

Biodiversity

Biodiversity Conservation

101-1, 101-2, 101-4, 304-2

Our Basic Approach and Strategy

Unicharm promotes the use of resources in a sustainable manner based on the belief that damage to biodiversity caused by our business activities would result in tremendous damage to the entire value chain. With regard to pulp, paper, and palm oil in particular, which we use as raw materials, we established the Forest-Derived Raw Materials Procurement Guidelines, procure materials only from properly managed forests, and contribute to the mainstreaming of biodiversity by eliminating illegally logged timber and protecting the rights of local residents and forestry-related workers.

Under the theme of “helping prevent deforestation (response to procurement-related issues),” part of our Environmental Targets 2030 announced in May 2020, we declared our 2050 Vision of “realizing a society with zero deforestation related to the purchasing of timber” to contribute to the preservation of biodiversity. To realize this vision, we set targets for 2030 that include ensuring traceability, completing confirmation of origin, and switching to 100% certified pulp and palm oil, as well as promoting the recycling of used disposable diapers.

Moreover, in February 2025, we formulated the Unicharm Group Biodiversity Response Declaration based on the Kunming–Montreal Global Biodiversity Framework adopted at the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity in December 2022 and the National Biodiversity Strategy 2023–2030 approved by the Cabinet of Japan in March 2023.



► Unicharm Group Biodiversity Response Declaration

Unicharm is committed to conserving biodiversity and the natural environment in all aspects of its corporate activities, based on the following principles:

Understanding Our Dependence and Impact on Biodiversity:

We will strive to deeply understand the relationship between our business activities and biodiversity. We will continuously identify and assess our dependence and impact on biodiversity throughout the entire life cycle of our products, from raw materials procurement to manufacturing, use, and disposal.

Minimizing Our Environmental Footprint:

We will endeavor to minimize our impact on biodiversity throughout the entire life cycle of our products. This includes addressing deforestation, water resource consumption, and climate change.

Utilizing Sustainable Resources:

We will use sustainably sourced raw materials throughout our supply chain. For raw materials that have a significant impact on biodiversity, such as pulp, palm oil, and wood-derived fibers, we will promote the use of certification systems and improve traceability.

Promoting Biodiversity Conservation Activities:

We will actively engage in forest conservation, water resource protection, ecosystem restoration, and other activities in cooperation with local communities where we operate.

Coexisting with Local Ecosystems:

We will respect the ecosystems in the areas where we operate and aim to coexist with local communities and the natural environment without causing biodiversity loss.

Empowering Our Employees:

We will implement educational and awareness-raising activities to encourage all Unicharm Group employees to embrace this declaration and take positive action to conserve biodiversity and the natural environment.

Collaborating with Stakeholders:

We will promote collaboration in conserving biodiversity and the natural environment by working with various stakeholders, including government agencies, international organizations, NGOs/NPOs, local communities, and business partners.

February 10, 2025

Takahisa Takahara

President & CEO Unicharm Corporation

► Forest-Derived Raw Materials Procurement Guidelines

Introduction

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

Strategy

With climate change-related risks having risen significantly in recent years, besides striving to reduce the burden placed on the environment and to safeguard the environment, Unicharm is also making a serious effort to promote supply chain management that takes biodiversity into account, in line with the goal of building a sustainable society. Therefore, we are committed to environmental conservation through the operation of the Forest-Derived Raw Materials Procurement Guidelines, which further specify and enhance the Basic Environmental Policy and the Basic Policy of Procurement more specific regard to biodiversity.

Goals

By 2030, Unicharm aims to only procure raw materials that are sustainably sourced and recycled and achieve 100% supply chain traceability for the pulp and paper used in the absorbent materials of its products and the small quantities of palm oil used in its pet foods.

When using virgin pulp other than wastepaper or recycled pulp, we work with suppliers to fully ensure that it does not contribute to deforestation. More specifically, we confirm whether the pulp and paper used in our products have obtained third-party certification, including the Programme for the Endorsement of Forest Certification (PEFC), and certificates of origin other than high conservation value forests (HCVFs) or high carbon stock forests (HCSFs). As for palm oil, we are switching to the use of Roundtable on Sustainable Palm Oil (RSPO)-certified oil.

In addition, we will readily participate in the activities of industry organizations and strive to use sustainably sourced forest resources in our products.

Action Guidelines

- (1) Prioritize the use of waste paper, recycled pulp, and mill broke (paper trimmings and scrap generated during the paper manufacturing process)
- (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, 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 HCVFs 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

Risks and Opportunities

Risks

Pulp raw materials come from North American slash pine that has been systematically planted and logged. However, if the cultivation of slash pine becomes difficult due to drought caused by global warming or forest fires caused by excessive dryness, there is a risk that the balance of supply and demand for raw materials will collapse, making stable procurement difficult, which could lead to higher purchase prices. There is also a risk that procurement costs for palm oil will increase due to higher demand for certified oil from the Roundtable on Sustainable Palm Oil (RSPO) and other organizations in consideration of sustainability, while in the absence of such consideration, there is a risk that wholesalers, retailers, and other distributors will stop handling our products and consumers will refrain from purchase.

Furthermore, there is a risk of incurring substantial costs to restore sites to their original state in the event of adverse impacts on biodiversity.

Opportunities

Proactive use of certified materials contributing to sustainability is expected to lead to the stable procurement of raw materials and control costs. Additionally, through collaboration with wholesalers and retailers to offer products that focus on the importance of biodiversity, we expect to gain consumer understanding and expand sales. Furthermore, by utilizing pulp made from hardwoods, which grow quickly and can be planted and logged systematically in Southeast Asia, we can expect to secure stable supplies of raw materials and reduce transportation costs in Asia, where we are expanding business. We believe these efforts will also lead to the revitalization of local economies through local production for local consumption.

Management Structure

Plans and progress on important biodiversity-related issues are shared and reported at ESG Committee meetings held four times a year and chaired by the president & CEO. Specific plans are organized in line with the Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) frameworks and reported in accordance with Environmental Targets 2030 and Kyo-sei Life Vision 2030.

P8 Sustainability Promotion System

Collaborating with Stakeholders

We identify and review biodiversity problems and material issues through open discussions with outside experts to set indicators for our activities. For our forest-derived raw materials, the ESG Division and Procurement Department are working together to promote a switch to third-party certified raw materials with sustainability assurance.

Indicators and Targets

▶ Helping Prevent Deforestation (Response to Procurement-Related Issues) Under Environmental Targets 2030

Implementation Items		Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Targets	Fiscal 2024 Results	Fiscal 2025 Targets	2030 Targets	2050 Vision
Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw materials* ¹	97.1%	99.2%	100%	99.3%	100%	Completed	Realizing a society with zero deforestation related to the purchasing of timber
	Palm oil (Japan)	62.8%	58.5%	95%	99.4%	100%		
Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories* ²	48.4%	58.6%	72%	60.0%	75%	100%	
	Percentage of certified factories* ³	72.3%	65.3%	73%	70.3%	75%		
Expanding the use of certified palm oil (RSPO-certified)* ⁴ (Japan)	—	62.8%	58.5%	95%	99.4%	100%	100%	
Promoting the recycling of disposable diapers	—	2* ⁵	2	2	2	2	Rolled out in at least 10 municipalities	

*1 Percentage of raw materials derived from forest resources for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials

*2 Percentage of Unicharm factories that have acquired chain of custody (CoC) certification

*3 Figures for fiscal 2023 have been retroactively recalculated due to a revision of the number of factories subject to certification and the scope of data aggregation for overseas business sites.

*4 RSPO-certified palm oil based on the mass balance system. Figures for fiscal 2023 and prior have been retroactively recalculated due to the addition of materials subject to aggregation.

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

▶ Kyo-sei Life Vision 2030: Safeguarding the Well-Being of Our Planet

Indicators	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results	Fiscal 2030 Targets
No. of products and services that implement the “3Rs + 2Rs” based on Unicharm’s unique approach	2	2	5	10 or more
No. of disposable paper diaper recycling facilities introduced	1	1	1	10 or more

Initiatives and Results

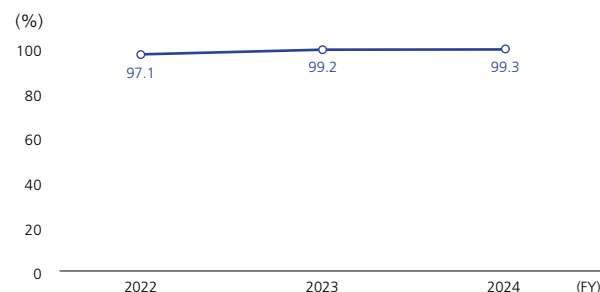
Forest-Derived Raw Materials (Pulp)

Procuring Sustainable Forest-Derived Raw Materials

Unicharm is promoting the procurement of sustainable forest-derived raw materials. Much of the pulp used in product absorbent materials is made from Forest Management (FM)-certified softwood forests native to North and South America. We also request that suppliers not use raw materials harvested from high conservation value forests (HCVFs) and high carbon stock forests (HCSFs), which have a significant impact on biodiversity. Since fiscal 2016, we have expanded the scope of this policy to include local suppliers overseas in an effort to promote sustainable raw material procurement.

In fiscal 2024, the percentage of forest-derived raw material (pulp) traceable to its origin was 99.3% for the Group overall.

Percentage of Forest-Derived Raw Materials Traceable to Their Origin



P.140 Environmental Data > Forest-Derived Raw Materials

Expanding the Use of Certified Pulp (PEFC- and CoC-Certified)

We are working on a Groupwide basis to acquire CoC certification under the Programme for the Endorsement of Forest Certification (PEFC), and in fiscal 2024, acquired certification for our Shanghai Factory in China and Bắc Ninh Factory in Vietnam. As of December 31, 2024, 18 of 30 eligible factories have acquired certification, bringing the percentage of PEFC- and CoC-certified factories to 60.0%, while 70.3% of the pulp we procured was PEFC-certified.*¹ PEFC- and CoC-certified labels have been included on the packaging of disposable baby diaper products, such as *Moony Low Irritation*, *More Comfort Moonyman Low Irritation*, *More Comfort Moony*, *Moonyman*,*² *Moony Oyasumi-Man* (Japan),*² *MamyPoko* (South Korea), *MamyPoko Pants* and *PETPET Pants* (Malaysia), and *MamyPoko Premium Care Pants* (Taiwan–Greater China), as well as *Sofy Hadaomoi* (Japan) and other sanitary pads produced at our CoC-certified factories around the world. Moreover, we endeavor to promote awareness of Unicharm's initiatives among consumers by posting information on our products containing pulp and paper made from appropriately managed forest-derived raw materials on social media and our corporate website.

*¹ PEFC 100% certified pulp

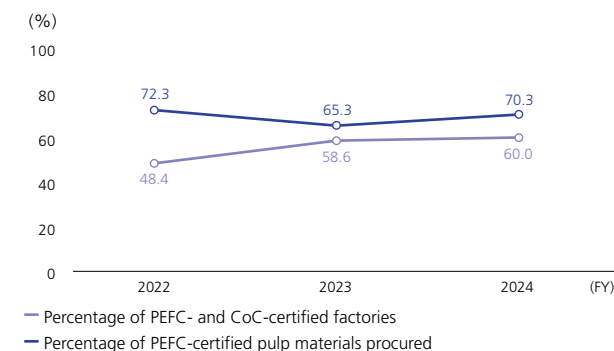
*² Excluding super big size



Products with the PEFC certification label (from left: Japan, Taiwan–Greater China, and Malaysia)



Percentage of PEFC- and CoC-Certified Factories and Percentage of PEFC-Certified Pulp Materials Procured



P.140 Environmental Data > PEFC and CoC Certifications

List of PEFC- and CoC-Certified Factories

Fiscal Year of Certification	Factory
2020	Karawang Factory No. 1 and No. 2, East Java Factory (Indonesia)
	Wellgrow Factory (Thailand)
	Fukushima Factory, Shizuoka Factory, Shikoku Chuo Factory, Kyushu Factory (Japan)
2021	Gumi Factory (South Korea)
	DSG Malaysia Factory (Malaysia)
	Hartz Pleasant Plain Factory (United States)
	Junan Factory (Taiwan–Greater China)
2022	Mie Factory (Japan)
2023	DSG Factory No. 1 and No. 2 (Thailand)
	Jaguariúna Factory (Brazil)
2024	Shanghai Factory (China)
	Bắc Ninh Factory (Vietnam)

Concluding a Memorandum of Understanding Related to Forest Certification Joint Promotion

Unicharm and the Sustainable Green Ecosystem Council (SGEC/ PEFC Japan) concluded a memorandum of understanding (MoU) in November 2022 to jointly promote the following six areas of sustainable forest use and protection.

Furthermore, in an effort in an effort to “3. Conduct activities that contribute to the conservation of forest resources” as stated in the MoU, we have participated in tree-planting activities conducted by SGEC/PEFC Japan each year since fiscal 2021.

MoU Related to Forest Certification Joint Promotion

1. Increase use and exposure of PEFC labels
2. Promote sustainable forest use along the supply chain
3. Conduct activities that contribute to the conservation of forest resources
4. Enhance awareness of the benefits of using PEFC-certified materials
5. Give full consideration to the use of PEFC-certified paper for paper other than that used for Unicharm products
6. Introduce PEFC-certified products through our corporate website, newsletters, and social media, and the intranet used by PEFC member companies

P.49 Participation in We Love Forest Tree Planting Festival in Fiscal 2024 (Japan)

Expanding Use of Certified Materials in Paper Packaging

From fiscal 2019, we switched to the use of certified materials for paper packaging and cardboard for masks, tampons, cosmetic cotton, cat food, and other products sold in Japan.



Paper packaging made from certified materials

Percentage of Office Paper Made from Certified Materials

We also value the importance of environmental awareness regarding paper used in our offices, and in fiscal 2024, 99.9% of office paper used was made from environmentally friendly materials (with 37.6% of office paper made from 100% recycled paper and 62.3% made from certified materials). The Unicharm Head Office is also gradually transitioning to office paper made with PEFC-certified paper.

P.140 Environmental Data > Percentage of Office Paper Made from Certified Materials

Use of Hardwood Pulp

As hardwoods grow quickly and can be systematically harvested in Southeast Asia, we are promoting the development of products utilizing hardwood pulp as a raw materials. For Unicharm, which is extensively engaged in business throughout Asia, the use of hardwood pulp diversifies raw materials procurement sources and reduces transportation costs, while also leading to the development of local economies through the promotion of local production for local consumption.

Compared to the conventional softwood pulp we mainly use, hardwood pulp fibers are thinner and softer, which presents a challenge molding. In response, we developed a technology that uses a 3D fiber process to join the fibers, making them difficult to tear. This process creates an absorbent material that keeps its shape even with vigorous movement and perspiration. In fiscal 2020, we launched *Sofy SPORTS* sanitary pads that make the most of these features. In September 2023, we launched *Sofy Synchro Fit Daytime Use for Especially Heavy Menstrual Flow Thick Type*, a sanitary product leveraging the thin and soft characteristics of hardwood pulp featuring high-density absorbent materials that conform to the body and prevent leakage even when physically active, providing approximately 1.2 times greater absorbency than standard products.



Providing and Expanding Our Line of Products Using Plant-Derived Components

Unicharm is enhancing its development and supply of products using plant-derived components.

P.29 Utilizing Plant-Derived Plastics

Providing and Expanding Our Line of Organic Products

Unicharm is expanding its product lineup to include products made using organic cotton, which minimizes environmental impacts on soil and water quality.

Japan

In Japan, we sell *Moony Low Irritation*, *More Comfort* disposable baby diapers, *Sofy Hadaomoi ORGANIC* sanitary pads, *Lifree Sawayaka Pad Organic Cotton* for urinary incontinence care, and other products using organic cotton.

Number of Products Using Organic Cotton (Japan)

Fiscal Year	No. of Products
2022	33
2023	53
2024	42



P.140 Environmental Data > Number of Products Using Organic Cotton (Japan)

Vietnam

To address the rising demand for environmentally friendly products and in honor of World Environment Day 2024, Unicharm's local subsidiary in Vietnam released *Diana SENSI FOR NATURE*, limited-edition sanitary pads made of organic cotton and unbleached materials.

