

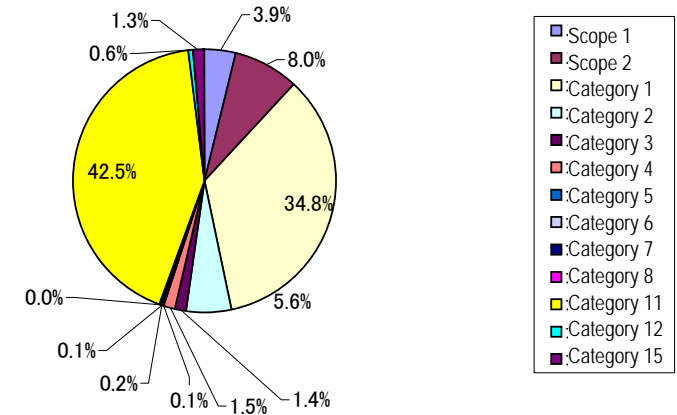
	Company thinking
<input type="checkbox"/> Background and purpose for accounting	<ul style="list-style-type: none"> • Because Scope 3 calculations are becoming a societal demand, understanding greenhouse gas emissions throughout our entire supply chain will help us recognize the areas in our company with the most emissions, and help us to take more effective reduction measures. • As a measure of environmental management assessment, we hope that calculating and disclosing the emissions for our entire supply chain will lead to a higher assessment of our company from both the societal and business points of view.
<input type="checkbox"/> Utilization of accounting results	<ul style="list-style-type: none"> • Publicize in our social environment reports, web site, etc. • By using the results as material for environmental education, having our employees understand the relations between their work and emissions, and to improve consciousness about reducing emissions. • As responses to environmental measures assessment questionnaires from external sources.
<input type="checkbox"/> Advantages of accounting	<ul style="list-style-type: none"> • By making the quantity of emissions from the entire supply chain visible, we will be able to clarify the areas to target in our reduction efforts. • We will be able to respond to questionnaires from external sources and be able to respond to requests for disclosure from interested parties, such as our customers.
<input type="checkbox"/> Internal accounting organization	<ul style="list-style-type: none"> • The Environment Department shall compile the results, based on the existing data collected from the various departments and the Environment Department. (Basically, we will not be collecting any new data.)

Company thinking

□ To reduce supply chain emissions

- The accounting results show that the majority of our emissions are from Category 11 (use of sold products) and Category 1 (purchased goods and services), so that developing environmentally-aware products and selecting materials with small environmental loads when making purchases are important.

Noritake's Scope 1, 2 and 3 greenhouse gas emissions (domestic, FY2012)



□ Tasks to account for supply chain emissions

- Because most of our products are tools and materials, it is difficult to calculate emissions from indirect usage according to Category 11 calculations, so that we must improve the accuracy for setting usage condition scenarios.
- Based on the premise that we will continue accounting in the future, we must simplify calculation methods and make manuals.

□ For those starting to account for supply chain emissions

- Calculating supply chain emissions, even if only an estimate, is an important first step to reducing emissions because you will be able to see and recognize the relations between your business and greenhouse gas emissions.
- Although existing data can be used for the majority of overall supply chain emission calculations, it is necessary to make preparations and be creative in collecting daily data so that the data can be used at a later date and increase accuracy.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Procured materials (converted to mass from weight or monetary value) 	<ul style="list-style-type: none"> CFP basic DB
Category 2: Capital goods	<ul style="list-style-type: none"> Capital investment amount 	<ul style="list-style-type: none"> Ministry of the Environment DB (Ver. 2.0)
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Energy usage by type 	<ul style="list-style-type: none"> CFP basic DB
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Shipment logistics: Owner shipment weight ton/km Procurement logistics: Estimated by setting scenarios from the procured quantity of materials 	<ul style="list-style-type: none"> CFP basic DB
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Quantity of waste by type and treatment type 	<ul style="list-style-type: none"> Ministry of the Environment DB (Ver. 2.0)
Category 6: Business travel	<ul style="list-style-type: none"> Number of employees 	<ul style="list-style-type: none"> Ministry of the Environment DB (Ver. 2.0)
Category 7: Employee commuting	<ul style="list-style-type: none"> Number of employees, number of working days, working format, urban category 	<ul style="list-style-type: none"> Ministry of the Environment DB (Ver. 2.0)
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Power usage at leased warehouses 	<ul style="list-style-type: none"> CFP basic DB
Category 11: Use of sold products	<ul style="list-style-type: none"> Annual shipment quantities and scenario settings for use 	<ul style="list-style-type: none"> Ministry of the Environment DB (Ver. 2.0)
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Annual shipment weight and scenario settings for treatment methods 	<ul style="list-style-type: none"> Ministry of the Environment DB (Ver. 2.0)
Category 15: Investments	<ul style="list-style-type: none"> Number of shares owned by companies invested in and Scope 1 and 2 emissions 	