

Noritake

NORITAKE
CORPORATE REPORT

2019





What is Noritake?

1. Corporate Philosophy	P03
2. Strengths Cultivated through History	P05
3. About the Noritake Group	P07

Creation of Value

4. Value Creation at Noritake.....	P09
5. Message from the President.....	P11
6. Financial Highlights	P15
7. Non-Financial Highlights	P16
8. Business Overview	P17

Editorial policies

Noritake issues this report with the aim of communicating with stakeholders and gain their understanding of the company. We actively disclose information on our management plans, our business performances, and our initiatives involving society, environment, and corporate governance.

Guidelines referenced

GRI (Global Reporting Initiative)
Sustainability Reporting Guidelines (4th Edition)
Ministry of Economy, Trade and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation"
International Organization for Standardization (ISO) ISO26000

Forward-looking statements

Performance outlooks and other forward-looking statements contained in this report are prepared on the basis of currently available information and on assumptions considered to be reasonable. Please be aware that actual performance may differ due to various key factors.



Our ESG

9. ESG Initiatives	P21
10. Corporate Governance	P23
11. Together with Communities	P29
12. Harmony with the Environment	P33

Financial and Company Data

13. Financial Summary	P41
14. Company Overview	P42

Organizations covered

The Noritake Group

Some non-consolidated information of NORITAKE CO., LIMITED is included in the report.

Period covered

Fiscal 2018

(April 1, 2018 to March 31, 2019)

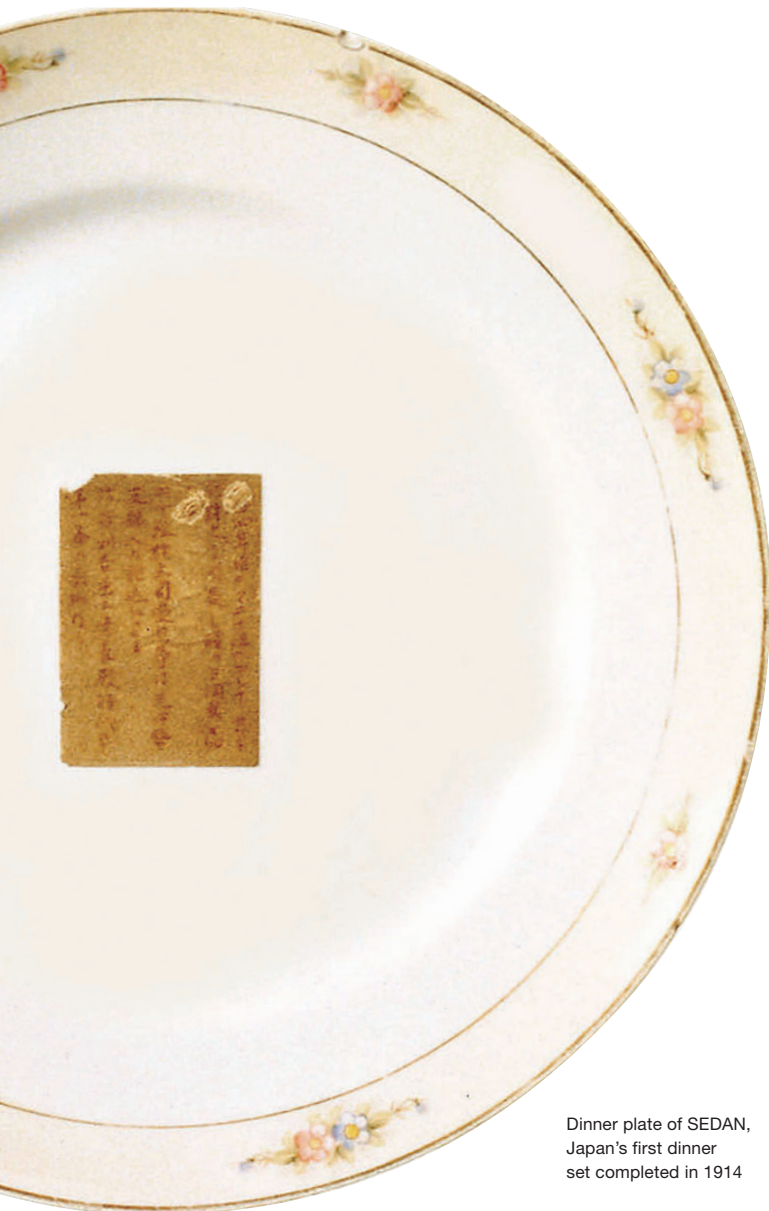
Some fiscal 2019 activities are also included in the report.

