

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Unicharm is a company that specializes in a wide range of products related to wellness care, pet care, feminine care, baby care, Kirei care, and food packaging materials. While its primary market is in Japan and East Asia, the company also serves customers in approximately 80 countries and regions worldwide.

Under the wellness care category, Unicharm offers adult diapers and incontinence pads. In the pet care segment, we provide dog food, cat food, and toiletry products. For feminine care, Unicharm manufactures sanitary products, and for baby care, we produce baby diapers and butt wipes. Kirei care products include wet tissues for personal hygiene and sheet cleaners for utensils. Additionally, Unicharm offers other products like drip absorption sheets for food trays.

The financial performance of Unicharm over the past three years (2020, 2021, and 2022) is as follows:

- Sales: (millions of yen)
- 2022: 898,022
- 2021: 782,723
- 2020: 727,475

- Operating Profit: (millions of yen)
- 2022: 119,566
- 2021: 122,482
- 2020: 114,744

- Return on Equity (ROE):
- 2022: 11.5%
- 2021: 13.8%
- 2020: 10.8%

Unicharm has a workforce of 16,206 employees in 2020, 16,308 employees in 2021, and 16,665 employees in 2022.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2022	December 31 2022

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

JPY

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

Timber products

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Explanation if not disclosing

<Not Applicable>

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Financial control

F0.6

(F0.6) Select the countries/areas in which you operate.

- Australia
- Brazil
- China
- Egypt
- India
- Indonesia
- Japan
- Malaysia
- Myanmar
- Netherlands
- Philippines
- Republic of Korea
- Russian Federation
- Saudi Arabia
- Singapore
- Taiwan, China
- Thailand
- United States of America
- Viet Nam

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.8

(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	JP3951600000
Yes, a Ticker Symbol	UNICY
Yes, a CUSIP code	90460M204

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Using as input into product manufacturing
Buying manufactured products

Form of commodity

Pulp
Paper
Cellulose-based textile fiber

Source

Trader/broker/commodity market
Contracted suppliers (manufacturers)

Country/Area of origin

Brazil
United States of America

% of procurement spend

1-5%

Comment

We use pulp and tissue for items such as diapers, sanitary napkins, packaging materials such as cardboard, and office copy paper.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	71-80%	The majority of our hygiene products, such as diapers and sanitary items, are made from materials like pulp and paper. When these products are distributed to consumers, hospitals, and care facilities, we use packaging materials like cardboard and paper boxes to protect them from damage during transportation. These products account for approximately 80% of our sales.
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

542300

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

97.1

Please explain

In the Unicharm Group, we primarily source forest-derived raw materials that have obtained third-party certifications such as PEFC and FSC. Across the entire Unicharm Group, 97.1% of our raw material sourcing meets these certifications. In Japan specifically, our sourcing of third-party certified forest-derived raw materials is 100%.

Regarding our overseas operations, we strive to source materials that consider forest conservation, and 95.7% of these materials have obtained third-party certifications. As a result, the overall sourcing rate of third-party certified forest-derived raw materials in the Unicharm Group is 97.1%.

Moving forward, we aim to expand the volume of PEFC and FSC certified materials and achieve 100% sourcing of third-party certified forest-derived raw materials across the entire Unicharm Group within three years.

F1.5b

(F1.5b) Provide a breakdown of your DCF and non-DCF volumes relevant to your stage in the supply chain according to how verification is achieved and the highest level of traceability, respectively.

Timber products – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

0

% of DCF production/consumption volume verified through monitoring systems

0

% of DCF production/consumption volume physically certified

100

% of non-DCF production/consumption volume from unknown origin

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as country level

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as sub-national area

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as processing facility level

<Not Applicable>

% of non-DCF production/consumption volume traceable to production unit level

<Not Applicable>

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

<Not Applicable>

Timber products – Non DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

<Not Applicable>

% of DCF production/consumption volume verified through monitoring systems

<Not Applicable>

% of DCF production/consumption volume physically certified

<Not Applicable>

% of non-DCF production/consumption volume from unknown origin

0

% of non-DCF production/consumption volume traceable only as far as country level

0

% of non-DCF production/consumption volume traceable only as far as sub-national area

0

% of non-DCF production/consumption volume traceable only as far as processing facility level

100

% of non-DCF production/consumption volume traceable to production unit level

0

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

<Not Applicable>

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

99

Please explain

The weight ratio of paper and pulp sourcing in the United States is 99%. We currently have a dedicated staff member in the procurement department to ensure the diversification of raw material sourcing, considering local production and consumption. We manage all information, including procurement volume, internally. Currently, our sourcing primarily focuses on the United States.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Estado do Paraná)

% of total production/consumption volume

1

Please explain

The weight ratio of paper pulp sourcing in Brazil is 1%. Currently, we have assigned a dedicated staff member in the procurement department to explore the diversification of raw material sourcing, taking into account local production and consumption. We are actively managing sourcing, including the procurement volume.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

No

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we estimate deforestation/conversion footprint based on sourcing area

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Since a specified cutoff date, please specify year (2020)

Known or estimated deforestation/ conversion footprint (hectares)

0

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

In order to minimize the impact on biodiversity in the regions where our production facilities are located, Unicharm conducts investigations into forest depletion and reforestation plans through our suppliers as part of our procurement practices.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
Global Forest Watch Pro

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Loss of markets
Brand damage related to forests risk commodities
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Other forest risk commodity users/producers at a local level
Regulators
Suppliers

Please explain

Unicharm conducts annual surveys and closely collaborates with local suppliers in each country/region to source forest-derived raw materials. The objective is to identify and understand any potential risks to the company and ensure that the condition of the forests where the raw materials originate remains unchanged. To verify the accuracy of supplier information, Unicharm cross-references it with data from Global Forest Watch (GFW).

To address the risk of habitat changes and safeguard ecosystems and wildlife, Unicharm strictly adheres to its own "Forest-Derived Raw Materials Procurement Guidelines" These guidelines prioritize biodiversity conservation and require the protection of forests with high conservation value forest (HCVF) and high carbon stock forest (HCSF).

Furthermore, Unicharm proactively engages with administrative bodies in the countries/regions of operation to gather information and anticipate potential regulations, thereby mitigating related risks.

More than 70% of Unicharm's products rely on forest-derived raw materials, with over 90% sourced from North America. As a result, the company recognizes that the rising frequency and severity of hurricanes could increase the risk of acute physical impacts in pulpwood production areas.

To mitigate procurement risks associated with global warming, Unicharm has requested suppliers to procure wood from areas not classified as HCVF or HCSF. This approach expands the procurement scope, enhances supply chain stability, and reduces stockpiling caused by hurricane-related disruptions.

Including illegally logged raw materials in Unicharm's forest-derived materials procurement not only damages its reputation and brand image but also jeopardizes the availability of necessary raw materials due to potential boycotts. To address this, Unicharm actively promotes its "Unicharm Group Sustainable Procurement Guidelines" among suppliers and conducts regular evaluations of both new and existing partners.

Unicharm strongly recommends that suppliers obtain certifications such as FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) and procure materials with low risk, including social impacts unrelated to forests (e.g., political unrest and conflicts involving residents and illegal labor).

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations
Tier 1 suppliers
Customers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Unicharm has conducted a Tier 1 Supplier Survey to verify and exchange information regarding wood products, including Unicharm paper pulp. The company has shared information on forest risks with all primary suppliers identified and has diligently implemented its own "Basic Policy of Procurement " "Unicharm Group Sustainable Procurement Guidelines," and "Forest-Derived Raw Material Procurement Guidelines." Unicharm expects suppliers to comply with these requirements to ensure the continuous procurement of sustainable forest-derived resources.

Suppliers are evaluated based on set criteria using survey forms. When initiating new transactions or introducing new materials from a supplier, the development team assesses them according to criteria such as physical properties, chemical properties, and safety.

Unicharm's Forest-Derived Raw Material Procurement Guidelines emphasize the protection of HCVF and HCSF. The company joined the Climate Disclosure Standards Board (CDSB) in May 2019 and became an AB member in July 2020. Unicharm maintains continuous procurement of forest products from suppliers who adhere to the Forest-Derived Raw Material Procurement Guidelines. The company maintains communication with suppliers to monitor any changes in the habitat of ecosystems and wildlife.

