

## Water Resources

### Our basic approach and strategy

Many Unicharm products are consumables essential to a clean and healthy lifestyle. At the same time, our business development is closely related to the global environment through the use of natural resources and the generation of waste. Based on the above, we believe our role and responsibility in reducing environmental impact are significant and continue to expand with each passing year as our business grows.

With regard to water usage, we believe that it is essential to properly understand the local situation where each of our production sites is located and utilize limited water resources as effectively as possible. We are also making efforts to reduce water usage by 1% on a yearly basis.

### Risk and Opportunity in Water Resources

We perceive a risk of decline in operating uptime due to a destabilization of supply of forest-derived raw materials (paper, pulp, etc.) resulting from the depletion of water resources. We conducted a medium-to-long term water risk assessment using the WWF Water Risk Filter and the Aqueduct Overall Water Risk map (Aqueduct), a World Resources Institute (WRI) tool. We requested that our suppliers operating in particularly high-risk river basins carefully manage water resources and work to alleviate risk. On the other hand, we perceive an opportunity for our company is the fact that our products do not use water at the time of use and disposal. The strengths of our products are demonstrated in areas with droughts and disaster areas where lifeline services have not been established. We will implement activities to promote purchases by actively engaging in such settings.

### Management structure

Four times a year at the ESG Committee meeting chaired by the Representative Director, plans and progress on environmental activities, quality issues, social issues and other important governance matters are shared. We reported specific plans based on “Eco Plan 2020” in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) announced in June 2017.

### Identifying and Responding to Water Risk Using Aqueduct and the WWF Water Risk Filter

Unicharm’s water usage for in-house processes consists of (1) approximately 60% in the manufacturing division that produces tissue for use as an absorbent material (90% water recycling achieved in the applicable processes) and (2) approximately 25% in the pet food production division with use of cooling water at other sites (all in Japan).

A decline in operating uptime due to a shortage of water has not occurred at the manufacturing sites mentioned in (1) and (2) above in the past 20 years.

According to our Life Cycle Assessment (LCA) throughout the entire supply chain, water usage for the procurement of materials has increased.

We recognize that it is important to assess water resource usage in collaboration with local areas to continue these businesses. Going forward, we will continue to implement medium-to-long term water risk analysis using Aqueduct and the WWF Water Risk Filter from the perspectives of assessing current risk and studying future risk.

We evaluate a total of five manufacturing sites for current water risk, two Japanese sites with comparatively high water usage, two overseas sites and one major supplier’s site. The results of our assessment and future projections suggest that one site will be under high water stress in 2030 and 2040. We also conducted assessment using the WWF Water Risk Filter which revealed that the watershed of the same

site is at high risk.

The Non-woven Fabric Manufacturing Division in Indonesia (which has a high water risk) has achieved a water circulation with approximately 70% water reuse and regularly reports water discharge volume and quality (tested value) to the local government.

We share information about water-related risks with our pulp suppliers with high water usage and request that they carefully manage their water resources.

**Reducing water usage**

In 2020, our usage increased by approximately 3%. This was due to a strengthening of cleaning and other procedures to counteract COVID-19.

**Changes in water usage**

Unit: thousand tons

	2018 results	2019 results	2020 results	2021 targets
<b>Total water intake</b>	6,008	5,768	5,950	5,885
Domestic (Japan) water intake	5,082	4,899	5,114	5,060
All regions	5,082	4,899	5,114	5,060
Water resource intake				
Surface water (rivers, lakes, ponds)	159	151	163	160
Groundwater	1,920	1,966	1,985	1,965
Other water sources	3,003	2,782	2,966	2,935
Of these, locations that have specified facilities under the Water Pollution Prevention Act	3,413	3,201	3,411	3,375
Water resource intake				
Surface water (rivers, lakes, ponds)	7	8	5	5
Groundwater	403	411	440	435
Other water sources	3,003	2,782	2,966	2,935
Overseas* water intake	926	869	836	825
Applicable regions	926	869	836	825
Water resource intake				
Surface water (rivers, lakes, ponds)	926	869	836	825
Groundwater	0	0	0	0
Other water sources	0	0	0	0
Of these, areas with high water stress	516	454	410	405
Water resource intake				
Surface water (rivers, lakes, ponds)	516	454	410	405
Groundwater	0	0	0	0
Other water sources	0	0	0	0

\* The applicable scope of "overseas" here is Thailand, Indonesia, Vietnam and the United States.

**Water quality, soil contamination and offensive odor**

Water quality is evaluated regularly for conformity to Unicharm's proprietary standards and the provisions of relevant laws and regulations. In 2020, there were no violations of the company's proprietary standards or relevant laws and regulations. In addition, applicable factories are providing legally required reports to the government as required. There were no accidents linked to soil contamination or offensive odor as well.

Details regarding biological oxygen demand (BOD) and chemical oxygen demand (COD) are reported in the "Site Data" section.

[PDF](#) See P.065 "Site Data"

**Wastewater and water usage**

Unicharm carries out tertiary treatment before discharging wastewater with the aim of improving water quality to meet government stipulated wastewater treatment standards (water quality at each site is stated in "Site Data").

We measure the volume of wastewater at some sites and overall reporting consists of water withdrawal = wastewater volume + consumption volume + product consumption (GRI 303-4 and 5). Wastewater is primarily generated in the tissue manufacturing process and the pet food manufacturing process. Water usage is due to the Paper-sand® manufacturing process and evaporation of cooling water at factories.

In 2020, the Unicharm Group generated 4.00 million tons of wastewater and steam.

**CDP\* "Water Program" rating**

In 2020, Unicharm received a rating of "B-" (management level) from the CDP, an international NPO. With this rating clarifying the issues we face, we will continue to carry out activities that are even more mindful of water resources.

	2018	2019	2020
<b>Water Program</b>	C	B-	B-



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

[PDF](#) See P.048 "Climate Change > CDP 'Climate Change' rating"

[PDF](#) See P.056 "Supply Chain (Environment) > CDP 'Forests Program' rating"