Indonesia

In conjunction with World Environment Day 2024, Unicharm's local subsidiary in Indonesia launched *MamyPoko Royal Soft Bio*, limited-edition disposable baby diapers using organic cotton, of which the surface layer has been approved for safety on baby's skin.



Forest Conservation Activities

Participation in *We Love Forest* Tree Planting Festival in Fiscal 2024 (Japan)

Unicharm has participated in tree-planting festivals held by SGEC/PEFC Japan since fiscal 2022. In fiscal 2024, we participated in the *We Love Forest* tree planting festival in October, donating 300 cedar trees through the Matching Fund.*



* Created to provide support for disaster-affected areas. Original polo shirts and jumpers worn by employees and other goods are sold within the company, with the company donating an amount equivalent to the purchase price of the goods to charity.

P.107 Matching Fund (Support for Disaster-Affected Areas)

Tree-Planting Activities (India)

In recognition of World Environment Day 2024, employees of Unicharm's local subsidiary in India participated in tree-planting activities at the Neemrana Factory and Sri City Factory.

Improving Employees' Forest Conservation Awareness (Brazil)

In June 2024, Unicharm's local subsidiary in Brazil distributed a total of 400 succulent plants to increase employee awareness of forest conservation.

Letter of Appreciation from the Forestry Agency for Donations to the Green Fund

Unicharm Corporation received a letter of appreciation from the Forestry Agency of Japan for its donation efforts to the Green Fund made in cooperation with 22 retail partners as part of a campaign held in conjunction with World Environment Day. The Green Fund is operated by the National Land Afforestation Promotion Organization (supported by the Ministry of Agriculture, Forestry and Fisheries and the Forestry Agency), and the funds raised are used for tree-planting and other forest conservation efforts and environmental education for children who will lead the next generation.

Mangrove Planting (Thailand)

In August 2024, Unicharm's local subsidiary in Thailand held a mangrove planting project in Chachoengsao Province with local communities and partner companies as part of its environmental conservation activities. A total of 1,196 people including employees, business partners, agency representatives, and government officials participated in the event and planted approximately 1,000 mangrove saplings.



Mangrove Planting (Malaysia)

In September 2024, Unicharm's local subsidiary in Malaysia collaborated with an NGO to plant mangroves in support of the "Greening Malaysia—Our Trees, Our Life" campaign launched by the Ministry of Natural Resources, Environment and Climate Change of Malaysia. Around 60 employees participated in this event.



Sapling Donations (Taiwan—Greater China)

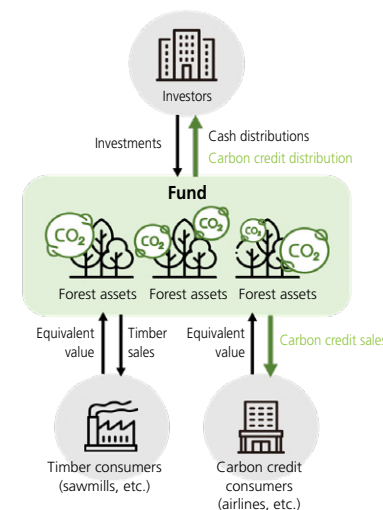
Unicharm's local subsidiary in Taiwan—Greater China held a walking activity from April to June 2024 in which 125 employees participated. In this event, saplings were donated to Kaohsiung Province, a habitat for endangered bird species, according to the number of steps taken and distance walked by participants. Eight saplings were donated as a result of 100 million steps taken in total by the participants.

P.93 Walkathon (Taiwan—Greater China)

Participation in "Eastwood Climate Smart Forestry Fund I"

Unicharm is a participant in "Eastwood Climate Smart Forestry Fund I" launched in June 2023 and managed by the Sumitomo Forestry Group. This fund consists of investments from 10 Japanese companies, including Unicharm, that aim to implement sustainable forest management, which contributes to combating climate change, in addition to conventional forest management for timber production. The investor companies receive profits from timber sales and carbon credits generated from the forests through appropriate forest management with the aim of contributing to carbon offsetting for society as a whole.