Through these initiatives, Unicharm fosters two-way communication with suppliers, working closely together to establish shared responsible procurement practices, safety considerations, environmental awareness, and specific activity requirements. This collaboration also involves developing partnerships with suppliers. By implementing these efforts, Unicharm can gather region-specific information and procure materials accordingly. Additionally, the company has established a system to ensure the delivery of products and services to general consumers.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each sourcing area (optional)
1 Yes, we use a classification system	External System: We utilize the certification systems of FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) for our sourcing. Internal System: We strictly adhere to the operation of the "Forest-Derived Raw Material Procurement Guidelines" within our company.	In our utilization of external classification systems, we employ the FSC and PEFC certification systems for the procurement of paper and pulp. Through third-party organizations, we source materials that have been certified, ensuring responsible and sustainable practices while managing the risks associated with deforestation and the conversion of natural ecosystems. Internally, our classification system revolves around the "Forest-Derived Raw Material Procurement Guidelines." We continuously procure forest products from suppliers who align with these guidelines, emphasizing their commitment to sustainability. We maintain ongoing communication with our suppliers to validate any changes in the habitats and environments of flora and fauna, prioritizing those who actively and diligently utilize forest resources with sustainability in mind. By incorporating these external and internal classification systems, we aim to enhance our ESG (Environmental, Social, and Governance) performance. Our dedication to responsible sourcing contributes to the preservation of ecosystems and biodiversity while mitigating environmental risks.	

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

We define risks that are estimated to cause damages exceeding 100 million yen to our assets or take more than 100 days to recover as having a significant impact. These risks include events such as supply disruptions due to severed supply chains, transportation stoppages, and operational shutdowns caused by equipment damage. Specifically, incidents where the supply is halted for more than one week are considered in our assessment.

At Unicharm, we conduct physical risk assessments at the factory and office levels to estimate potential damages. These assessments are then integrated into our group-wide scenarios to identify forest-related risks that could have significant consequences for our financials and strategies. This includes risks like wildfires and other forest-related incidents that have the potential to disrupt our supply chain.

To determine the extent of potential damages and recovery timelines, we calculate company-wide damage assumptions. These assessments help us evaluate potential risks and plan appropriate countermeasures. The ESG Committee is responsible for discussing and deciding on the specific details and timing of these measures.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased cost of certified sustainable material

Primary potential impact

Increased production costs

Company-specific description

Diapers and sanitary napkins account for about 87% of Unicharm's sales, and the pulp used for these absorbents is made from North American slash pine. According to a report by the World Resources Foundation (WRF) reported a forest loss of 2.5 million hectares in the United States and Canada in the same year. Additionally, the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report indicates that rising temperatures in recent years are expected to increase the overall risk of wildfires, similar to the occurrence rate in the United States, the largest wildfire-prone region. Given the significant impact on forest destruction, this poses a significant risk.

The acceleration of deforestation poses the risk of being unable to source materials from sustainably harvested forests. Unicharm plans to expand its revenue by approximately 160% by 2030, requiring a larger volume of raw materials beyond market growth (with a 2030 target of 1.4 trillion yen compared to the 2022 actual revenue of 898 billion yen). By 2030, a 1.6-fold increase in material supply is necessary. If deforestation continues, there may be intense competition for particularly certified pulp, resulting in challenges in securing stable sourcing and an increase in raw material costs. Based on historical data, we estimate a potential cost increase of around 10%. As a result, there is a perceived risk that this could impact the profitability of the Unicharm Group.

Timeframe

>6 years

Magnitude of potential impact

High

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

9000000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

The main raw material for Unicharm's flagship product, diapers, is pulp obtained from strategically harvested trees known as slash pine (a specific species). We use this sourced material. Due to global warming, it is anticipated that slash pine cultivation in planned harvesting areas may become unviable. This could disrupt the supply-demand balance of pulp raw materials, leading to a potential price increase of up to 10%. This estimation takes into account past disasters that resulted in a 5% to 10% increase in pulp prices.

The demand for diapers has been steadily increasing in recent years, and it is estimated to grow 1.6 times by 2030. As a result, there are concerns about a shortage of raw materials, which may lead to a 10% increase in production costs, as explained in our company-specific details.

Current demand: 56 billion yen

Projected sales increase by 2030: 1.6 times

Projected demand by 2030: 56 billion yen × 1.6 = 89.6 billion yen

Risk of cost increase: 10% cost increase

Projected raw material procurement cost increase by 2030: 89.6 billion yen × 10% = 8.96 billion yen

Based on the above calculations, the estimated financial impact amounts to approximately 9 billion yen.

Primary response to risk

Engagement with suppliers

Description of response

Unicharm is committed to preventing deforestation and has developed its own "Forest-Derived Raw Material Procurement Guidelines" for its suppliers to comply with. In 2016, Unicharm began requiring its suppliers to procure wood products from regions other than HCVF and HCSF. In 2020, Unicharm switched to a system that manages 95% or more of its forest-derived resources by weight under FSC, PEFC, and SFI.

Prior to 2015, Unicharm used slash pine from the United States. However, by increasing the number of countries from which it sources, Unicharm was able to stabilize its supply chain and reduce the amount of inventory it kept as a cyclone damage countermeasure. Unicharm also started developing products using fast-growing broadleaf pulp that can be harvested on a planned basis in Southeast Asia.

The procurement of broadleaf pulp in Southeast Asia can help to fight the aforementioned risks by promoting production and consumption in the region, contributing to the development of the regional economy, securing raw materials, and reducing transportation costs and environmental impacts associated with transportation.

In 2020, Unicharm completed the development and release of sanitary napkins made with broadleaf pulp in Japan.

The use of broadleaf pulp is "Kyo-sei Life Vision 2030", which aims to expand its products that use locally sourced raw materials by 200% over 2020 levels. Unicharm will continue to expand its application to other product categories and countries in the future.

Cost of response

100000000

Explanation of cost of response

We are developing diapers made with fast-growing broadleaf pulp that can be harvested on a planned basis in Southeast Asia. This is to respond to the risk of rising raw material prices due to forest fires, and to ensure a consistent supply of raw materials and reduce transportation costs and environmental impact during transportation.

To this end, we have set up a dedicated department in the purchasing department to handle pulp suppliers. We are also diversifying our raw material procurement routes by increasing the proportion of pulp sourced from Indonesia and Brazil, from North America.

The cost of this response is estimated to be 100 million yen per person per year for the next 10 years. This is due to the placement of pulp experts in the purchasing department.

F3.2**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.2a**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic**

impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased R&D and innovation opportunities

Company-specific description

Unicharm is a leading manufacturer of diapers and sanitary products primarily serving Japan and Asia. The global proportion of disposable diapers in waste is increasing, with Japan accounting for about 12% of total waste and an estimated 30% increase by 2030 compared to 2015 (based on data from the Ministry of the Environment).

In over 90% of Unicharm's operating countries and regions, used diapers are either incinerated or disposed of in open dumps or landfills. To establish a circular economy and promote resource efficiency, Unicharm has developed a groundbreaking system that horizontally recycles used diapers. Through a unique ozone treatment process, the system separates and cleans the components, eliminating bacteria and transforming the extracted pulp into safe, hygienic pulp with reduced environmental impact.

Unicharm's diaper recycling technology is the first of its kind worldwide, showcasing their commitment to sustainable innovation. It is estimated to significantly reduce greenhouse gas emissions, such as CO₂ from incineration and methane from open dumps and landfills. Life cycle assessments indicate substantial CO₂ emission reductions compared to traditional incineration methods.

The benefits extend beyond environmental conservation. Recycling one ton of used diapers can generate around 84 kg of high-quality pulp, saving approximately 180 m² of land that would be needed for procuring an equivalent amount of conventional pulp. This helps combat material scarcity and price fluctuations while preserving natural resources.

Unicharm also emphasizes ethical consumption by expanding the use of environmentally friendly products and certified materials. Their leadership in developing diaper recycling technologies sets new industry standards.

Financially, Unicharm anticipates a potential ¥16 billion increase in sales by capitalizing on the revenue opportunities presented by this innovative technology in the Japanese market.