Visit our website

The content of this report and more detailed IR information can be viewed on our website.



Invaluable lessons from Noritake's founders



Dinner plate of SEDAN,
Japan's first dinner
set completed in 1914

Noritake's history begins in the late 1800s, a heady age for Japan as the country emerged from centuries of isolation to interact with the rest of the world.

The company's founder, Ichizaemon Morimura, spurred by a desire to prevent Japan's wealth from being drained out of the country and buoyed by advice from scholar Yukichi Fukuzawa, a prominent leader of Japan's development at the time, set up an international trade business with the idea of generating wealth for the country and happiness for its people.

Trading with the outside world, Ichizaemon and his comrades met the beautiful, white porcelain of Europe which attracted their attention.

They longed to manufacture this work of art with exquisite craftsmanship and impeccable whiteness in Japan, and to contribute to society through their business.

In 1904, at the site of Noritake's current company headquarters, they established a ceramics factory, brimming with modern production equipment, and set about making authentic western style tableware.

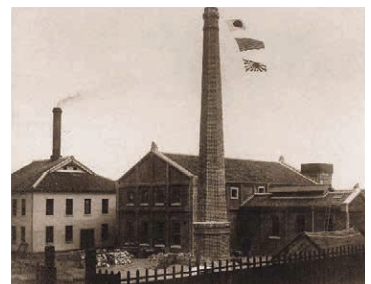
Producing 25 cm plates, a core item of any dinner set, proved to be a challenge. The company's engineers and executives put their heads together to come up with a solution. After ten long years of research, they finally completed Noritake's first dinner set, named "SEDAN". This was, Japan's first domestically produced dinner set.

SEDAN established Noritake as a global tableware brand.

Through the technologies we acquired through producing tablewares, Noritake developed new technologies and expanded its business to various fields.



Ichizaemon Morimura,
founder of the company



The Headquarters plant at the company's
founding in 1904

Philosophy system

「我方社ノ精神」

- 一、海外貿易ハ四海兄弟人權擴張共同
幸福ヲ得テ永ク世界ノ平和ヲ保チ
国家富強ノ元ヲ開キ将来国家ニ
志ス者ノ執ルベキ事業ト決心シ創
立シタル社中也
- 一、私利ヲ不樂一身ヲ犠牲トシ後世国
民ノ發達スルヲ樂トスルヲ目的トス
- 一、至誠ヲ心トシ信実ヲ旨トシ約束ヲ
違ヘサル事
- 一、ウソヲツカズ慢心 イカリ 驕リ
忌リ 私欲ヲ慎ム事
- 一、身ヲケガスナカレ朋友ハ肉身ヨリ
大切ナリ 和合共力スル時ハ其功德
金錢杯ノ及フ所ニアラズ終生ノ
神靈ナリ
- 一、天ノ道ヲ信スヘシ天ハ人ノ為ニ万物
ヲ經營シ寸時モ休ム事ナシ
- 右ノ條々ヲ鉄石心ヲ以勇氣昇天ノ如ク
確守スベシ修養シテ怠ラサレハ心神ノ
至誠天ニ通スベシ

The Noritake Creed

In 1909, Ichizaemon Morimura, one of Noritake's founders, set down "The Noritake Creed," the philosophy to which our company is to adhere. Outlining concepts such as "Harmonious Coexistence and Co-prosperity," "Social Contribution," "Trust First," and "Integrity and Cooperation," have been upheld to this day, conducted by every member of the company.

