

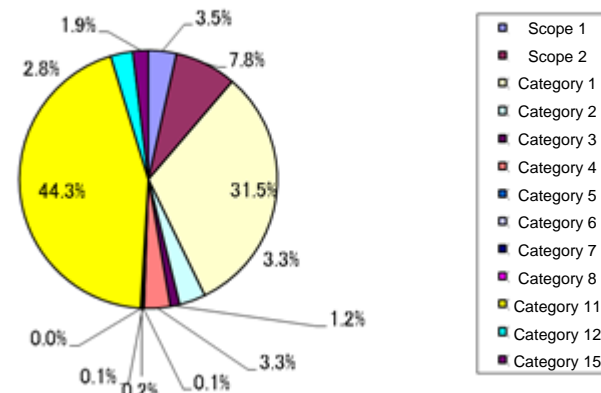
	Companies' approach
<p><b>□ Background and purpose of accounting</b></p>	<ul style="list-style-type: none"> <li>• As we are seeing an emerging and increasing demand from society for Scope 3 emissions accounting, understanding greenhouse gas emissions throughout our entire supply chain will help us recognize the areas with high emissions in our business activities, and then take more effective reduction measures accordingly.</li> <li>• As a measure of environmental management evaluation, we hope that calculating and disclosing the emissions across our entire supply chain will lead to a higher appreciation of our company from both societal and business points of view.</li> </ul>
<p><b>□ Utilization of accounting results</b></p>	<ul style="list-style-type: none"> <li>• We disclose relevant information through our Social and Environmental Reports and website, etc.</li> <li>• By using the results as a material for our internal environmental education, we can expect to have our employees understand the linkage between their own works and associated emissions, thereby raising their awareness about emissions reduction.</li> <li>• The results can also be used to respond to corporate environmental commitment evaluation questionnaires from external organizations.</li> </ul>
<p><b>□ Benefits of accounting</b></p>	<ul style="list-style-type: none"> <li>• By making visible our emissions across the entire supply chain, we will be able to clearly identify those areas to be targeted in our reduction efforts.</li> <li>• We will be able to respond to questionnaires from external organizations, and a request for information disclosure from our stakeholders such as customers.</li> </ul>
<p><b>□ Internal system for accounting</b></p>	<ul style="list-style-type: none"> <li>• The environmental department deals with and organizes the task of supply chain emissions accounting, mostly based on the existing data collected itself and from our business divisions. (Selecting and making a list of data items needed for emissions accounting will help us collect the relevant information.)</li> </ul>

## Companies' approach

### □ Efforts 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 and promoting environmentally-aware products and selecting materials with less environmental loads when making purchases are important.

Noritake's Scope 1, 2 and 3 greenhouse gas emissions (domestic, FY2013)



### □ Issues in supply chain emissions accounting

- For Category 11 emissions calculation, we should note that most of our products are tools and materials, for which it is difficult to calculate emissions from indirect use of them. Therefore we must improve the accuracy in setting usage condition scenarios.
- Also for Category 1 emissions calculation, we will need to encourage our suppliers to provide us with adequate data in order to continuously increase the accuracy of supply chain emissions accounting.

### □ Other remarks

- Starting with our 2014 Social and Environmental Report, we are disclosing information on our GHG emissions across the entire supply chain.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> <li>Amount of materials procured (in terms of weight, or weight equivalent based on value amount)</li> </ul>	<ul style="list-style-type: none"> <li>CFP basic DB</li> </ul>
Category 2: Capital goods	<ul style="list-style-type: none"> <li>Capital investment amount</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of the Environment DB (Ver. 2.0)</li> </ul>
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> <li>Energy usage by type</li> </ul>	<ul style="list-style-type: none"> <li>CFP basic DB</li> </ul>
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> <li>Outbound logistics: Transportation in ton-kilometers used by us as the sender</li> <li>Inbound logistics: Estimated by setting scenarios based on the quantity of materials procured</li> </ul>	<ul style="list-style-type: none"> <li>CFP basic DB</li> </ul>
Category 5: Waste generated in operations	<ul style="list-style-type: none"> <li>Quantity of waste discharged, by type and disposal method</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of the Environment DB (Ver. 2.0)</li> </ul>
Category 6: Business travel	<ul style="list-style-type: none"> <li>Number of employees</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of the Environment DB (Ver. 2.0)</li> </ul>
Category 7: Employee commuting	<ul style="list-style-type: none"> <li>Number of employees, number of working days, working arrangements, and urban category</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of the Environment DB (Ver. 2.0)</li> </ul>
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> <li>Power usage at leased warehouses</li> </ul>	<ul style="list-style-type: none"> <li>CFP basic DB</li> </ul>
Category 11: Use of sold products	<ul style="list-style-type: none"> <li>Annual shipment quantities and scenario settings for use</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of the Environment DB (Ver. 2.0)</li> </ul>
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> <li>Annual shipment weight and scenario settings for disposal methods</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of the Environment DB (Ver. 2.0)</li> </ul>
Category 15: Investments	<ul style="list-style-type: none"> <li>Number of shares owned by our company, and Scope 1 and 2 emissions, of investee companies</li> </ul>	