Overall, Unicharm's commitment to sustainability, resource conservation, and technological advancements exemplify their environmental stewardship and serve as a positive industry model.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1600000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We have set a goal for diaper recycling through our initiatives in over 10 municipalities and regions as part of our "Environmental Targets 2030." In the market for adult diapers, which represents Japan, the estimated market size in 2030 is ¥400 billion, assuming a 60% market share (including both retail and business-to-business transactions). This leaves an untapped segment of ¥160 billion. Assuming that 10% of this untapped segment consists of consumers interested in ethical consumption and actually making purchases, the potential demand will materialize by 2030, presenting an opportunity for a ¥16 billion increase in sales.

Cost to realize opportunity

240000000

Strategy to realize opportunity

The potential increase in revenue resulting from the development of new technology represents an opportunity in Japan, as indicated in our financial statements. We believe there is a chance for a ¥16 billion increase in sales. The development costs associated with this recycling business are estimated to range from 1.0% to 1.5% of the anticipated revenue increase, amounting to approximately ¥160 million to ¥240 million.

In realizing the used diaper recycling business, it is essential to collaborate with local municipalities, considering the prevailing situation in Japan, where used diaper disposal is primarily handled by local governments.

Unicharm actively participated in a large-scale environmental exhibition, the Eco-Products Exhibition, and invited participation from municipalities. As a result, we received an application from Shibushi City in Kagoshima Prefecture, leading to the signing of a joint development agreement and the commencement of our collaborative efforts.

Unicharm is responsible for developing the technology for used diaper recycling, while Shibushi City is involved in the selection of the plant site and cooperation in the collection of used diapers. We have been progressing with demonstration experiments in Osaki Town, Shibushi City Kagoshima Prefecture. In June 2022, we initiated test sales of adult diapers called "Lifree," utilizing recycled materials, in care facilities in Kagoshima Prefecture.

This initiative is aligned with our mid- to long-term plans from both an environmental perspective, the "Environmental Targets 2030," and an ESG perspective, the "Kyo-sei Life Vision 2030." Moving forward, our goal is to establish a recycling model that can be expanded not only within Japan but also internationally. By 2030, we aim to

introduce this model to over 10 municipalities.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual or committee	Responsibilities for forest-related issues
Chief Executive Officer (CEO)	The Chief Executive Officer (CEO) is responsible for Unicharm's forest-related issues. The CEO is also a member of and responsible to the Board of Directors. The Board of Directors, headed by the CEO, approves the "Goals and Action Plans" and "Results and Outcomes" for the series of forest-related initiatives. The CEO sets the goals and is responsible for the process. The ESG Committee, which is held every quarter, is chaired by the CEO and consists of directors and executive officers, and deliberates and decides on the progress. The ESG Committee promotes activities, tasks, and measures related to the main project topics of the mid- to long-term ESG goals "Kyo-sei Life Vision 2030" under the Board of Directors. In 2020, a plan to obtain PEFC Chain of Custody (CoC) certification (forest certification) at all factories was discussed and officially approved by the Board of Directors headed by the CEO, and a total of 14 factories obtained PEFC CoC certification by 2022.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing acquisitions, mergers, and divestitures Overseeing the setting of corporate targets Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	Our Board of Directors is responsible for approving and overseeing the process of the "Goals, Strategies, Business Plans, Annual Activity Plans, and Budget Plans" related to forests, as well as "Progress, Modifications, and Results". In 2020, the plan to obtain PEFC Chain of Custody (CoC) certification (forest certification) at all factories was discussed and officially approved by the Board of Directors. As a result, by 2022, a total of 14 factories had obtained PEFC CoC certification. In addition, the Board of Directors not only approves plans such as strategies, confirms progress and gives instructions for modifications, and approves results, but also selects and approves the "Invention Awards" to honor employees who have created products and services to solve forest-related issues, in order to stimulate the motivation of employees.

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Executive CQO has been engaged in the development of new materials and the development and creation of new products utilizing new materials, having come from the Development Division. Therefore, the person is well-versed not only in existing raw materials, but also in new materials, recycled materials, and bio-materials, having accumulated skills and experience and possessing high expertise. The range and level of expertise are the standards for CQO. Therefore, the person has played a role in leading the Executive Board to make the correct judgment in responding to issues related to climate change and forest conservation and management, and has taken on a leading role in certifications and approvals (such as SBT, PEFC CoC, etc.).

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Managing annual budgets relating to the implementation of forest-related policies and commitments Providing forests-related employee incentives Integrating forests-related issues into business strategy Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Assessing forests-related risks and opportunities Managing forests-related risks and opportunities	Quarterly	At Unicharm, the "ESG Committee", which deliberates and decides on ESG-related businesses including forests, is chaired by the Representative Director and President and is responsible for the process. The ESG Committee is composed of directors and executive officers. It deliberates and decides on all business activities related to ESG and reports the contents to the Board of Directors, which approves the "ESG Committee Activity Plan and Activity Results". The ESG Committee holds meetings quarterly to monitor the progress of the plan and to discuss potential problems that may arise in the future. Specifically, it is responsible for, and obligated to, plan, progress, strategy, decision, and risk management related to ESG goals and environmental goals. Specifically, it reports on the progress "Environmental Targets 2030" and "Kyosei Life Vision 2030," for the purpose of monitoring progress towards corporate goals and for the supervision of corporate objectives related to forests. The scope includes all countries and regions where the company operates. Therefore, the ESG Committee includes representatives from overseas local subsidiaries. At the ESG Committee in 2022, "Alternative to Sustainable Third-Party Certified Raw Materials" was selected as a priority theme related to forests, and progress was reported. In addition, the plan to obtain PEFC Chain of Custody (CoC) certification was discussed and progress was monitored.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	The remuneration of our directors (excluding directors who are audit committee members, etc.) and executive officers is composed of basic remuneration (monetary) and performance-linked remuneration, and the performance-linked remuneration is composed of monetary remuneration as a short-term incentive and transfer-restricted stock remuneration as a medium- to long-term incentive. Furthermore, the basic remuneration is determined according to the size of the duties for each position. In terms of evaluation indicators for performance results, we conduct ESG evaluation including response to forest-related issues. The newly added ESG evaluation in 2020 is aimed at being evaluated quantitatively as much as possible, such as the adoption of the FTSE Blossom Japan Index and improvement of the ESG score.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
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	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
Monetary reward	Board/Executive board Director on board Chief Executive Officer (CEO) Chief Financial Officer (CFO) Other C-suite Officer	Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Increasing traceability of commodity volumes Increased supply chain mapping Increased engagement with suppliers on forests-related issues Increased engagement with indirect suppliers on forests-related issues Increased investment in forests-related R&D Improvements in commodity production efficiency – direct operations Improvements in commodity production efficiency – supply chain Reduction of virgin wood fiber used in paper and packaging products (e.g., by reducing material input, or using recycled content/alternative fibers) Company performance against a sustainability index with forest-related factors (e.g., CDP Forests Score)	Unicharm has set "Environmental Targets 2030" as its mid- to long-term goal for environmental conservation, with the target year of 2030. Among them, the Board of Directors has declared the goals of "completing 100% traceability of pulp origin" and "expanding the use of certified pulp (PEFC and CoC certified) to 100%" with its approval. In addition, from the 2022 fiscal year, a system has been added to assign each executive officer a theme to work on from the 20 themes of "Kyo-sei Life Vision 2030" announced in October 2020, and to reflect the evaluation. Important initiatives include "building a value chain with sustainability in mind" and "developing environmentally conscious products". Going forward, we will contribute to business activities by producing results linked to incentives.	At Unicharm, the Chief Quality Officer (CQO) serves as the highest quality responsible person and is in charge of promoting ESG. We have set "Environmental Targets 2030" (Target Year:2030) for environmental conservation. In addition, "Kyo-sei Life Vision 2030" including the concept and practice of forest conservation, we have set 20 important initiatives. For these 20 important initiatives, we have set up a system to assign initiatives to all executive officers and reflect the evaluation. For "Environmental Targets 2030" and "Kyo-sei Life Vision 2030", we summarize the progress and results for one year and publish them on the Sustainability Report and website. It becomes an incentive to link progress improvement and results, and it motivates the board of directors and executive officers to lead the ESG strategy, and the business activities and the forest conservation efforts will be promoted. For forest conservation, we have set annual targets for "Proportion of Traceability of Raw Materials from Forests" "Procurement Rate of PEFC CoC Certified Pulp" and "PEFC CoC Certification Rate at Own Factory" set in "Environmental Targets 2030", and we link the achievement rate to the incentives of the responsible officers and departments. As a result, we believe that in 2022, were be selected for the FTSE4Good Index Series for the fourth consecutive year, awarded the Sustainable Company Special Award at the Environment Ministry ESG Finance Award Japan.
Non-monetary reward	Board/Executive board Director on board Chief Executive Officer (CEO) Chief Financial Officer (CFO) Other C-suite Officer Other, please specify (All unicharm employees)	Improvements in commodity production efficiency – direct operations Improvements in commodity production efficiency – supply chain Reduction of virgin wood fiber used in paper and packaging products (e.g., by reducing material input, or using recycled content/alternative fibers) Company performance against a sustainability index with forest-related factors (e.g., CDP Forests Score)	At Unicharm, we are awarding for contributions to forest-related goals in the "Environmental Targets 2030" and "Kyo-sei Life Vision 2030".	Once a year, Unicharm holds "The Unicharm Awards" to recognize individuals, groups, and departments that have made significant contributions to the company and society. Those who have bravely challenged forest-related issues related to ESG and achieved results will be honored and praised by all Unicharm employees. In the evaluation process, individuals, groups, and departments who have passed the preliminary selection will make a final presentation, and the ranking will be determined by the votes of all Unicharm employees.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

Row 1

Scope

Company-wide

Commodity coverage

Timber products

Content

Commitment to eliminate conversion of natural ecosystems
Commitment to no land clearance by burning or clearcutting
Commitment to eliminate deforestation
Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)
Commitment to remediation, restoration and/or compensation of past harms
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Adoption of the UN International Labour Organization principles
Commitment to take action beyond own supply chain to tackle environmental issues
Commitment to protect rights and livelihoods of local communities
Commitment to align with the SDGs
Recognition of the overall importance of forests and other natural ecosystems
Description of business dependency on forests
List of timebound milestones and targets
Description of forests-related performance standards for direct operations
Description of forests-related standards for procurement

Document attachment

en-ucsus2023_09-11.pdf
en-ucsus2023_08-01.pdf

Please explain

Unicharm has established the "Unicharm Group Basic Environmental Policy" and revises it as necessary. In 2022, we reviewed it in response to the external environment and revised it in May 2023. In it, we declared "4. Commitment to Local Communities and to Protecting the Natural Environment" and committed to (1) consideration to biodiversity, (2) protect local communities and ecosystems, and (3) no adverse effects on the region and nature. In addition, based on this basic policy, in Section 3 (Responsibility of Environment) of our own "Unicharm Group Sustainable Procurement Guidelines", we committed to "prohibit the use of illegally logged forests. Do not excessively consume natural resources derived from wood and other materials, and use resources in accordance with the speed of natural recovery cycle."

In addition, in our own "Forest-Derived Raw Materials Procurement Guidelines", we promote the management of supply chains that take into account biodiversity, and in the "Action Guidelines", we specify the following requirements for paper and pulp used in absorbent products and make them known and thoroughly implemented to all suppliers.

(1) Give priority to the use of waste paper, recycled pulp, and mill broke .

(2) Prioritize the use of forest resources certified by reputable third parties such as the PEFC.

(3) In the case of forest resources for which third-party certification is not available, Unicharm will promote the establishment of supply chains that are verified for the following:

- certificates of origin and tags, etc., to ensure that the resources in question are not logged from HCVPs or HCSFs
- a guarantee that no damage is caused to forests
- respect for the human rights of workers and indigenous residents and prohibition of forced and child labor
- compliance with local laws and regulations

In terms of human rights policy, it states that "if direct or indirect adverse effects are caused, compensation shall be imposed for human rights violations. With regard to human rights, efforts must be made to improve the situation through dialogue and appropriate procedures."

Unicharm obliges all its trading partners to provide the above information. We have decided to comply with this series of guidelines, principles, policies, etc. and revise the "Sustainable Procurement Guidelines" as necessary.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Forest risk commodity	Public commitments made
Timber products	Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify (The Vancouver Declaration for the UN SDGs and FSC Certification)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
No new development on peat regardless of depth
Restoration and compensation to address past deforestation and conversion
Avoidance of negative impacts on threatened and protected species and habitats
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2016

Forest risk countries/areas that the cutoff date applies to

Applied globally

Reason for selecting cutoff date

In line with supplier commitments

Commitment target date

2021-25

Please explain

Unicharm is committed to promoting the achievement of "Zero Net Deforestation," "No Conversion of Natural Ecosystems," and "Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples and Local Communities." In 2016, we established the "Unicharm Group Sustainable Procurement Guidelines" and "Forest-Derived Raw Materials Procurement Guidelines" as our commitments. Based on these guidelines, we request our suppliers to procure certified materials and encourage them to set individual targets and increase the procurement of certified materials, thereby raising the proportion of PEFC-certified materials purchased.

PEFC establishes principles such as no deforestation, no conversion of natural ecosystems, and the rights of indigenous peoples (FPIC). Unicharm recognizes that promoting the switch to PEFC-certified materials aligns with our commitment to activities that prohibit total deforestation, ensure no conversion of natural ecosystems, and secure the safe, free, prior, and informed consent of indigenous peoples and local communities.

In Japan, we signed a memorandum of understanding with PEFC-Japan in November 2022 to jointly promote the sustainable utilization and conservation of forests in six areas. The contents of the agreement include:

1. Increasing the use and visibility of PEFC labels.
2. Encouraging sustainable forest utilization throughout the supply chain.
3. Undertaking activities that contribute to forest resource conservation.
4. Widely promoting the benefits derived from using PEFC-certified materials.
5. Giving utmost consideration to the use of PEFC-certified paper, not limited to products for sale.
6. Introducing PEFC-certified products through various channels such as websites, newsletters, social media, and intranets involving PEFC member countries.

Simultaneously, Unicharm was designated as the first "PEFC Champion Company" in Japan by PEFC-Japan. Champion companies support the PEFC certification system, proudly display the PEFC label on their products, and collaborate with PEFC to drive its dissemination.

Furthermore, Unicharm is actively pursuing PEFC Chain of Custody (CoC) certification for our own factories. In the fiscal year 2022, we obtained CoC certification for 14 out of 25 eligible factories worldwide. The percentage of certified factories reached 56%, while the procurement rate of PEFC CoC-certified pulp stood at 72.3%, and the traceability rate of forest-based raw materials reached 97.1%.

