

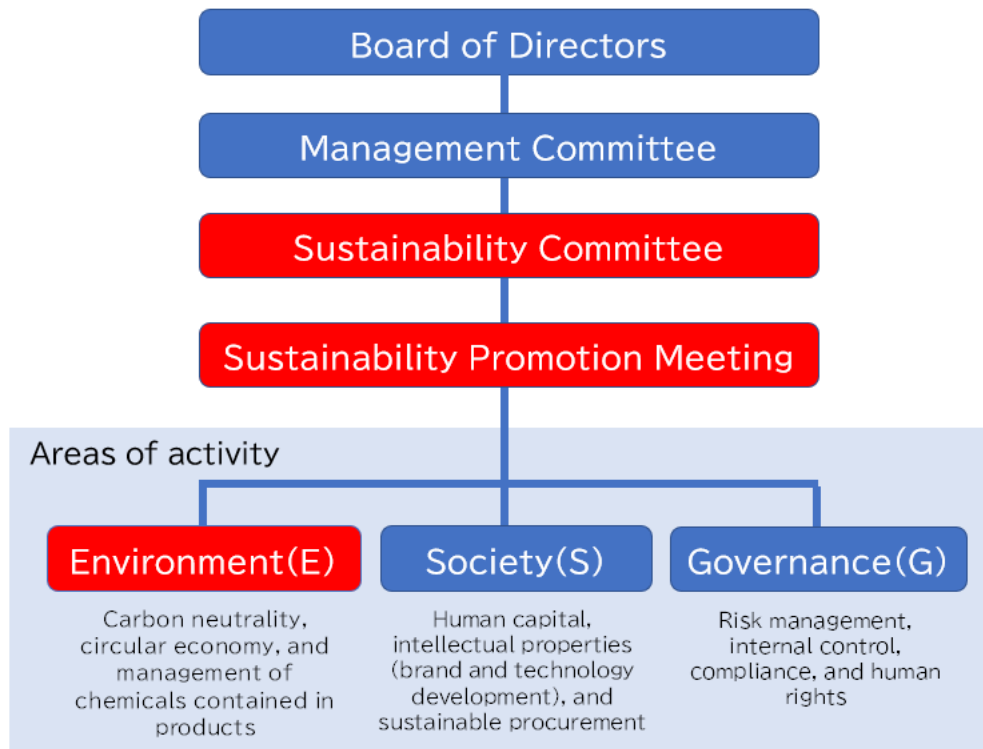
# Noritz Group Environmental Policy

## I. Basic concept

Realizing a sustainable society with the slogan of "Beautiful Earth for the Next Generation," Noritz Group contributes to building three elements of a sustainable society: a low-carbon society, a recycling-oriented society, and a society in harmony with nature. Through our products and business activities, we are striving to mitigate and adapt to climate change, lessen acid rain, reduce energy use, engage a circular economy (through resource saving, recycling, etc.), manage chemicals contained in products, pursue biodiversity and ecosystem protection, make effective use of water resources, and prevent pollution. To promote active activities and improve our performance, we utilize the environmental management system and implement continuous improvement. We also comply with legal and other requirements relating to our business activities and proactively pursue environmental communication with those inside and outside the company.

## II. Promotion system

Noritz Group has built an environmental management promotion system as a mechanism to promote environmental conservation activities. For concrete efforts based on this policy, the sustainable promotion officer (Head of Management Strategy Headquarters) takes on the position of the chairperson. We then comprehensively deal with subjects related to ESG, such as environmental strategies, human rights, procurement, compliance, and risk management, and manage the PDCA cycle in the Sustainability Committee, which is held with the attendance of board directors and managing executive officers, including the president of all the companies. Important individual issues across operating divisions are taken care of by working groups, including group companies centering around the Corporate Planning Department.



### III. Initiatives

#### 1. Building a low-carbon society

##### 1) Reduction of CO<sub>2</sub> emissions in product manufacturing and sales

Most greenhouse gases (CO<sub>2</sub>) emitted in the lifecycle of the equipment manufactured and sold by Noritz Group are emitted during the use of the equipment. We will accelerate product development, including the creation of a diverse lineup of high-efficiency water heating appliances, to ensure that we can provide equipment that contributes to measures against global warming without losing customers' comfort and convenience toward the building of a low-carbon society.

##### 2) Environment-friendly business activities

Noritz Group continuously makes efforts to reduce CO<sub>2</sub> emissions (which are responsible for global warming), adopt energy-saving activities, reduce waste, promote resource recycling, and prevent the environment from pollution. We also strive to improve the efficiency of transportation and reduce CO<sub>2</sub> emissions in distribution.

### **3) Forest carbon offset**

Since 2011, Noritz Group has continued to conduct a carbon offset activity using the J-Credit Scheme. Through this activity, we offset CO<sub>2</sub> emitted during the production of the hybrid hot-water supply/heating system and the GT-C72 Series (except the automatic type), a series of gas bath water heaters, and CO<sub>2</sub> emitted by energy use at the Tsuchiyama Office in the water heater recycling plant of S-CORE HEARTS CO., LTD, a special subsidiary company of Noritz Group. We proceed with our carbon offset activity to be environmentally conscious not only when using environment-friendly products but also when manufacturing such products.

## **2. Building a recycling-oriented society**

### **1) Promotion of a water heater recycling business**

As a manufacturer of water heaters, which are metal products made of earth resources, Noritz Group promotes efforts to directly collect, disassemble, and recycle used water heaters for resource recycling as well as reduce the number of resources to be used through collaboration with dealers and welfare facilities. We separate the used water heaters that we collect into non-ferrous materials, such as iron, copper, aluminum, stainless steel, and other materials, to contribute to recycling. This disassembling and recycling process also creates employment opportunities for disabled people.

### **2) Effective use of resources in packaging products**

To build a recycling-oriented society, we need to make efforts to attain optimization throughout the entire society. We are working on an environment-conscious design (reduction in size and weight) that considers the real picture of overall resource use with our eyes set on the upstream and downstream supply chains aside from our own business scope. We also need to promote recycling and the use of recycled resources after the disposal of our products from an extensive perspective based on the assessment of the entire lifecycle. Noritz Group verifies the service life and safety of its products and, at the same time, promotes 3R (Reduce, Reuse, Recycle) capable design. Furthermore, we also adopt 3R measures, such as returnable packaging, for packaging materials for products.

### **3) Efforts to reduce waste**

Noritz Group is engaged in reducing waste and promoting resource recycling through its business activities. We also aim to achieve zero emissions at our production sites.

### 3. Building a society in harmony with nature

#### 1) Efforts to manage chemicals contained in products

Noritz Group is addressing the strengthening of sustainable procurement through the building of a product chemicals management system as well as survey requests and answers. We manage chemicals contained in products based on the Noritz Group Product Chemicals Management Guidelines, which include today's domestic and international trends in addition to related laws and regulations. The RoHS Directive and REACH represent regulations on chemicals contained in products, which tend to be tightened and expanded. To respond to such regulations, we need not only to promote efforts in Noritz Group, such as design, purchasing, quality assurance, manufacturing, and sales, but also to work together with our business partners. To this end, we have formulated the Sustainable Procurement Guidelines and strive to coexist and co-prosper with our business partners under the slogan of symbiosis with the global environment.

#### 2) Effective use of water resources

Because Noritz Group regards water as a precious resource and wants to use it effectively, we try to cut down on the use of clean water through water-saving activities and the use of recycled water at our offices and plants. At the Development Center in the Head Office Plant, which is one of our major production bases, we have created a water recycling system and use the water for experiments and other purposes. Through the generation of recycled water, we have greatly succeeded in reducing the use of clean water. We will continue to improve the water reuse rate and cut down on the use of clean water.

## IV. Risks and opportunities

### Environment-related risks and opportunities assumed in our business activities

Item	Risks	Opportunities
Low-carbon society	<ul style="list-style-type: none"><li>• Changes in the market environment due to low carbonization triggered by climate change</li><li>• Increase in costs for responding to environmental regulations</li></ul>	<ul style="list-style-type: none"><li>• Creation of a new market resulting from low carbonization</li><li>• Market development and larger share resulting from environmentally competitive product development</li></ul>
Recycling-oriented society	<ul style="list-style-type: none"><li>• Business continuity crisis due to raw resource depletion</li><li>• Tightening of regulations about the use of plastics (resin) (demand for a reduction)</li></ul>	<ul style="list-style-type: none"><li>• Creation of a new business model resulting from the expansion of the water heater recycling business</li><li>• Acquisition of competitiveness</li></ul>

		resulting from the promotion of utilization of sustainable materials
Society in harmony with nature	<ul style="list-style-type: none"> <li>• Prohibition of sales resulting from an inability to respond to hazardous substance regulations in each country and region</li> <li>• Business stagnation resulting from difficult procurement of fossil fuel and naturally derived materials</li> <li>• Water heater use regulation resulting from depletion of water resources</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition of market competitiveness through safe and secure added value relating to hazardous substances</li> <li>• Advantage of manufacturer selection and increased brand power resulting from natural symbiosis-conscious corporate activities</li> <li>• Market development and larger share resulting from the development of water-saving products with the use of water resources in mind</li> </ul>

## V. Indicators and goals regarding environmental management

Performance and goals (KPI) regarding environmental management are set as materiality. The progress is reported in the Sustainability Committee, which is held twice a year, and the KPI is disclosed on the Noritz Report website.

• ESG data of Noritz Group > [ESG Databook | Noritz \(noritz.co.jp\)](https://www.noritz.co.jp/ESG)

April 19, 2024  
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