

## Reduce waste and expand recycling

### Policy

NITORI Group recognizes the finite nature of resources and strives to reduce the amounts of resources used and the amounts of waste discharged by making effective use of resources and promoting resource circulation, not only within the Group but also throughout the entire supply chain, including suppliers. Specifically, aiming to be an enterprise that reduces waste, ideally generating no waste and recycles waste as resources, we strive to reduce the amounts of waste discharged while at the same time reducing the amount of waste that is not recycled but discharged by means of landfill or simple incineration. We will promote activities both before and after discharge of waste.

### Targets

By FY2030,

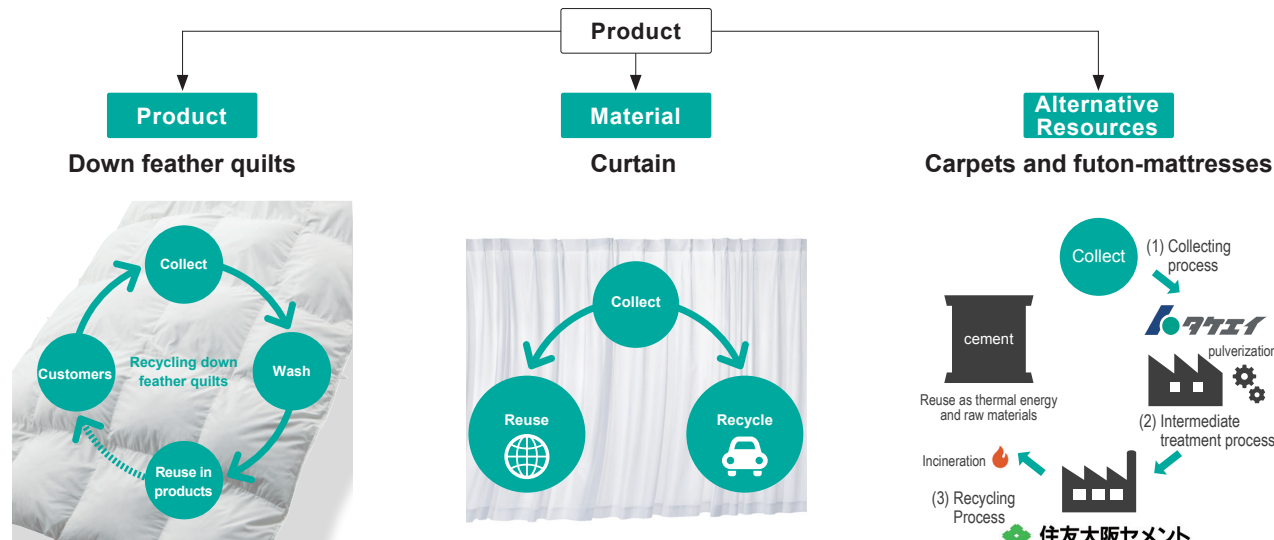
- (1) **30% reduction\*** in the amount of waste discharged (general waste and industrial waste) compared with FY2018 (per 100 million yen of net sales in Japan)
- (2) **At least 95%\*** recycling of industrial waste
- (3) Promote “conversion of waste into resources” as an initiative to eliminate waste in the first place.
  - Expand development of products with an eye toward recycling from the planning and design stages (circular economy)
  - Promotion of collecting products for recycling (collecting products and packaging materials)

\* (1) and (2) are for domestic operations.

## Become a company that considers “after use”

NITORI Group has established the system consisting of three recycling mechanisms (“reprocessing,” “materialization” and “resource recycling”) as part of its resource recycling efforts. We will continue to utilize this system to expand the number of products that can be collected and recycled.

### Collecting products for recycling



In October 2022, we began selling “recycled down feather quilts” made of approximately 30% recycled down as part of our stores and on the NITORI-net. In fiscal 2022, stores collecting down quilts expanded nationwide.

In fiscal 2022, we expanded stores collecting curtains nationwide and reused them as products and fabric materials, as well as recycled them as heat insulators for automobiles. In June 2023, we began collecting curtains on a regular basis, establishing a system to reuse and recycle curtains at any time.

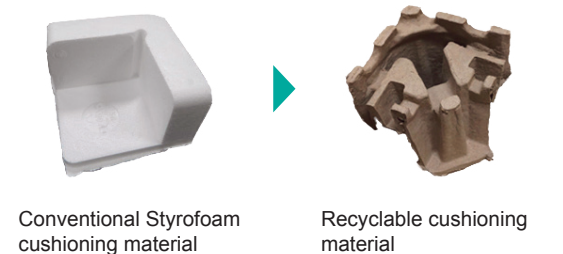
We have experimented and established a new mechanism through collaboration among the three companies to collect carpets and futon-mattresses at some of our stores and utilize them as heat energy and cement material. We aim to implement this initiative nationwide in the future, as we have done with the collection of curtains and down feather quilts.

### Reviewing plastic-based packaging materials

Plastic packaging materials (cushioning materials, packages, etc.), which have a high environmental impact, are being reviewed in terms of both “reducing plastic waste” and “deciding which materials not to use.”

In terms of “reducing plastic waste,” we are working to “eliminate,” “reduce,” or “replace (with alternative materials that are easily recyclable)” plastic-based packaging materials. In addition, we are labeling the materials with their material names to make it easier for them to be used as resources rather than waste.

As for “deciding which materials not to use,” our policy is to not use polyvinyl chloride (PVC), Styrofoam, or multilayer composite sheets made of different materials, etc. We began our efforts in 2015, starting with large furniture for delivery and installation and have completed 100% of the switchover from Styrofoam to alternative materials. However, we will continue to switch to alternative materials for some of our take-out assembled furniture and mirrors, which are not yet compliant with this policy.



### Promotion of sorting at disposal

NITORI Group hopes to promote sorting at the disposal stage to reduce the amount of waste and disposal costs by turning them into resources instead of waste, as well as to make effective use of limited resources. We are currently conducting various verifications at our stores and distribution centers to convert waste into resources.

For example, at some distribution centers, large furniture and bed mattresses that are difficult to dispose of are dismantled by hand and sorted into metal and scrap materials. These materials are collected by a processor and recycled as resources or solid fuel. In addition, stretch film (packaging wrap) used at distribution centers is collected and recycled by a processor after sorting, and is converted into garbage bags for use as in-house supplies. This contributes to resource recycling within the Group. NITORI Group will continue to strive to establish a disposal flow that makes the most of its unique, integrated business model.



Dismantle discarded bed mattresses and sort metal parts → recycle as resources

## Sustainable Procurement

NITORI Group promotes “sustainable procurement” throughout its supply chain, with the aim of procuring products with consideration for environmental and social issues. In particular, in the area of sustainable timber procurement, we aim to build a supply chain that is free from deforestation, illegal logging and human rights abuses.

We are also working with our suppliers to create a traceability system that also takes biodiversity into consideration. With the cooperation of our suppliers, we have completed a trial program for traceability of timber procurement, and plan to perform full-scale operation in fiscal 2023. In order to ensure objectivity, we utilized the “Responsible Purchasing Checklist for Forest Products” published by WWF Japan, a global environmental NGO, to confirm and evaluate “traceability to the origin” and “appropriateness of forest management” in consideration of the environment and society.

In order to ensure that the entire supply chain is working in the same direction, we communicate and share the necessity of “sustainable timber procurement” at the annual management policy briefing for overseas suppliers.