Unicharm displays the PEFC certification label on the packaging of baby diapers, such as "Moony Natural" and "MamyPoko Pants," produced in CoC-certified factories in Japan, Korea, and Malaysia. Through social media and our website, we introduce these products, which are made from responsibly sourced pulp and paper, to raise awareness and understanding among consumers about Unicharm's commitment to zero deforestation.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	<p>At Unicharm, as the role and responsibility for reducing environmental impact continue to grow, we have established "Basic Environmental Policy and Guidelines" in May 2020. We aim to achieve a sustainable society by promoting the "Two Eco initiatives of Environmental Impact Reduction" and "Economic Viability." Looking ahead to the next 10 to 30 years, we have formulated a 2050 Vision.</p> <p>In this vision, we strive for the realization of three "Zero" societies: "Zero Plastic Waste, Zero CO₂ Emissions, and Zero Deforestation." Specifically, as part of Unicharm's vision for 2050, we aim to achieve a "Zero Plastic Waste" society, work towards a "Zero CO₂ Emissions" society, and finally, aim to realize a "Zero Deforestation" society by ensuring the procurement of sustainably sourced timber.</p> <p>To achieve this vision, we have set environmental targets for Unicharm Group with a focus on 2030, known as the "Environmental Targets 2030," utilizing a backcasting approach. In October 2020, we also established and publicly disclosed the "Kyo-sei Life Vision 2030" to outline our medium- to long-term goals from an ESG perspective.</p> <p>In pursuit of the "Zero Deforestation" society, we have set the following four goals within the "Environmental Targets 2030" and "Kyo-sei Life Vision 2030":</p> <ol style="list-style-type: none"> 1. Achieve 100% traceability of forest-derived raw materials by 2030, confirming their origin (country/region). 2. Attain 100% procurement of certified pulp (PEFC CoC-certified materials) by 2030. 3. Obtain PEFC CoC certification for all eligible factories (25 factories) by 2030. 4. Expand the recycling model that contributes to forest resource conservation and aim to introduce 10 used diaper recycling facilities by 2030. <p>These commitments and targets reflect our dedication to address ESG concerns and contribute to a more sustainable future.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	<p>Unicharm has a long-term strategy to achieve its 2050 vision of a "Zero Society for Natural Forest Destruction." We have established our unique "Unicharm Group Basic Environmental Policy and Guidelines" as part of this strategy. We actively promote these policies among various stakeholders, including suppliers, organizations, and governments worldwide.</p> <p>Specifically, we request suppliers to transition to certified materials such as PEFC and FSC based on our "Unicharm Group Sustainable Procurement Guidelines" and "Forest-Derived Raw Materials Procurement Guidelines." We procure materials from suppliers who have obtained certification. In the fiscal year 2022, we held a "Medium- to Long-Term Policy Explanation Meeting" with 69 Tier 1 and Tier 2 suppliers, involving 234 participants. We discussed the expansion of certified forest materials procurement and strengthened collaboration with Sedex to achieve our "Environmental Targets 2030" and "Kyo-sei Life Vision 2030."</p> <p>To accelerate our efforts, we are working towards obtaining PEFC's Chain of Custody (CoC) certification in all our own factories.</p> <p>In terms of achievements for the fiscal year 2022, here are the results for the goals set in our "Environmental Targets 2030" and "Kyo-sei Life Vision 2030":</p> <ol style="list-style-type: none"> 1. We achieved a 97.1% traceability of forest-derived raw materials' origin (country/region) by 2030. 2. Our procurement ratio of certified pulp (PEFC CoC certified materials) reached 72.3% towards the 100% target by 2030. 3. We obtained PEFC CoC certification for 14 out of our targeted 25 factories by 2030, resulting in a 56% achievement, including certification acquisition at our Mie factory in Japan. 4. We introduced two recycling facilities for used diapers in Shibushi City and Osaki Town, Kagoshima Prefecture, towards our goal of 10 facilities by 2030. <p>In November 2022, we signed a memorandum of understanding with PEFC-Japan to jointly promote "Sustainable Forest Use in the Supply Chain" and implement activities for forest resource conservation. We agreed on six items, including efforts to promote sustainable forest use and activities leading to forest resource conservation.</p> <p>We report the progress of these initiatives annually in our Sustainability Report and on our website, ensuring transparency and accountability in our forest-related measures.</p>
Financial planning	Yes, forests-related issues are integrated	5-10	<p>Uni-Charm is steadily implementing two major management policies: "Kyo-sei Life Vision 2030," which sets long-term goals from an ESG perspective to achieve a "Symbiotic Society," and the 11th Medium-Term Management Plan (FY2021-FY2023), which formulates medium-term strategies from a financial aspect. In the 11th Medium-Term Management Plan, we have planned capital investments of ¥120-150 billion and research and development expenses of ¥25-37 billion over the three-year period. Research and development expenses account for 1.0% to 1.5% of sales. We anticipate similar investments for sustainable growth in the future and actively pursue environmental-related investments outlined in the "Environmental Goals 2030" and "Kyo-sei Life Vision 2030" to achieve sales of ¥1.4 trillion by 2030.</p> <p>Specifically, over 70% of Unicharm's products use materials related to paper and pulp (forest-derived raw materials). We are currently progressing in obtaining PEFC's Chain of Custody (CoC) certification in our production facilities at each local subsidiary. Obtaining these certifications incurs not only certification costs but also maintenance expenses. We have budgeted for certification costs and incorporated them into our financial plan for the local subsidiaries undergoing certification in 2021. Additionally, when comparing materials with and without certification, there is almost no additional cost incurred.</p> <p>Regarding the recycling business being carried out in Shibushi City, we are investing and validating according to the planned schedule for its implementation. The development costs for this recycling business are estimated at 1.0% to 1.5% of the expected sales increase of ¥16 billion, amounting to ¥160-240 million.</p>

F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Year target was set

2020

Target coverage

Company-wide

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

Forest management unit

Third-party certification scheme

<Not Applicable>

Base year

2020

Base year figure

94.3

Target year

2023

Target year figure

98

Reporting year figure

97.1

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

Approximately 70% of Unicharm's personal care products, such as diapers and sanitary napkins, produced and sold in Japan, utilize forest-derived raw materials. With a clear commitment from stakeholders to not contribute to forest destruction, sourcing sustainable forest resources becomes a crucial challenge. In May 2020, amidst the increasing role and responsibility of environmental impact reduction, we formulated a 2050 vision: "Zero Waste Plastics, Zero CO₂ Emissions, Zero Deforestation Society" looking ahead to the next 10 to 30 years. To achieve these long-term goals, we have developed our own "Unicharm Group Sustainable Procurement Guidelines" and "Forest-Derived Raw Materials Procurement Guidelines" to ensure active communication and comprehensive implementation of sourcing practices with various stakeholders, including suppliers, organizations, and governments.

As part of our efforts towards the 2050 vision, we established the environmental priority target of the Unicharm Group, known as "Environmental Targets 2030," with the objective of achieving "100% completion of pulp origin traceability" under the category of "3. Sustainable Forest Resource Procurement" by 2030.

To enhance traceability, Unicharm conducts annual supplier surveys to collect the following information:

1. Detailed information on forest-derived raw materials supplied to our company.
2. Certification status of forest-derived raw materials purchased and used by suppliers.
3. How suppliers manage and verify the legality of forest-derived raw materials.
4. Origin of forest-derived raw materials supplied to our company (country, state, forest management unit).
5. Reasons for not using certified raw materials (e.g., FSC, PEFC), if applicable.

Furthermore, when procuring pulp, we ensure that the description on the invoice aligns with the material specification, indicating the country/state and forest management unit supplying the wood. This verification ensures consistency between the invoice and material specification.

Through these two approaches, we confirm traceability. As a result, the traceability verification rate was 97.1% in FY2022, compared to a target of 100% in FY2030 and an interim target of 98% in FY2023.

Target reference number

Target 2

Forest risk commodity

Timber products

Year target was set

2020

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

<Not Applicable>

Third-party certification scheme

PEFC Sustainable Forest Management certification
PEFC Chain of Custody

Base year

2020

Base year figure

65

Target year

2023

Target year figure

75

Reporting year figure

72.3

% of target achieved relative to base year [auto-calculated]**Target status in reporting year**

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

Approximately 70% of Unicharm's personal care products, including diapers and sanitary napkins, use forest-derived raw materials. As stakeholders have made it clear that we must not contribute to deforestation, sourcing sustainable forest resources is a crucial challenge. Therefore, in May 2020, as the role and responsibility for reducing environmental impacts have been increasing, we established a long-term vision for 2050 called "Zero Waste Plastics, Zero CO₂ Emissions, Zero Deforestation Society" to look ahead 10-30 years. To achieve these long-term goals, we have developed our own "Unicharm Group Sustainable Procurement Guidelines" and "Forest-Derived Raw Materials Procurement Guidelines," actively communicating and implementing sourcing practices with various stakeholders, including suppliers, organizations, and governments.

In line with the goal of achieving the 2050 vision, Unicharm Group has established the environmental priority target of "Environmental Targets 2030," with the objective of attaining a "100% procurement ratio of certified pulp (PEFC CoC certification)" under the category of "3. Sustainable Forest Resource Procurement" by 2030.

Specifically, based on the aforementioned two guidelines, we request the transition to certified materials from suppliers for the materials we supply to them. As a result, the procurement ratio of PEFC CoC certified lumber was 72.3% in FY2022, compared to a target of 100% in FY2030 and an interim target of 75% in FY2023.

To further accelerate these efforts, Unicharm has initiated the process of obtaining PEFC's Chain of Custody (CoC) certification in our targeted factories. By the end of the fiscal year 2022, we completed certification acquisition in 14 out of 25 targeted factories, resulting in a certification acquisition rate of 56.0%. Our goal for 2023 is to reach a certification acquisition rate of 64%.

Target reference number

Target 3

Forest risk commodity

Timber products

Year target was set

2020

Target coverage

Company-wide

Target category

Engagement with direct suppliers

Metric

% of direct suppliers engaged

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Base year

2020

Base year figure

45

Target year

2023

Target year figure

80

Reporting year figure

76

% of target achieved relative to base year [auto-calculated]**Target status in reporting year**

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

Unicharm Group became a member (Buyer/Supplier) of Sedex AB in July 2020. We provide guidance and requests to suppliers for joining Sedex, and as of the end of

December 2022. We have set a goal of 100% completion of our supplier relationships by 2030, with 76% completed by 2022 and an intermediate goal of 80% by 2023. We ask suppliers to provide the following information, but it is not limited to: the presence of forest resource protection policies (related to environmental impacts); reduction targets (existence, target deadlines, quantitative target values); how they manage impacts on forests. The success of engagement is measured based on the rate of relationship formation.

Using the results of SMETA audits obtained through the Sedex platform, we monitor selected suppliers. Out of 31 audits conducted in 2022, there was no information regarding environmental violations. However, this information did not include details specific to forest conservation. We believe that improving Sedex performance through supplier efforts will enhance resilience to ESG issues, including forest conservation concerns that involve avoiding conversion of natural ecosystems.

The information collected from suppliers is utilized not only for managing supply chain risks but also to explore opportunities for collaborating with suppliers to reduce and avoid forest-related risks.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Volume from direct and indirect suppliers	Unicharm conducts annual supplier surveys and procures more certified materials such as PEFC to improve traceability, collecting the following information: ① Details of forest-derived raw materials supplied to our company ② Certification status of forest-derived raw materials purchased and used by suppliers ③ How suppliers manage and verify the legality of forest-derived raw materials ④ Country/state of origin of forest-derived raw materials supplied to our company ⑤ Reasons for not using certified raw materials (if applicable). In the 2022 survey, 98.5% of the responses were obtained from Tier1: Trading companies and major suppliers (approx. 60 companies) and Tier2: Pulp and paper manufacturers (approx. 90 companies). In addition, when procuring pulp, we always check that the description on the invoice and the description on the material specification sheet are consistent by entering the country/state of origin of the wood supplied and the management status at the forest management unit each time. By these two methods, traceability was confirmed and 97.1% traceability verification was achieved in 2022. We are aiming for 98.0% traceability verification in 2023.	Not applicable	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Timber products	Forest management unit	Brazil United States of America	97.1

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	97.1
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

72.3

Form of commodity

Pulp

Volume of production/ consumption certified

392000

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

At Unicharm, we mainly use PEFC CoC certified pulp for the absorbent material of paper diapers. We have set a goal of achieving a procurement rate of 100% for PEFC CoC certified materials by 2030 as part of our "Environmental Targets 2030". By working with suppliers to develop an introduction plan for certified materials and promoting the switch to certified materials, the procurement rate in 2022 was 72.3%.

In addition, regarding the acquisition of PEFC CoC certification for our own factories, Mie Factory in Japan obtained certification in 2022. As a result, 14 out of 25 target factories have been certified, and the progress rate is 56%.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

24.8

Form of commodity

Primary packaging

Volume of production/ consumption certified

134500

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

Unicharm has been promoting the switch to FSC certified paper for product packaging. After exchanging opinions with the Forest Stewardship Council® (FSC® Japan)*, Unicharm expressed its support for the Vancouver Declaration on the Sustainable Development Goals (SDGs) and FSC® certification in October 2017, and is working to expand the use of FSC® certified materials.

We are in the process of switching to FSC® certified materials, an international forest certification system, for paper packaging and cardboard for masks, sanitary tampons, cosmetic cotton, cat food, and other products sold in Japan, starting in 2019.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Supply chain

Description of control systems

The paper and pulp that make up the absorbent included in Unicharm's main products are produced from coniferous trees. Considering that it is important to use certified materials that take sustainability into consideration for this forest-derived resource, we established our own "Forest-Derived Raw Material Procurement Guidelines" in 2015. We recognize that a decrease in supply due to forest destruction upstream of forest-derived resources is a risk for our company. In addition, in 2017, we established the "Unicharm Group Sustainable Procurement Guidelines" and implemented engagement activities by conducting regular surveys to reduce risk by thoroughly engaging with suppliers and confirming that our company's commitment is being followed.

Monitoring and verification approach

Community-based monitoring

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Exclude

% of non-compliant suppliers engaged

<Not Applicable>

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Please explain

The paper and pulp that make up the absorbent included in the main products of Unicharm are produced from coniferous trees. Considering that it is important to use certified materials that take sustainability into consideration for this forest-derived resource, we established our own "Forest-derived Raw Material Procurement Guidelines" in 2015. In addition, in 2017, we established the "Unicharm Group Sustainable Procurement Guidelines" and worked to reduce the risk by thoroughly applying it to about 60 Tier 1 wholesalers and major suppliers and about 90 pulp and paper manufacturers. In addition, we purchase certified products and use the WWF Japan Forest Products Procurement Checklist to confirm through Tier 1 suppliers that the forest is socially, environmentally and economically sustainable. Unicharm checks the ratio of certified product paper and pulp once a year. In the process, if non-compliance of the supplier is found, we temporarily suspend procurement and ask the supplier to comply. If non-compliance continues for a long time, we consider changing the supplier. In 2022, we held a mid- to long-term policy explanation meeting with 69 global suppliers and explained our efforts to achieve 100% traceability and 100% procurement rate of certified pulp (PEFC/CoC certification) for forest-derived raw materials, which are target of "Kyo-sei Life Vision 2030" and "Environmental Goals 2030". We aimed to understand and thoroughly implement our commitment.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Unicharm follows specific guidelines, namely the "Unicharm Group Sustainable Procurement Guidelines" and "Forest-Derived Raw Materials Procurement Guidelines," when selecting our business partners. We prioritize compliance with legal requirements in our supplier relationships. To ensure responsible practices, we provide our partners with the WWF Japan checklist, which aids in reviewing their compliance, investigating adherence to laws and regulations, preventing illegal logging, and safeguarding the rights of local communities and workers.

In line with our commitment to sustainability, we strive to select suppliers who have obtained recognized forest certifications like FSC and PEFC. This enables us to procure materials derived from sustainable forests, including certified sources. Additionally, when sourcing forest-derived resources from neighboring countries or regions, we place special attention on suppliers if there is a higher risk associated with specific locations. We aim to promote local production for local consumption while ensuring responsible sourcing practices.

By adhering to these guidelines and maintaining transparency in our supplier relationships, Unicharm is dedicated to sustainable procurement practices and upholding our commitment to environmental stewardship.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

Brazilian Forest Code
 USA Lacey Act
 Japanese Clean Wood Act

Comment

Unicharm conducts regular supplier quality audits to ensure compliance with our requirements throughout the entire process, from raw material management to shipment. In these audits, we verify whether suppliers meet our standards. If any non-conformities are identified, we request corrective actions from the suppliers and validate their specific plans and progress during subsequent audits. Through this cycle of auditing, corrective measures, and verification, we maintain a PDCA (Plan-Do-Check-Act) approach to continuously improve the quality of materials.

Furthermore, we require suppliers to join Sedex and respond to the Sedex Self-Assessment Questionnaire (SAQ). As an incentive for suppliers, we envision prioritizing future transactions with suppliers who have provided reports in response to our requests over those who have not, in cases where competing suppliers offer equivalent trading conditions.

In July 2020, Uni-Charm became a member (Buyer/Supplier) of Sedex AB. We guide and encourage suppliers to join Sedex, and as of the end of December 2022, we have established relationships with approximately 80% of our suppliers. Through the Sedex platform's SAQ, we request the following information from suppliers:

1. The presence of forest resource protection policies (related to environmental impacts)
2. Reduction targets (existence, target deadlines, quantitative target values)
3. How they manage impacts on forests

The success of engagement is measured based on the rate of relationship formation.

We also utilize the results of SMETA audits obtained through the Sedex platform to monitor selected suppliers. Out of the 31 audits conducted in 2022, we obtained information on three environmental violations; however, this information did not pertain to forest conservation. We believe that the improvement of Sedex performance through supplier efforts also enhances resilience to ESG issues, including those related to forest conservation.

