



Policy (our fundamental view)

The NOF Group makes efforts for the use and management of water resources as well as the appropriate treatment and management of plant wastewater in accordance with the Management Policy Regarding Responsible Care.

To this end, each plant and subsidiary is working on the following items.

- (1) Operation and wastewater management of specified facilities based on the Water Pollution Prevention Law
- (2) Thorough employee education on environment-related laws and regulations
- (3) Assessment of environmental impact when new facilities are established
- (4) Monitoring, confirmation, and enhancement of management status through internal audits
- (5) Disclosure of information through regular community dialogue

In addition, at our business bases, we are working to reduce water consumption and improve efficiency in production. We achieve sustainable water resource management by promoting the effective use of water resources and reducing the burden on the environment.

Within the NOF Group, the RC Committee Chair, appointed by the President, is responsible for these initiatives. Through these efforts, we promote resource recycling and actively work to reduce environmental impact, thereby contributing to the realization of a sustainable society.

Use of water resources

NOF has been carrying out the efficient use of water

resources by estimating the amount of the water consumption. In fiscal 2024, total new water intake was 7.886 million m³, of which 1.407 million m³ was groundwater and 1.805 million m³ was city water.

Our water usage per million yen of net sales has increased by approximately 0.7% over the previous fiscal year, making us more dependent on water use. For the appropriate management and protection of water resources, we conduct employee education and awareness-raising activities, recognize the importance of sustainable water use, and continue to work to reduce water consumption.

Volume of wastewater by discharge destination

The NOF Group discharges approximately 60%, or 3,596,000 m³, of the wastewater generated at each production site to seawater after appropriate treatment. In addition, about 32% is discharged to surface water, including rivers, and the remaining 8% to other organizations.

Changes in volume of wastewater by discharge destination

NOF Group

(Thousand m³/year)

| Category | 2021 | 2022 | 2023 | 2024 |
|----------------------------------|--------------|--------------|--------------|--------------|
| Surface water | 1,777 | 1,843 | 1,863 | 1,904 |
| Groundwater | 0 | 0 | 0 | 0 |
| Seawater | 3,479 | 3,483 | 3,692 | 3,596 |
| Discharge to other organizations | 568 | 535 | 535 | 504 |
| Total | 5,824 | 5,861 | 6,090 | 6,004 |

Changes in water consumption

(Thousand m³/year)

| Category | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------------|-------------|------------|------------|------------|
| NOF (non-consolidated) | | | | | |
| Volume of water intake | - | - | - | - | 13,496 |
| Volume of new water use | 5,254 | 5,303 | 5,473 | 5,462 | 5,350 |
| City water | 181 | 208 | 217 | 234 | 232 |
| Industrial water | 4,300 | 4,322 | 4,351 | 4,359 | 4,219 |
| Groundwater | 773 | 774 | 905 | 869 | 898 |
| Internally recycled water | - | - | - | - | 8,146 |
| Volume of water discharged | 4,846 | 4,939 | 5,022 | 5,283 | 5,190 |
| Volume of water used | 408 | 364 | 451 | 179 | 159 |
| Entire Domestic Group | | | | | |
| Volume of water intake | - | - | - | - | 14,038 |
| Volume of new water use | 5,814 | 5,861 | 6,001 | 5,959 | 5,892 |
| City water | 211 | 243 | 248 | 268 | 266 |
| Industrial water | 4,300 | 4,322 | 4,351 | 4,359 | 4,219 |
| Groundwater | 1,304 | 1,297 | 1,402 | 1,332 | 1,407 |
| Internally recycled water | - | - | - | - | 8,146 |
| Volume of water discharged | 5,390 | 5,479 | 5,531 | 5,763 | 5,716 |
| Volume of water used | 424 | 382 | 470 | 196 | 177 |
| NOF Group total | | | | | |
| Volume of water intake | - | - | - | - | 16,032 |
| Volume of new water use | 7,698 | 7,833 | 7,964 | 7,833 | 7,886 |
| City water | 1,318 | 1,514 | 1,650 | 1,578 | 1,805 |
| Industrial water | 5,077 | 5,022 | 4,912 | 4,923 | 4,673 |
| Groundwater | 1,304 | 1,297 | 1,402 | 1,332 | 1,407 |
| Internally recycled water | - | - | - | - | 8,146 |
| Volume of water discharged | 5,780 | 5,824 | 5,861 | 6,090 | 6,004 |
| Volume of water used | 1,918 | 2,009 | 2,103 | 1,743 | 1,881 |
| Volume of water used / Net sales (ton / million yen) | 11.1 | 10.4 | 9.7 | 7.8 | 7.9 |



Initiatives to reduce water use

In order to promote reductions and efficiency improvements in water use at our business sites, NOF is circulating cooling water and reviewing manufacturing processes to reduce water intake.

We are also working to suppress water intake by reusing treated wastewater as cooling water.

Water stress (drought) assessment

We assessed water stress (drought)*1 at our domestic and overseas production sites using the Aqueduct 4.0 tool of the World Resources Institute (WRI). The assessment showed that in 2024 and 2030, some sites in Europe and Southeast Asia will be located in regions under water stress. By 2050, it is expected that sites in South America will also face a higher risk of water stress. Going forward, we will continue working to reduce water usage.

Results of water shortage risk assessment using Aqueduct 4.0

(No. of production sites)

| Water shortage risk level | Water stress | 2024 | 2030 | 2050 |
|---------------------------|--------------|------|------|------|
| High | Over 40% | 2 | 2 | 3 |
| Medium | 20–40% | 14 | 15 | 14 |
| Low | Below 20% | 7 | 6 | 6 |

Water intake at sites with high drought risk

NOF Group

(Thousand m³/year)

| | | Volume of water intake | Consumption amount | |
|--|--|------------------------|--------------------|----------------------------|
| Sites under high water stress (thousand m³/year) | | 453 | 152 | |
| Ratio to total of the NOF Group (%) | | 5.7% | 8.1% | |
| | | Volume of water intake | Consumption amount | Volume of water discharged |
| High water stress | NOF METAL COATINGS EUROPE N.V. | 3 | 3 | 0 |
| | PT.NO F MAS CHEMICAL INDUSTRIES | 450 | 149 | 301 |
| Medium water stress and lower | Other NOF Group sites (including overseas) | 7,433 | 1,729 | 5,704 |
| NOF Group total | | 7,886 | 1,882 | 6,004 |

Prevention of water pollution

Wastewater from production activities is properly treated through treatment facilities before being discharged outside the plants. We monitor biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended solids,*2 and the like in wastewater. Along with ongoing equipment upgrades, we are improving our water quality management system and operating in compliance with prescribed limits. In addition, there have been no cases of violations of laws and regulations related to water quality.

Changes in wastewater monitoring items

(Tons / year)

| | Category | 2021 | 2022 | 2023 | 2024 |
|---|------------------|------|------|------|------|
| NOF | BOD | 50 | 37 | 33 | 24 |
| | COD | 67 | 44 | 52 | 55 |
| | Suspended solids | 31 | 22 | 36 | 26 |
| Domestic Group | BOD | 52 | 39 | 36 | 25 |
| | COD | 68 | 44 | 52 | 55 |
| | Suspended solids | 36 | 25 | 42 | 31 |
| NOF Group | BOD | 93 | 67 | 74 | 58 |
| | COD | 154 | 148 | 171 | 153 |
| | Suspended solids | 46 | 44 | 58 | 43 |
| Violations of laws and regulations (no.) | | 0 | 0 | 0 | 0 |

*1 Water stress is measured as the ratio of total water withdrawals to available, renewable surface and groundwater supplies. Water withdrawals include consumptive and non-consumptive uses for household, industrial, irrigation, and livestock purposes. Available, renewable water supplies include the impact that upstream consumptive water users and large dams have on downstream water availability.

*2 Particulate substances of 2 mm or less in diameter floating or suspended in water; one of the indicators of water quality.



Risks and opportunities for water and wastewater

| Category | Major risks and opportunities | Overview | Countermeasures |
|------------------|---|--|---|
| Transition risks | Tighter domestic and international regulations | <ul style="list-style-type: none"> The introduction of new regulations makes it necessary to enhance facilities and strengthen management systems to comply with the new regulations, which increases the associated management costs New wastewater regulations make it impossible to manufacture products as they have been through now, resulting in reduced sales due to lost opportunities | <ul style="list-style-type: none"> Increased capacity of wastewater processing facilities Development and provision of products with low environmental impact |
| | Market | <ul style="list-style-type: none"> At production sites in regions with high water risk, procurement costs rise due to higher water prices caused by water shortages At production sites in regions with high water risk, sales decrease due to lost opportunities when operations are interrupted at production plants due to frequent water outages caused by water shortages Aging water infrastructure causes unstable water supply and frequent water outages, interrupting operations at production plants and resulting in sales decrease due to lost opportunities | <ul style="list-style-type: none"> Study of efficient use of water |
| | Deterioration of evaluation/reputation | <ul style="list-style-type: none"> Delays in complying with regulations and in developing eco-friendly products damage the company's evaluation from investors and its reputation among customers and local residents | <ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives |
| Physical risks | Natural disasters | <ul style="list-style-type: none"> Due to prolonged heavy rainfall causing wastewater processing facilities to exceed their capacity, or damage to facilities caused by typhoons and other natural disasters, it becomes difficult to manage discharges, which in turn causes production to stop, resulting in lost opportunities and lost sales Water cutoffs and droughts due to natural disasters associated with climate change disrupt operations at production plants, resulting in reduced sales due to lost opportunities Increased flooding due to climate change damages production plants at risk of flooding, resulting in asset losses and reduced sales Due to the increase in flooding accompanying climate change, the outflow of pollutants causes negative impacts on the environment, and in addition to fines imposed for violations of environmental regulations, the company's reputation is damaged, which leads to customer loss and decreased sales | <ul style="list-style-type: none"> Increased capacity of wastewater processing facilities Study of efficient use of water |
| | Chronic risks | <ul style="list-style-type: none"> Excessive groundwater intake causes land subsidence in areas surrounding plants using groundwater, resulting in large compensation for damages and decreased sales due to prolonged shutdowns (Aichi Works) | <ul style="list-style-type: none"> Study of efficient use of water |
| Opportunities | Growing needs for products that contribute to water pollution solutions | <p>[Mitigation of water pollution]</p> <ul style="list-style-type: none"> Anti-sticking agents for asphalt mixtures, eco-friendly stern tube bearing oil, biodegradable lubricants, antifreezing agents, lead-free products | <ul style="list-style-type: none"> Development and provision of eco-friendly products |
| | Improvement of evaluation and reputation | <ul style="list-style-type: none"> Proactive emission control measures and the development and provision of products that make positive contributions improve the company's evaluation from investors and its reputation among customers and local residents | <ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives |