

Environmental Targets 2030 (Medium- to Long-Term ESG Goals)

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Unicharm provides consumables essential to a healthy lifestyle. We also recognize the importance of addressing global environmental issues, such as resource depletion and climate change, regarding the sustainability of our business. With this in mind, in May 2020 we established our 2050 Vision, a vision of the type of company we want to be in 2050, with a focus on addressing environmental issues through our business activities, and declared Environmental Targets 2030, the goals we must achieve by 2030 in order to realize this vision.

Formulation Process

Phase 1 Identify Material Issues

1) Extraction and analysis of issues

We extracted issues based on society's awareness of marine plastic pollution, the Paris Agreement, forest resource protection, the SDGs, and other considerations, as well as stakeholder interest and the results of Eco Plan 2020 (environmental targets for fiscal 2016 to fiscal 2020). These issues were then filtered, analyzed using a materiality matrix, and identified from the perspective of their importance to the environment.

► Material Environmental Issues Identified by Unicharm Toward 2030

Stakeholder Interest	Impact on Unicharm		
	High		
	High	Medium	Low
• Effectively utilizing water resources	• Effectively utilizing forest resources • Promoting environmentally friendly products	• Responding to the problem of plastic waste polluting the oceans • Responding to climate change	
• Responding to environmental air pollution (NOx/SOx)	• Promoting measures to safeguard marine resources	• Promoting a recycling society • Enhancing the quality of information disclosure	
• Complying with laws and regulations	• Promoting efficient production activities	• Appropriately managing chemical substances	

2) External assessment

In April 2019, the Company's ESG Division and Marketing Division held open discussions on environmental activities with the World Wide Fund for Nature (WWF) Japan.

Suggestions from open discussions:

1. Company vision

- When setting and sharing environmental targets for 2030, first set out the Company's vision for where it wants to be in 2050
- Once our 2050 Vision has been established, consider what must be achieved by 2030 as part of the process of realizing this vision

2. Raising issues

In consideration of our areas of activity, three issues that Unicharm should actively work on are:

(1) Approach to plastics pollution

- Follow the 3Rs (reduce, reuse, recycle) in order to promote reduction in the quantity of materials consumed and effective use of recycled materials
- Consider adoption of the 5Rs (3Rs + refuse, replace) and begin with actions that can be taken now to make steady progress in this area
- Take proactive steps in sharing information

(2) Approach to responding to climate change

- Take proactive steps toward the creation of a renewable energy society by announcing initiatives aimed at realizing a zero-carbon society by 2050 and through activities such as lobbying the government and electric power providers

(3) Approach to sustainable procurement of forest resources

- Thoroughly examine and disclose information on the origin of forest resources, as there have been issues in certain areas even when certified
- Expand use of certified materials, based on our guidelines not only for raw materials used in our products but also for forest-derived resources used in the making of office furniture, promotional materials, and similar products

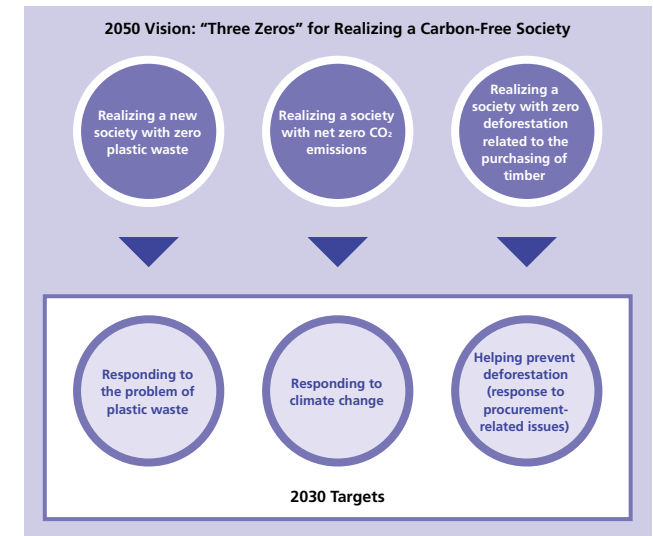
Phase 2 Establish Targets for Material Issues

We held discussions based on suggestions we received through open discussions, established measures to implement and target values for material issues, and reported to the Board of Directors upon approval by the ESG Committee.

Environmental Targets 2030: 2050 Vision and 2030 Targets

Under our 2050 Vision (the type of company we want to be in 2050), we have set the target of realizing a "three zeros" society with zero plastic waste, net zero CO₂ emissions, and zero deforestation related to the purchasing of timber, and have formulated targets for the years leading up to 2030.

► Environmental Targets 2030: 2050 Vision and 2030 Targets



Progress of Environmental Targets 2030

	Implementation Items		Base Year	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Targets	Fiscal 2023 Results	Fiscal 2024 Targets	2030 Targets
Responding to the problem of plastic waste	Reducing usage of plastic in packaging materials	Per unit of sales	2019*1	-0.2%	-12.3%	-14.0%	-18.4%	-21.1%	-30%
	Selling products that do not contain petroleum-derived plastic	—	—	Development ongoing	Development ongoing	Development ongoing	Development ongoing	Development ongoing	10 or more stock-keeping units (SKUs) sold
	Raising awareness about proper disposal of used products	—	—	38% (6 countries and regions)	50% (8 countries and regions)	56% (9 countries and regions)	56% (9 countries and regions)	63% (10 countries and regions)	Rolled out at all Group companies
	Eliminating the use of plastic in sales promotional items	—	2019	-8.9% (Japan)	-81.8% (Japan)	-30.0%	-86.9% (Japan) -76.5% (China)	-88.8% (Japan) -79.9% (China)	In principle, reduced to zero at all Group companies
Responding to climate change	Reducing CO ₂ emissions associated with raw materials procurement	Per unit of sales	2016	9.7% (Japan)	-12.6% (Japan)	-14.3% (Japan)	-4.1%	-5.9%	-17%
	Reducing CO ₂ emissions in manufacturing	Per unit of sales	2016	-26.9%	-35.2%	-38.6%	-55.4%	-57.8%	-34%
	Reducing CO ₂ emissions associated with disposal of used products	Per unit of sales	2016	23.7% (Japan)	-11.6% (Japan)	-14.2% (Japan)	-35.1%	-37.0%	-26%
Helping prevent deforestation (response to procurement-related issues)	Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw materials*2	—	97.0%	97.1%	98.0%	99.2%	100%	Completed
		Palm oil	—	77.2%	72.2%	80.0%	68.0%	95%	
	Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories*3	—	52.0%	56.0%	64.0%	64.0%	72%	100%
		Percentage of certified materials procured*4	—	76.0%	72.3%	75.0%	72.6%	73%	
	Expanding the use of certified palm oil (RSPO-certified)*5	—	—	77.2%	72.2%	80.0%	68.0%	95%	100%
	Promoting the recycling of used disposable diapers	—	—	Development ongoing	2*6	2	2	2	Rolled out in at least 10 municipalities

*1 We have updated our base year from fiscal 2016 to fiscal 2019 following a review in fiscal 2020. *2 Percentage of raw materials derived from forest resources (pulp) for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials

*3 Percentage of Unicharm factories that have acquired chain of custody (CoC) certification *4 In fiscal 2023, the calculation method was changed from a shipping weight basis to a purchase weight basis using the formula "purchase weight of 100% PEFC-certified pulp ÷ overall pulp purchase weight"

*5 RSPO-certified palm oil based on the mass balance system

*6 In fiscal 2022, we commenced operation of recycling facilities in two municipalities, Shibushi City and Osaki Town in Kagoshima Prefecture (conducted demonstration trials on the collection of used disposable diapers in Higashiyamato City in fiscal 2020 and Machida City in fiscal 2021).

Fiscal 2023 Results

Responding to the problem of plastic waste

- Reducing usage of plastic in packaging materials: We reduced the amount of plastic used in packaging materials by 18.4% (per unit of sales), compared with 2019 standards, by minimizing the laminated areas of packaging and using paper packaging instead.
- Selling products that do not contain petroleum-derived plastic: We continue to promote the development of products that are free of petroleum-derived plastic in the countries and regions in which we operate.
- Raising awareness about proper disposal of used products: Unicharm's product packaging in nine countries and regions contains information on the proper disposal of used products. We also promote efforts such as conducting classes on waste separation and recycling.
- Eliminating use of plastic in sales promotional items: We switched to paper materials starting with our businesses in Japan and China, reducing plastic use in sales promotional items by 86.9% in Japan and 76.5% in China, compared with fiscal 2019 levels.

Responding to climate change

- Reducing CO₂ emissions associated with raw materials procurement: We reduced the amount of CO₂ emissions from our procurement of raw materials by 4.1% (per unit of sales), compared with 2016 standards, by promoting the development of lighter, slimmer products and thinner packaging.
- Reducing CO₂ emissions in manufacturing: We achieved our 2030 targets ahead of schedule by reducing CO₂ emissions by 55.4% (per unit of sales) compared with fiscal 2016 standards by switching to renewable power sources.
- Reducing CO₂ emissions associated with disposal of used products: We reduced the amount of CO₂ emissions from the disposal of used products by 35.1% (per unit of sales), compared with 2016 standards, by promoting the development of lighter, slimmer products and thinner packaging, in the same manner as our raw materials procurement activities.

Helping prevent deforestation

(response to procurement-related issues)

- Ensuring traceability to pulp and palm oil production locations (country/region), expanding the use of certified pulp (PEFC- and CoC-certified), and expanding the use of certified palm oil (RSPO-certified): We expect to achieve our 2030 targets for pulp by acquiring PEFC certification at our factories and strengthening initiatives with suppliers. Meanwhile, the use of certified palm oil declined overall, due to its increased use in smaller amounts, which can be difficult to procure. However, it will become possible to procure certified palm oil in smaller amounts from fiscal 2024.
- Promoting the recycling of used disposable diapers: We operate recycling facilities in the two municipalities of Shibushi City and Osaki Town in Kagoshima Prefecture.

P.045 Biodiversity Conservation

P.034 Climate Change

P.027 Plastic Waste Reduction Measures