By leveraging the information collected from suppliers, we not only manage supply chain risks but also explore opportunities to collaborate with suppliers in reducing and avoiding forest-related risks.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Not applicable	<Not Applicable>	<Not Applicable>	<Not Applicable>	Unicharm procures its materials through Tier 1 suppliers, which are trading companies that source from major manufacturers. These Tier 1 suppliers, in turn, purchase wood (raw material) that has been systematically cultivated and processed by Tier 2 pulp manufacturers. Unicharm exclusively uses long-fiber fluff pulp in its products. As this sector involves large-scale production activities with planned reforestation by the pulp manufacturers, there are no small-scale farmers involved in the supply chain. Therefore, we do not directly source from small-scale farmers. Consequently, the category is not applicable to our operations.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping
Capacity building
Innovation and collaboration

Details of engagement

Supplier questionnaires on environmental and social indicators
Supplier audits
Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation
Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

Description of engagement

We conduct regular quality inspections of our suppliers, verifying that they meet Unicharm's requirements in all processes from raw material management to shipment. If any compliance violations are found, we ask the supplier to present corrective measures. We then verify the specific plan and improvement status and confirm the maintenance status at the next regular inspection. Through the inspection, we are making continuous improvements in material quality by going through the PDCA cycle.

We also ask our suppliers to participate in Supplier Ethical Data Exchange (Sedex) and answer the Self-Assessment Questionnaire (SAQ). As of the end of December 2022, we have established relationships with 76% of our suppliers and outsourced production sites through Sedex, and we are auditing our suppliers using the results of SMETA audits obtained through the Sedex platform. We confirmed that our own "Unicharm Group Sustainable Procurement Guidelines" and "Forest-Derived Raw Material Procurement Guidelines" were being followed, focusing on forest conservation efforts, and confirming that there was no deforestation or conversion. This survey is conducted once a year and we are communicating with suppliers to increase the response rate.

On October 26, 2022, we held a "Mid- to Long-Term Policy Explanation Meeting" and 234 people from 69 suppliers with offices in Japan participated. We aimed to spread the "Basic Policy of Procurement", "Unicharm Group Sustainable Procurement Guidelines", "Forest-Derived Raw Material Procurement Guidelines", and "Unicharm Group Policy on Human Rights" which showed our attitude towards human rights, labor, environmental issues, and stability of quality in procurement, and requested the expansion of procurement of forest certification materials such as PEFC CoC certified materials for achieving the "Environmental Targets 2030" and strengthening the connection with Sedex.

% of suppliers engaged by procurement spend covered by engagement

92

Explain the impact of your engagement on the selected action

Unicharm is utilizing the information collected through its supplier engagement to not only manage supply chain risks, but also to explore opportunities to reduce and avoid forest risks. Through the Sedex platform, the results of SMETA audits of suppliers conducted in 2022 showed no violations related to forest conservation. Furthermore, under the Unicharm Group's "Environmental Targets 2030", the target of "100% procurement of certified pulp (PEFC CoC certified)" was set for 2030. Suppliers were requested to switch to certified materials, and the PEFC CoC certified procurement rate in 2022 was 72.3%. Similarly, under the Environmental Targets 2030, the target of "100% completion of origin traceability of forest-derived raw materials" was set, and the origin traceability rate in 2022 was 97.1%.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target1)

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Innovation and collaboration

Details of engagement

Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

Description of engagement

Unicharm has started to inform its Tier1 : primary suppliers (approximately 60 companies) through its secondary suppliers (approximately 90 companies) about the contents of the "Unicharm Group Sustainable Procurement Guidelines" and the "Forest-Derived Raw Material Procurement Guidelines" which it shares with Tier1 : primary suppliers, in order to reduce the risk of forest destruction.

In October 2022, Unicharm held a "Mid- to Long-Term Policy Explanation Meeting" with 69 Tier1 and Tier2 suppliers and 234 people who have business establishments in Japan. At the meeting, Unicharm requested the suppliers to promote the "Basic Policy of Procurement", "Unicharm Group Sustainable Procurement Guidelines", "Forest-Derived Raw Material Procurement Guidelines" and "Unicharm Group Policy on Human Rights" to demonstrate their commitment to human rights, labor, environmental issues and quality stability in procurement, as well as to expand the procurement of certified forest materials and strengthen cooperation with Sedex in order to achieve the mid- to long-term ESG goals "Kyo-sei Life Vision 2030" and "Environmental Targets 2030".

Explain the impact of your engagement on the selected action

Unicharm requests that Tier2: Secondary Suppliers (approximately 90 companies) switch to certified materials through Tier1: Primary Suppliers (approximately 60 companies) based on the "Unicharm Group Sustainable Procurement Guidelines" and the "Forest-Derived Raw Material Procurement Guidelines". As a result, the PEFC CoC certified material procurement ratio was 72.3% in fiscal year 2022. In addition, Unicharm is always working on VA (Value Analysis) activities to reduce the amount of pulp used without reducing the product function, which is related to the reduction of forest-derived materials. As a result, it has led to cost reduction and sustainable growth of the business.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target2)

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Explain your process for prioritizing landscapes/jurisdictions for engagement
Row 1	<p>Ability to contribute to/ build on existing landscape and/or jurisdictional approaches</p> <p>Access to new markets</p> <p>Company has operational presence in area</p> <p>Commodity sourcing footprint</p> <p>Current and future sourcing risk</p> <p>Opportunity to build resilience at scale</p> <p>Opportunity to increase market access for smallholders and local communities</p> <p>Opportunity for increased human well-being in area</p> <p>Opportunity to protect and restore natural ecosystems</p> <p>Recognized as priority landscape by credible multi-stakeholder groups</p> <p>Response to regulation</p> <p>Risk of deforestation, forests/land degradation, or conversion of other natural ecosystems</p> <p>Risk of biodiversity loss</p> <p>Risk of fires</p> <p>Risk of human rights issues</p> <p>Risk of supplier non-compliance in area</p> <p>Risk of water stress/shortage</p> <p>Stakeholder/investor request</p>	<p>Unicharm is committed to promoting sustainable forest resources and expanding the use of certified timber in order not to contribute to deforestation. As part of this effort, we are collaborating with FSC Japan, which promotes and educates people about the international forest certification system known as FSC.</p> <p>We also sponsored FSC's learning program (Learning and Acting on the FSC Mark for Protecting the Future of Forests) held from December 2021 to March 2022 and the 3rd FSC Award. The SDGs are increasingly being taken up in educational settings, and middle and high school students' interest in environmental and social issues is growing year by year. We will work together to realize a sustainable society by providing correct education about forest conservation and the FSC logo, soliciting ideas for promoting the FSC logo, and so on.</p> <p>Local subsidiaries in Thailand and Indonesia have acquired PEFC CoC certification. Unicharm recognizes its role in contributing to the increased use of sustainable forest resources by systematically acquiring PEFC CoC certification at all of its local subsidiaries and manufacturing and selling products that use appropriate forest-derived resources. This set of activities is consistent with our policy of not contributing to deforestation.</p>

F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Landscape/Jurisdiction ID

LJ1

Country/Area

Japan

Name of landscape or jurisdiction area

- Shibushi City and Osaki Town, Kagoshima Prefecture
- Tokyo Metropolis

Types of partners engaged in the initiative design and implementation

- Subnational government
- Local communities
- Direct supplier(s)
- Academics/ researchers

Type of engagement

Partner: Shared responsibility in the implementation of multiple goals

Goals supported by engagement

- Carbon offsetting
- Reduced emissions from land use change and/or agricultural production
- Avoided deforestation/conversion of natural ecosystems and/or decreased degradation rate

Company actions supporting approach

- Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative
- Help establish a transparent governance platform responsible for managing the initiative and its activities with clear roles, responsibilities and balanced decision-making
- Identify and act on opportunities for pre-competitive collaboration with your sector
- Engage stakeholders on importance of conservation, restoration and/or rehabilitation
- Promote and implement climate change adaptation and mitigation activities
- Improve sustainability of waste management practices

Description of engagement

Unicharm is jointly conducting a recycling project for used paper diapers in Shibushi City (Kagoshima Prefecture), So Recycling Center (a waste recycling facility located in the same city), and Osaki Town (So District, Kagoshima Prefecture). The project is being implemented as one of the measures to reduce land use area. Generally, used paper diapers are incinerated, but with our recycling system, they can be disinfected and sterilized by ozone treatment to produce fine pulp, which can then be used again as raw material for paper diapers. One ton of used paper diapers can generate about 84 kg of fine pulp. It is estimated that about 200 m2 of land is needed to procure the same amount of alternative needle-leaf craft pulp, and our recycling system can reduce this by about 180 m2. We are also conducting a collaborative demonstration experiment with Tokyo Metropolitan Government and local private companies to efficiently collect, transport, and reuse used paper diapers, and engaging in activities to build a recycling project for used paper diapers.

Engagement start year

2015

Engagement end year

Not defined

Estimated investment over the project period (currency)

240000000

Is a collective monitoring framework used to measure progress?

Yes, progress is collectively monitored using a shared external framework, please specify (Shibushi City Council Budget Application Form and Tokyo Metropolitan Government Public Offering Report, etc.)

State the achievements of your engagement so far, and how progress is monitored

In terms of the results of Unicharm's engagement so far, in May 2016, we started a demonstration project for the paper diaper recycling business in Shibushi City, Kagoshima Prefecture. Used paper diapers are collected from designated facilities such as elderly care facilities and nurseries, and transported to the So Recycling Center in Osaki Town, Kagoshima Prefecture, next to Shibushi City, for recycling. As for the progress, as a result of the demonstration experiment, it was found that by recycling 100 adult paper diapers in one year, it was possible to reduce the paper diapers used by about 23 collection trucks with a loading capacity of 2 tons, and to save 100 trees. In addition, as a monitoring system, we obtained budget approval from Shibushi City Council as "Used Paper Diaper Recycling Project" and reported and settled accounts as necessary, and obtained cooperation for promoting the recycling business as a partner. After the demonstration experiment, we started recycling used paper diapers from May 2022 and are selling them to hospitals and nursing homes. We are aiming to commercialize the recycling of used paper diapers at more than 10 locations by 2030. Furthermore, in Tokyo, we conducted a demonstration experiment with Higashiyamato City, and in 2021, Machida City and a joint venture with Odakyu Electric Railway, a private company, were adopted, and the results of the demonstration experiment were submitted to Tokyo as the "Tokyo Public Offering Report on Demonstration Projects for Promoting the Recycling of Used Paper Diapers".

F6.10c

(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.

Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?	Commodity	% of total production/consumption volume from this landscape/jurisdiction
LJ1	Yes, we do produce/consume from this landscape/jurisdiction, and we are able/willing to disclose volume data	Timber products	2

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Japan

Subnational area

Not applicable

Initiatives

Forest Stewardship Council (FSC)

Please explain

Unicharm is committed to promoting sustainable forest resources and expanding the use of certified materials to prevent forest destruction. As part of these efforts, we collaborate with Forest Stewardship Council Japan (FSC Japan), a non-profit organization dedicated to the promotion and awareness of the international forest certification system, FSC (Forest Stewardship Council).

Furthermore, we sponsored FSC's learning program, "Protecting the Future of Forests through FSC Mark Learning and Action," and the third FSC Awards held between December 2021 and March 2022. The importance of SDGs is increasingly recognized in educational settings, and the interest of middle and high school students in environmental and social issues is growing each year. We are actively engaged in providing proper education on forest conservation and the FSC logo, as well as soliciting ideas to promote the FSC logo, aiming to contribute to the realization of a sustainable society.

Unicharm will continue to collaborate with FSC to achieve the target of 100% certified material sourcing by 2030, as stated in our "Environmental Goals 2030." As a leading company in the consumer goods industry, we will strive to promote the use of FSC-certified materials.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Australia

Subnational area

Not applicable

Initiatives

Programme for the Endorsement of Forest Certification (PEFC)

Please explain

Unicharm Australia provided an opportunity for PEFC (Programme for the Endorsement of Forest Certification) to speak at the Beyond Brand presentation event, organized by Unicharm. This event aimed to introduce PEFC to stakeholders in the retail industry, suppliers, and media, providing an overview of their initiatives for sustainable forest management.

Unicharm collaborates with PEFC to introduce the PEFC certification system to suppliers in the countries where we operate and promote the transition to certified materials and the use of the PEFC logo.

In the future, Unicharm will continue to work with PEFC to achieve the target of 100% sourcing of certified materials by 2030, as stated in our "Environmental Goals 2030." As a leading company in the consumer goods industry, we strive to promote the widespread use of PEFC-certified materials.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Japan

Subnational area

Not applicable

Initiatives

Programme for the Endorsement of Forest Certification (PEFC)

Please explain

In November 2022, Unicharm entered into a Memorandum of Understanding with PEFC-Japan, aiming to jointly promote the sustainable use and conservation of forests. Through this agreement, we have agreed upon six initiatives, including "promoting sustainable forest use in the supply chain" and "implementing activities that contribute to forest resource conservation." Our focus is on the preservation of sustainable forest resources.

Simultaneously, Unicharm was honored to be recognized as the first "PEFC Champion Company" in Japan by PEFC-Japan. As a PEFC Champion Company, we actively support the PEFC certification system, proudly label our products with the PEFC logo, and collaborate with PEFC to drive its wider adoption.

The partnership with PEFC-Japan and our designation as a PEFC Champion Company reflect our commitment to sustainable forest management and our dedication to promoting the principles of the PEFC certification system in Japan.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Afforestation

Expected benefits of project

Contribution to net zero goals
Reduce/halt biodiversity loss
Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

In Japan, Unicharm participated in a tree-planting ceremony held in Umegō, Ome City, Tokyo, organized by SGEC/PEFC Japan and the Forest Certification Promotion Council. We planted 200 saplings of low-pollen cypress during the event.

This initiative aims to expand forest certification that contributes to the Sustainable Development Goals (SDGs) and promotes the creation of forests with low pollen, enabling the coexistence of forests and humans. Unicharm supports this initiative and actively participated in the tree-planting activity.

Unicharm collaborates with SGEC/PEFC Japan and the Forest Certification Promotion Council to achieve the multiplier effect of promoting sustainable forest conservation policies. Rather than conducting reforestation activities independently, we work together with these organizations to maximize the impact.

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2022

Target year

Indefinitely

Project area to date (Hectares)

20

Project area in the target year (Hectares)

150

Country/Area

Japan

Latitude

35.778764

Longitude

139.213021

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

20000000

For which of your expected benefits are you monitoring progress?

Contribution to net zero goals
Reduce/halt biodiversity loss
Restoration of natural ecosystem(s)

Please explain

Unicharm is committed to achieving the vision of a 'Zero Deforestation Society' by 2050. This project involves activities that contribute to zero deforestation and the restoration of natural ecosystems, with a focus on the protection and sustainable utilization of forest resources. The Tokyo Forest Association helps us protect against pests such as deer that hinder the growth of cedar trees and assists in their cultivation. We share monitoring results, including the growth status of low-pollen cedars after afforestation, on a six-monthly basis.

As part of this initiative, in November 2022, we signed a memorandum of understanding with PEFC-Japan for the promotion of sustainable forest use and conservation. Both parties agreed on six commitments, including 'promoting sustainable forest use in the supply chain' and 'implementing activities that contribute to the protection of forest resources.' We are dedicated to promoting the conservation of sustainable forest resources. Simultaneously, we were recognized as the first 'PEFC Champion Company' in Japan by PEFC-Japan upon signing the memorandum.

We plan to continue similar afforestation efforts in Hanno City, Saitama Prefecture in 2023.

* A 'Champion Company' is a designation awarded by PEFC-Japan to manufacturers and brands that support the PEFC certification system, proudly use the PEFC label on their products, and actively collaborate with PEFC to promote its adoption.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

Percentage of certified pulp procured

Verification standard

ISAE3000

Please explain

Unicharm is aiming to achieve a "zero" destruction of natural forests in its 2050 Vision. To verify the practice, we have asked an environmental auditing firm to audit our annual results and compile them into a third-party assurance report. The results are published in our Sustainability Report, which is issued annually.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

The main material is coniferous, and PEFC is the certification body that manages it. However, the number of CoC certification bodies is fewer than FSC, leaving a challenge for procurement expansion.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Other parts of the value chain

Main measure

Greater customer awareness

Comment

If Unicharm's customers (end consumers) become more conscious of choosing products with the certification mark, it will lead to greater use, securing and utilization of managed forest resources.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	President & CEO	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms