and to the audit and supervisory committee periodically.
- It is prohibited to unfairly treat a person reporting to the audit and supervisory committee by reason of the report.

8. Other Systems to Ensure the Effectiveness of Audit by the Audit and Supervisory Committee

[Basic Policy]

- Access to the internal information by the audit and supervisory committee members shall be ensured.
- Collaboration among an accounting auditor, internal audit department and auditors of Group companies shall be ensured.
- Exchanges of information and opinions with directors other than the audit and supervisory committee members shall be conducted.
- Expenses required for performance of duties of the audit and supervisory committee members shall be borne by the Company.
- Collaboration with external experts shall be made possible as necessary.

[Operation Status]

- An environment is prepared, in which full-time audit and supervisory committee member can access the internal documents, including approval documents, etc., at any time.
- The audit and supervisory committee regularly holds meetings to exchange information and opinions with the accounting auditor, the Internal Audit Department and auditors of Group companies and closely collaborates with each other.
- The audit and supervisory committee regularly holds meetings with the representative director and other directors to exchange information and opinions.
- If the audit and supervisory committee members request advance payment or payment, etc., of the expenses for

performance of the duties, advance payment or payment, etc., shall be made, except when the expenses were proved to be unnecessary for performance of the duties of the audit and supervisory committee members. Expenses expected to be paid are recorded in the budget.

- The audit and supervisory committee may collaborate with such external experts as attorneys or certified public accountants at the expense of the Company if necessary.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

At “Action Guidelines to implement ‘Beliefs & Pledges’ and Corporate Code of Conduct” in “Unicharm Group Charter of Action,” the Company proclaims “Unicharm does not and will never have any relationship with anti-social forces and denies every demand from them by making a resolute response in collaboration with local police.”

Progress of System Development for Eliminating Anti-Social Forces

The Company believes that taking a firm stance in accordance with laws and regulations and corporate ethics is crucially important in eliminating the influence of anti-social forces. Based on this recognition, the Company ensures that directors and employees throughout the Group understand and observe the Group’s action guidelines. Moreover, the Company works closely with the police and other external specialist organizations to gather and manage information about anti-social forces. The Company is committed to improving and strengthening internal systems in order to exclude the influence of anti-social forces through ongoing education and awareness-raising of employees, and development of manuals.

1. Adoption of Anti-Takeover Measures

| Adoption of Anti-Takeover Measures | Not Adopted |
|---|-------------|
| <p>Supplementary Explanation</p> <p>The Company recognizes that enhancing corporate value is an important task for the Company. Based on this recognition, the Company strives to establish a system that enables enhancement of international competitiveness and earnings power by enhancing product development capabilities and technology development capabilities and committing to profit-oriented operation.</p> <p>The Company believes that enhanced earnings power and higher corporate value will lead to the benefit of shareholders, enable the Company to reach a wider range of investors, and bring about long-term stability of capital, and moreover, recognizes that they are the most effective anti-takeover measures.</p> | |

Supplementary Explanation

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The Company believes that enhanced earnings power and higher corporate value will lead to the benefit of shareholders, enable the Company to reach a wider range of investors, and bring about long-term stability of capital, and moreover, recognizes that they are the most effective anti-takeover measures.

2. Other Matters concerning Corporate Governance System

The Company's internal system for timely disclosure of corporate information is described below.

(1) Timely Disclosure Policy

At "Action Guidelines to implement 'Beliefs & Pledges' and Corporate Code of Conduct (To Implement 'Commitment to Shareholders'))" in "Unicharm Group Charter of Action," the Company declares "Unicharm appropriately discloses the management information to its shareholders and investors on financial status, current business, future plans, strategies, etc. through IR activities," and strives for timely disclosure of the corporate information as a listed company in order to perform and ensure accountability.

(2) Timely Disclosure System

The Company has established a system by which important corporate information, including information concerning domestic and overseas Group companies, is concentrated at the Company's corporate functional divisions. Based on discussion by the persons responsible for such divisions and after securing approval of Representative Director, President & CEO, the information handling officer registered into the Tokyo Stock Exchange determines the content, timing, and method of disclosure of information subject to timely disclosure and instructs the division responsible for information handling and persons in charge of IR to register the information on TDnet, post the information, arrange a press conference, etc.

The system for integrated management of important corporate information is described below.

● Matters that have been determined (including financial closing information)

The "Regulations for Limits of Authority" shared throughout the Company and domestic and overseas Group companies stipulates the decision-making body, the decision-maker, and persons to be consulted according to the nature of the determined matter and its materiality. By integrating internal control and information control, the Company has established a system by which important corporate information is concentrated at the Company's corporate functional divisions. In particular, regarding important matters to be determined by the board of directors, the division responsible for information handling or the secretariat of the board of directors is required to review the agenda in advance and judge whether it requires timely disclosure in light of laws and regulations, guidelines and case examples.

● Matters that have occurred

In the event that any fact that has a material impact on the Company and domestic and overseas Group companies occurs, directors and employees of the Company and domestic and overseas Group companies are required to act in accordance with the “Crisis Communication Manual,” which stipulates rules for crisis management. The Company has established a system by which departments or domestic and overseas Group companies notify the Company’s corporate functional divisions about information on the matters that have occurred.

Diagram (Reference Material)

Indicated below is a diagram of the corporate governance system of the Company