Through these investments, Eastwood Climate Smart Forestry Fund I has acquired forests in the United States, Canada, Panama, and Costa Rica. By acquiring forests in different climate zones, it aims to diversify risks from both a timber production and carbon credit generation perspective and contribute to carbon offsetting for society as a whole.



Participation in Forest Carbon Credit Project (Thailand)

Since August 2023, Uni.Charm (Thailand) Co., Ltd. has been participating in the Carbon Credit Management Project for Sustainable Development in Forests, organized by the Mae Fah Luang Foundation. The project promotes sustainable agriculture by helping communities manage forests as carbon sinks. We also work with communities to facilitate the use of water sources from forests and the development of farming, agriculture, and drinking water, contributing to the sustainability of both the economy and the environment. In fiscal 2024, the project contributed to a reduction in the incidence of fires of around 8.4% as well as a decrease in PM2.5.

Palm Oil

Procuring Sustainable Palm Oil

Unicharm joined the RSPO in fiscal 2017 and promotes the procurement of certified sustainable palm oil.

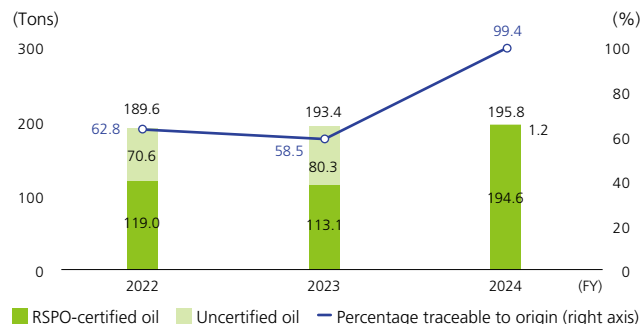
The palm oil used in our domestically produced pet foods is Fuji Oil Group's RSPO-certified oil. Fuji Oil is working to improve the traceability of palm oil to the oil mills and plantations of its suppliers.

In 2024, Unicharm's procurement of RSPO-certified palm oil (Japan) based on the mass balance system*¹ was 194.6 tons, while 99.4% of the palm oil used was traceable to its origin. Going forward, Unicharm will continue sustainable procurement activities while confirming quality and procurement routes to switch all our palm oil purchases to RSPO-certified oil.

*1 A certification model in which certified oil produced at certified farms is mixed with other uncertified oil during the distribution process. Although the certified oil physically contains uncertified oil, the certified farms and the amount of certified oil purchased are guaranteed.



Amount of Palm Oil Procured (Japan) and Percentage of Palm Oil Traceable to Origin



P.140 Environmental Data > Palm Oil (Japan)

web Unicharm's progress can be confirmed here:
<https://rspo.org/>

web FUJI OIL CO., LTD. > Sustainable Procurement of Palm Oil
https://www.fujioil.co.jp/en/sustainability/palm_oil/

Circular Economy Initiatives

Recycling of Used Disposable Diapers

Since 2015, Unicharm has conducted demonstration trials involving the recycling of disposable diapers. In June 2022, select nursing care facilities in Kagoshima Prefecture began using disposable adult diapers that use recycled materials for a portion of their absorbent paper, realizing the horizontal recycling of used disposable diapers. In our recycling system, collected diapers are washed and separated, then undergo a unique ozone treatment process to sterilize and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use. As of fiscal 2024, Unicharm operates used disposable diaper recycling facilities in the two municipalities of Shibushi City and Osaki Town, Kagoshima Prefecture.

In April 2023, Shibushi City began collecting used disposable diapers at childcare facilities through the *Hands-Free Commute**² program. In August 2024, the city began providing *MamyPoko Pants RefF*, disposable baby diapers for childcare facilities using raw materials recycled from used baby diapers, to these childcare facilities, thereby forming the cycle of use, collection, and recycling and realizing a circular economy in Shibushi City.

*2 Flat-rate service providing disposable baby diapers and baby wipes to childcare facilities

P.23 RefF Project Targeting the Realization of a Recycling-Based Society