

Biodiversity

Reducing Waste and Preventing Pollution

306-1, 306-3, 306-4, 306-5

Our Basic Approach and Strategy

Unicharm recognizes its tremendous responsibility as a company that provides consumer goods essential for hygienic lifestyles, and we make efforts to minimize impacts on biodiversity at each stage of the product life cycle, from raw materials procurement to development, manufacturing, logistics, usage, and disposal, while protecting biodiversity around our factories by reducing waste and preventing pollution.

Certified as a Ministry of the Environment Re-Style Partner Company (Japan)

Unicharm was certified as a Re-Style Partner Company by the Ministry of the Environment for promoting initiatives aimed at building a recycling-based society. We continue to promote the 3Rs (reduce, reuse, recycle) among consumers such as by our participation in the MOE-sponsored Let's Choose! 3R Campaign.



Risks and Opportunities

Risks

If we fail to properly dispose of waste generated from our business activities or violate laws and regulations, there is a risk we will be subject to penalties, such as suspension of operations orders from the government and other authorities. We also assume reputational risks, such as wholesalers, retailers, and other distributors suspending the handling of Unicharm products or consumers refraining from purchases due to bad publicity. There is also a risk of health hazards to employees, their families, and local residents who work at or live near business sites that generate environmental pollution. Depending on the location of the business site and its surroundings, the impact from pollution could be widespread and include groundwater and atmospheric contamination.

We recognize that in the event of such pollution, there is a risk Unicharm will incur large financial burdens related to restoring the environment to its original condition and providing compensation in line with health hazards.

Opportunities

Unicharm takes appropriate measures centered on production sites to prevent air, water, soil, and other types of pollution. Specifically, these measures include the reporting, measurement, and management of environment-related indicators as determined by governments in each country and region. We believe that by disclosing this information, we are able to gain the trust of our stakeholders. We also believe that steadfast efforts and appropriate information disclosure will increase this trust, making it easier for consumers to choose the products and services Unicharm offers.

Furthermore, we believe our efforts to recycle used disposable diapers are highly acknowledged for their contribution to reducing waste, thereby increasing the likelihood that our products will be selected in support of these efforts.

Management Structure

The ESG Committee, chaired by the president & CEO, identifies important matters related to waste reduction and pollution prevention and examines and formulates improvement plans, which are submitted for approval by the Board of Directors. The committee meets four times a year to share the progress of activities as appropriate and make amendments as necessary, thereby implementing a PDCA cycle.

We also manage the temporary industrial waste storage facilities, confirm waste processors and measure emissions and wastewater in order to minimize the impact on biodiversity in the areas surrounding our manufacturing facilities.

P20 Environmental Management Structure

P8 Sustainability Promotion System

Environmental Audits

Regarding waste reductions and pollution prevention, activities and controls are implemented in accordance with environmental laws and regulations and ISO 14001. Three types of environmental audits are implemented to maintain and improve the level and performance of activities and controls:

- (1) regular audits in conformance with ISO 14001;
- (2) on-site audits at industrial waste processing partners to confirm appropriate practices; and
- (3) audits for specific purposes, including confirmation of legal compliance.

Indicators and Targets

With regard to reducing waste, we have set and are promoting targets with a particular focus on addressing the problem of plastic waste. In terms of preventing pollution, we aim to achieve zero violations of environmental laws and regulations at each of our factories.

► Responding to the Problem of Plastic Waste Under Environmental Targets 2030

Implementation Items		Base Year	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Targets	Fiscal 2024 Results	Fiscal 2025 Targets	2030 Targets	2050 Vision
Reducing usage of plastic in packaging materials	Per unit of sales	2019*1	-12.3%	-18.4%	-21.1%	-26.5%	-27.0%	-30%	Realizing a new society with zero plastic waste
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	—	—	50% (8 country/regions)	56% (9 country/regions)	63% (10 country/regions)	63% (10 country/regions)	69% (11 country/regions)	Rolled out at all Group companies	
Eliminating the use of plastic in sales promotional items	—	—	Japan: 81.8% decrease from fiscal 2019	Japan: 86.9% decrease from fiscal 2019 China: 76.5% decrease from fiscal 2019	Japan: 88.8% decrease from fiscal 2019 China: 79.9% decrease from fiscal 2019	Japan: 97.5% decrease from fiscal 2019 China: 93.7% decrease from fiscal 2019 Vietnam: 37.4% decrease from fiscal 2022 India: 21.7% decrease from fiscal 2023	Japan: 97.9% decrease from fiscal 2019 China: 94.8% decrease from fiscal 2019 Vietnam: 47.8% decrease from fiscal 2022 India: 34.8% decrease from fiscal 2023	In principle, reduced to zero at all Group companies	

*1 We have updated our base year from fiscal 2016 to fiscal 2019 following a review in fiscal 2020.

P.25 Plastic Waste Reduction Measures

Initiatives and Results

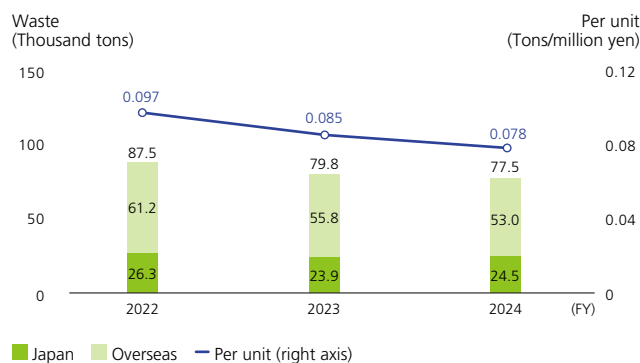
Reducing Waste

■ Disposing of Waste from Our Factories

Unicharm strives to minimize waste by reducing product loss and recycling trimming generated when cutting materials in the manufacturing process. For waste that is unavoidably generated from our factories, we select waste processors that have minimal impacts on biodiversity and the global environment from the perspective of the 3Rs (reduce, reuse, recycle) and consign disposal with a focus on recycling. When selecting waste disposal contractors, we always visit the site to verify how waste is handled.

In fiscal 2024, waste amounted to 77.5 thousand tons, a decrease of approximately 2.3 thousand tons from fiscal 2023. This is an approximate 7.5% reduction on a per unit of sales basis.

► Waste Generated*2



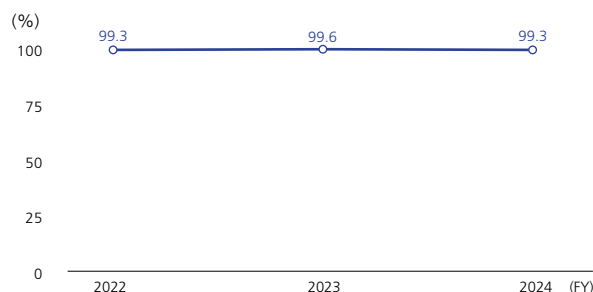
■ Japan ■ Overseas — Per unit (right axis)

*2 Consolidated net sales is used as the denominator to calculate "Per unit (Tons/million yen)."

Promotion of Recycling at Production Sites 301-2,301-3

Unicharm promotes the recycling of product waste and trim at production sites throughout the Group. In 2024, we attained a recycling rate of 99.3% at our production sites (four main factories) in Japan while maintaining a final landfill disposal rate of less than 1%, thereby achieving our target of zero landfill waste at these sites for the 16th consecutive year. At production sites overseas, our subsidiary in Thailand has adopted use of equipment that dismantles and recycles products not meeting specifications from the production process. In conjunction with our recycling efforts in Japan, we have achieved zero landfill waste at our production sites overseas.

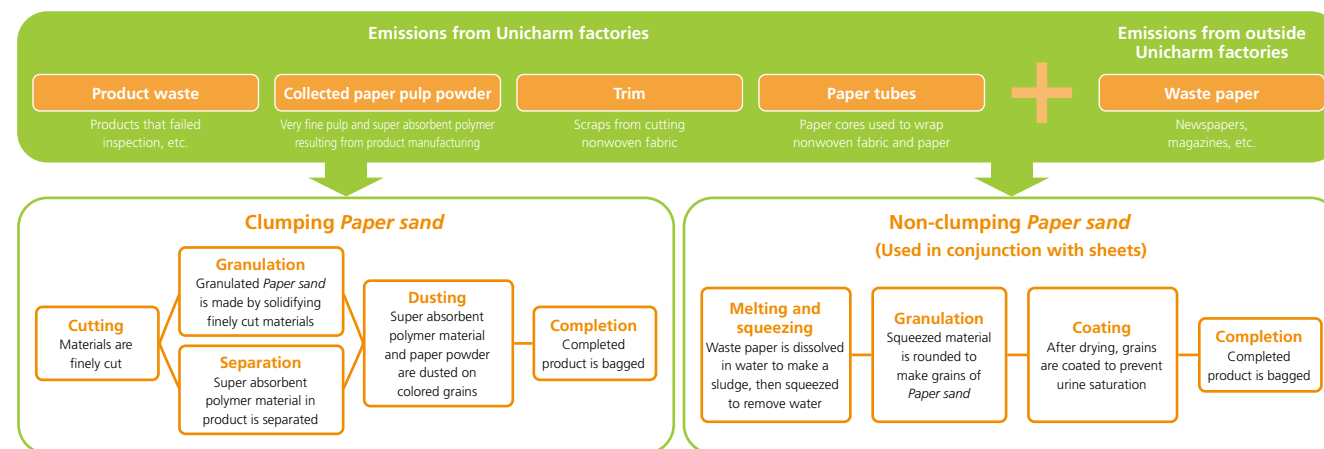
► Recycling Rate (Japan)*3



*3 Figures indicate the material and thermal recycling rates at Unicharm's four main production sites in Japan: Unicharm Products Co., Ltd.'s Fukushima Factory, Shizuoka Factory, Shikoku Factory, and Kyushu Factory (the incinerator at the Fukushima Factory was in operation until fiscal 2022).

P.141 Environmental Data > Recycling Rate

► Manufacturing Process of Paper Sand Incorporating Secondary Use of Product Waste



• Secondary Use of Product Waste: Paper Sand (Japan)

Unicharm's pet care product production subsidiaries Peparlet Co., Ltd. and Kinsei Products Co., Ltd. promote waste reductions by making secondary use of Groupwide product waste as raw materials for Paper sand cat continence care products. In 2024, approximately 14 thousand tons of waste was reused as raw material.

Furthermore, the construction of a new factory in Shimada City, Shizuoka Prefecture, was completed in October 2023 to consolidate Peparlet bases around the Fujieda region of Shizuoka Prefecture. This new factory will improve production and logistics efficiency and promote the reuse of process waste and other materials generated at Group production sites in Japan and overseas, thereby reducing waste.

• Secondary Use of Product Waste (Brazil)

Unicharm's local subsidiary in Brazil is working together with partner companies to promote the secondary use of product waste. Product waste is separated into absorbent material (pulp and super absorbent polymer) and other components (including nonwoven fabric and rubber). The absorbent material is recycled into pet sheets while the other components are reused as wood plastic composite—composite materials made of wood fiber and plastic—which are used to manufacture trash cans, benches, and various other products.

• Reuse of Waste from Nonwoven Fabric (Japan)

Our Deo Sheet Kirei Pad pet sheets released in September 2024 are 100% recycled from the waste generated through the nonwoven fabric manufacturing process.

P.28 Deo Sheet Kirei Pad pet sheets

• Reusing Paper Tubes from Rolled Materials (Japan, India)

At production sites in Japan and India, paper tubes (the paper cores of rolled materials), which were previously thermally recycled, are now returned to suppliers for reuse.

• Recycling Plastic Waste Generated During the Manufacturing Process for Use in Packaging (Japan)

Unicharm recycles the trimmings of plastic materials generated at factories for use in product packaging.

P.28 Recycling Trimmings Generated in Manufacturing Process for Use in Packaging

• Industry Efforts to Reduce Pet Food Loss (Japan)

Unicharm endorses the Pet Life Support Project implemented by the Japan Pet Food Association and the Japan Pet Food & Suppliers Wholesalers Association with support from the Ministry of the Environment. This project facilitates a system to manage information registered by supporting manufacturers on pet food nearing its expiration date, and provides it free of charge to animal shelters upon request. Through this activity, we aim to reduce pet food loss throughout the industry and contribute to animal welfare by saving the lives of shelter dogs and cats and supporting their transfer to new foster homes.

• Reducing Waste Through the Recycling of Used Disposable Diapers (Japan)

Since 2015, Unicharm has conducted demonstration trials involving the recycling of used disposable diapers. In June 2022, select nursing care facilities in Kagoshima Prefecture began using disposable diapers that use recycled materials as part 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 to sterilize and recycle the extracted pulp, making it equivalent to unused raw materials in terms of hygiene, safety, and use.

We collected approximately 173 tons of used disposable diapers in fiscal 2024 and our goal is to collect 230 tons in fiscal 2025.

Preventing Pollution

Hazardous chemical substances emitted from our factories are managed with due consideration to their impact on people and ecosystems. We have formulated guidelines and have a dedicated department that investigates toxicity and legal compliance.

■ Hazardous Waste

• Polychlorinated Biphenyl (PCB) (Japan)

There are currently no units of low-concentration PCB-contaminated equipment in storage.

P.141 Environmental Data > Polychlorinated Biphenyl (PCB) Storage Situation (Japan)

• Substances Subject to the Pollutant Release and Transfer Register (PRTR) (Japan)

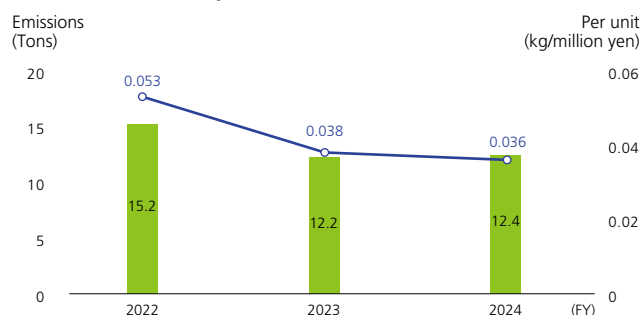
There is currently no PCB in storage.

P.141 Environmental Data > Pollutant Release and Transfer Register (PRTR) Substances (Japan)

■ Air Pollution Countermeasures

To counter air pollution, we are working to reduce nitrogen oxide (NOx) and sulfur oxide (SOx) emissions, which we are required to measure, by improving the operational efficiency of boilers and other equipment.

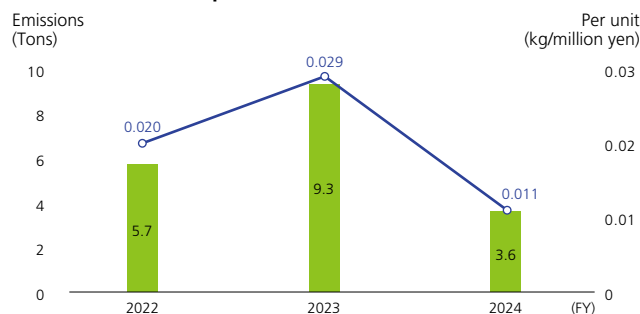
► NOx Emissions (Japan)*1



■ Total NOx emissions — Per unit (right axis)

*1 Consolidated net sales is used as the denominator to calculate "Per unit (kg/million yen)."

► SOx Emissions (Japan)*2



■ Total SOx emissions — Per unit (right axis)

*2 Consolidated net sales is used as the denominator to calculate "Per unit (kg/million yen)."

P.141 Environmental Data > NOx and Sox Emissions (Japan)

• Protection of the Ozone Layer (Japan)

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We manage Chlorofluorocarbons (CFCs) in compliance with laws and regulations and conduct regular inspections in an effort to protect the ozone layer.

P.141 Environmental Data > Ozone-Depleting Substances (Japan)

■ Preventing Water Pollution, Soil Contamination, and Offensive Odors

Wastewater is discharged after measuring biochemical oxygen demand (BOD), chemical oxygen demand (COD), and other parameters in accordance with laws and regulations established by the governments of each country and region, after undergoing treatment in accordance with wastewater treatment standards. We strive to prevent pollution by setting and adhering to strict voluntary standards exceeding the standards of the Water Pollution Control Law and Law Concerning Special Measures for Conservation of the Environment of Seto Inland Sea in Japan, and the Water Pollution Prevention and Control Law of the People's Republic of China. In fiscal 2024, there were no violations of any laws, regulations, or voluntary standards, and the applicable factories properly reported to the government as required by laws and regulations.

Furthermore, to prevent soil contamination and offensive odors, we also conduct regular measurements according to in-house standards, and in fiscal 2024, there were no accidents associated with soil contamination or offensive odors.

P.141 Environmental Data > Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) (Japan)

■ Promoting Awareness of Proper Methods for Disposing of Products After Use

Waste disposal methods vary between countries and regions, and in some countries and regions where Unicharm provides its products, it remains common practice to bury disposable diapers in the ground or discard them in the river after use. For this reason, we educate customers on proper disposal methods through our product packaging. We also conduct environmental awareness classes for children in Indonesia and Thailand to educate them about waste separation and proper disposal methods. We believe these efforts will help protect rivers as water sources, and other ecosystems.

P.29 Raising Awareness About Proper Disposal of Used Products

• Drop Point Project (Thailand)

Unicharm's local subsidiary in Thailand conducts the Drop Point Project to install packaging collection boxes in the areas surrounding its factories. The company also conducts activities to educate the students of nearby universities and vocational colleges on the proper ways to separate and dispose of packages, which has led to an approximately 85% improvement in their awareness of packaging separation and disposal.



• Cleanup Activity (Taiwan–Greater China)

Unicharm's local subsidiary in Taiwan–Greater China participated in Global Volunteer Day held by the AS Watson Group, a chain of health and beauty stores, in September 2024 to protect the ocean and clean up the beaches in Taiwan. Approximately 300 people, including 14 employees, participated in this activity, collecting approximately 591 kg of debris.



• Cleanup Activity (Australia)

In March 2024, 12 employees of Unicharm's local subsidiary in Australia took part in Clean Up Australia Day, picking up trash from the beaches of Melbourne.



• Donation of Trash Cans (Brazil)

To raise environmental awareness at schools, Unicharm's local subsidiary in Brazil donated six trash cans made from product waste of disposable diapers to Centro de Integração Empresa-Escola (CIEE), an integrated business school.



P.53 Secondary Use of Product Waste (Brazil)

• Zero Waste Project (Thailand)

With the aim to reduce landfill waste, Unicharm's local subsidiary in Thailand has teamed up with Burapha University to recycle used face masks into plastic pellets. The company provided training to employees on recycling and installed five collection boxes inside a factory for used face masks.