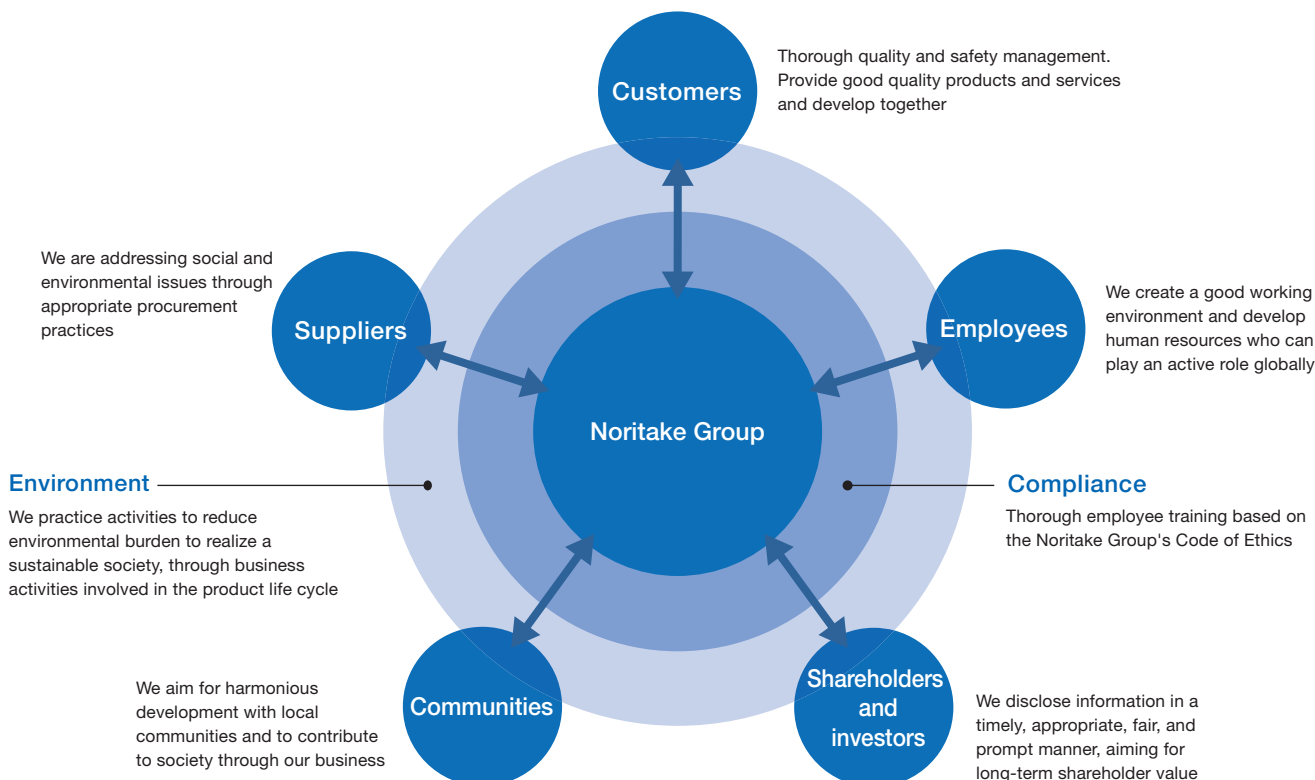
Corporate Motto

- Good Quality** Making all-out efforts to manufacture the finest quality products
- Export** Pursuing internationalism and contribute to society from a global perspective
- Co-prosperity** Growing and developing together with society as a good corporate citizen

Noritake Group's Code of Ethics

Ethics Standards

- 1 Put in practice Noritake's corporate motto of "Good Quality, Export, and Co-prosperity"
- 2 Observe the laws, regulations and social norms
- 3 Respect the human rights of employees
- 4 Preserve the global environment and contribute to affluent and comfortable local communities
- 5 Disclose information to shareholders, customers, and local communities

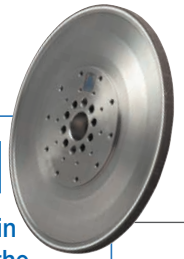


Ceramic technologies drive expansion into four segments

The Noritake Group is operating in four segments by applying the technologies we cultivated through manufacturing porcelain and developing various ceramic technologies.

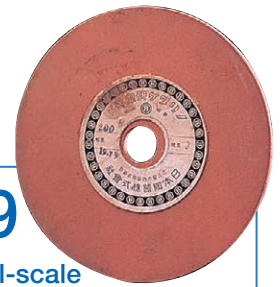
The Industrial Products Group supports industries with grinding wheels and diamond tools, the Ceramics & Materials Group supplies ceramic raw materials to various manufacturing industries, the Engineering Group develops and proposes manufacturing equipment and technology, and the Tabletop Group produces lavish tableware.

In each field, we create new value for customers and society.



1971

Succeeded in developing the world's first vitrified CBN grinding wheel

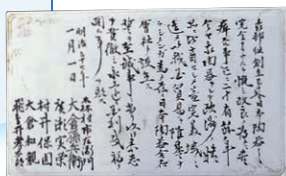


1939

Began full-scale production of industrial grinding wheels

1904

Established Nippon Toki Gomei Kaisha (Current, NORITAKE CO., LIMITED)



1914

Succeeded in production of the first dinner set in Japan



1932

Began research and production of bone china

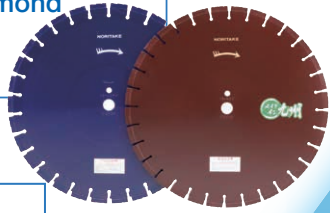


- 1904** Established NIPPON TOKI GOMEI KAISHA
- 1907** Began production of grinding wheels for tableware
- 1909** Proclaimed the Noritake Creed
- 1914** Succeeded in production of the first dinner set in Japan
- 1917** Reorganized into NIPPON TOKI CO., LTD.
- 1918** Began production of decalcomania paper for tableware
- 1932** Began research and production of bone china
- 1939** Began full-scale production of industrial grinding wheels
- 1947** Established NORITAKE CO., INC. in the USA
- 1958** Established NORITAKE (AUSTRALIA) PTY LTD.
- 1960** Began operation of Kamori Plant (production of resinoid grinding wheels)

- 1964** Began operation of Miyoshi Plant (production of tableware)
- 1967** ISE ELECTRONICS CORPORATION (currently NORITAKE ITRON CORPORATION) developed vacuum fluorescent displays
- Developed printing technology for thick film circuits
- 1971** Succeeded in developing the world's first vitrified CBN grinding wheel
- 1972** Began production of diamond tools
- Established current NORITAKE LANKA PORCELAIN (PVT) LIMITED
- 1973** Introduced technology for static mixer
- 1975** Launched the Noritake Roller Hearth Kiln
- 1981** NIPPON TOKI CO., LTD. was renamed to NORITAKE CO., LIMITED
- 1983** Developed far-infrared ceramic heaters

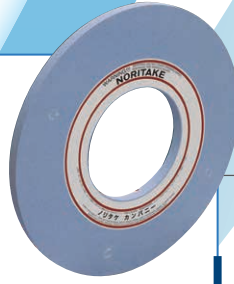
1972

Began production of diamond tools



1990

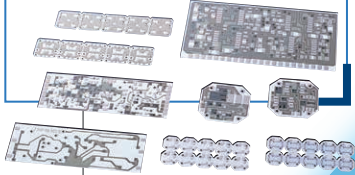
Developed ceramic grain wheel (CX wheel)



Industrial Products Business

1967

Developed printing technology for thick film circuits



1984

Launched electrode paste for multi-layer ceramic capacitor



Ceramics & Materials Business

1973

Introduced technology of static mixer



1975

Launched Noritake Roller Hearth Kiln



Engineering Business

2011

Presented the "Masterpiece Collection"



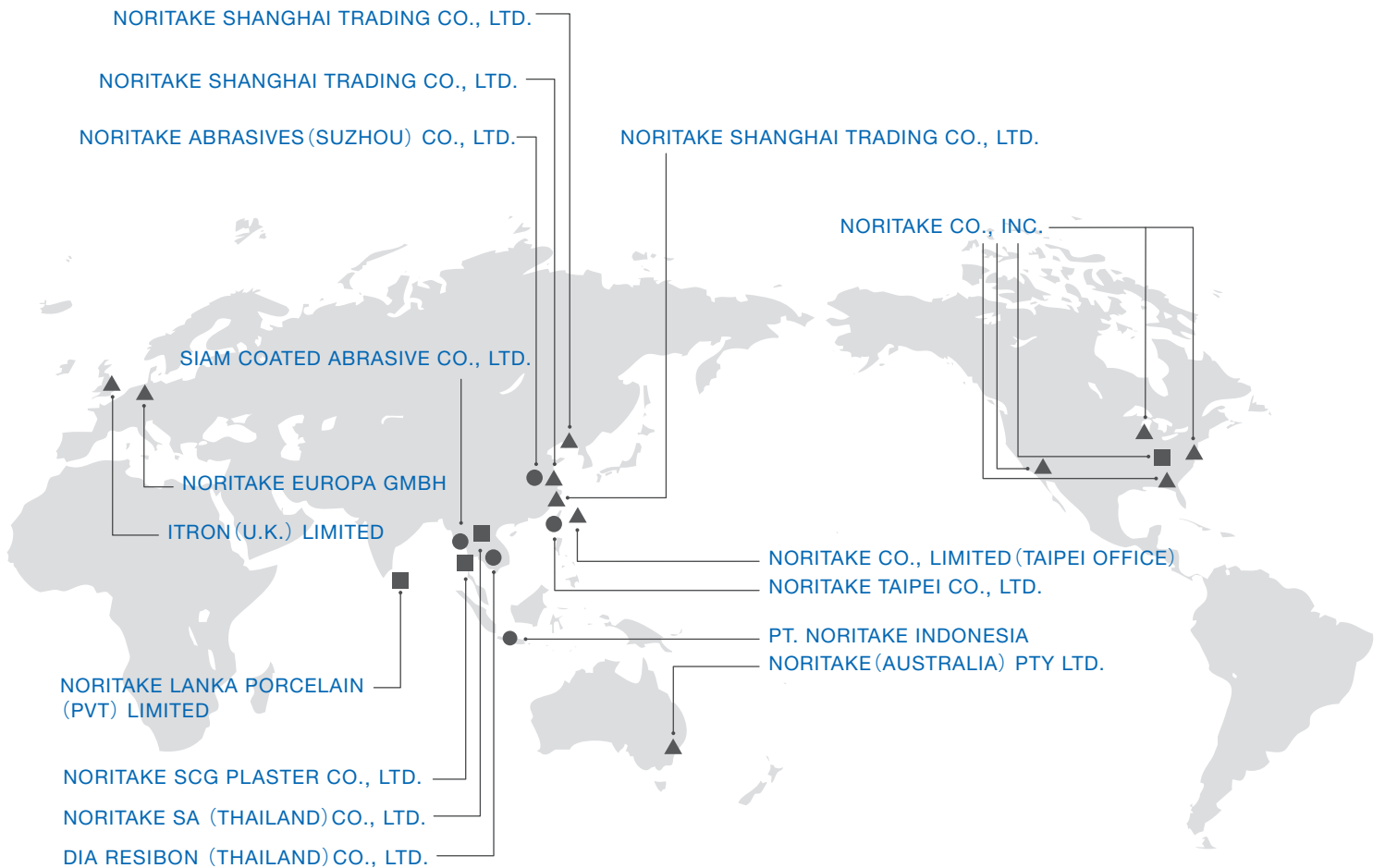
Tabletop Business

- 1984** | Launched electrode paste for multi-layer ceramic capacitor
- 1987** | Established NORITAKE EUROPA GMBH in Germany
- 1988** | Established NORITAKE TAIPEI CO., LTD. in Taiwan
- 1990** | Developed Ceramic Grain CX Wheel
- 1994** | Began supply of Roller Hearth Kilns for Li-ion batteries
- 1995** | Established current NORITAKE SCG PLASTER CO., LTD. in Thailand
- | Established PT. NORITAKE INDONESIA
- 1997** | Established ITRON (U.K.) LIMITED
- 2001** | Opened Noritake Garden

- 2004** | 100th anniversary of foundation
- | Established NORITAKE SHANGHAI TRADING CO., LTD. in China
- 2011** | Presented the "Masterpiece Collection"
- 2012** | Established NORITAKE SA (THAILAND) CO., LTD.
- | Opened the tableware shop "Noritake Ginza" in Tokyo
- | Made KCM CORPORATION a wholly-owned subsidiary
- 2013** | Began operation NORITAKE ABRASIVES (SUZHOU) CO., LTD. in China
- 2014** | Main production site moved to Miyoshi Plant
- | Made NIPPON RESIBON CORPORATION a consolidated subsidiary
- 2018** | Made NIHON FUREKI SANGYO CO., LTD. a wholly-owned subsidiary

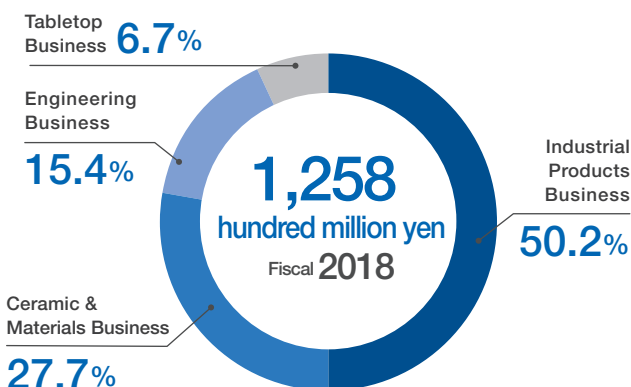
Global Operations of the Noritake Group

The Company has 25 subsidiaries and 7 affiliated companies in Japan and overseas as the Noritake Group. These group companies will seek for the best working environment and the best systems as well as protecting the human rights of workers. In addition they will develop activities and systems based on the circumstances of each company and the laws of the country.



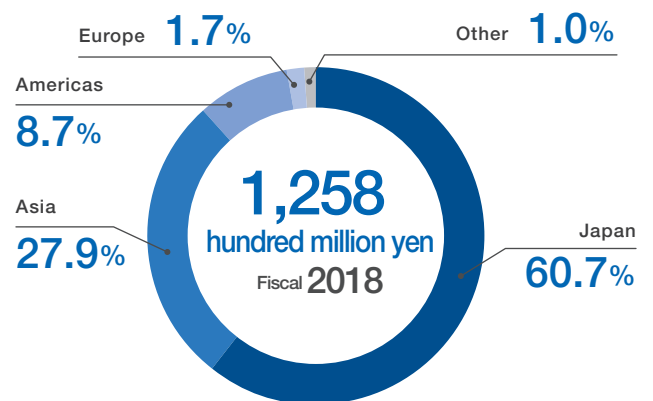
By segment

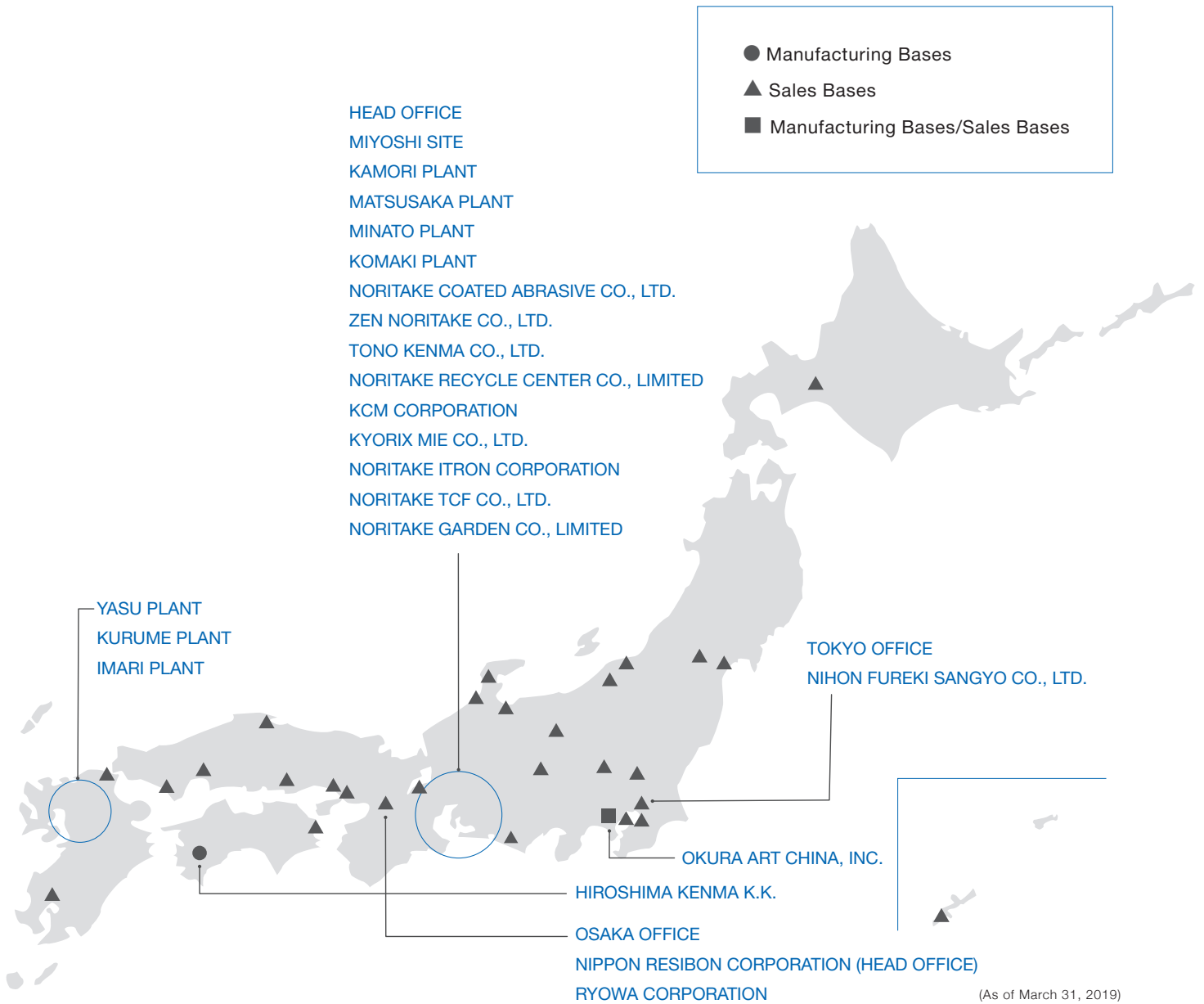
Net sales composition ratio



By area

Net sales composition ratio





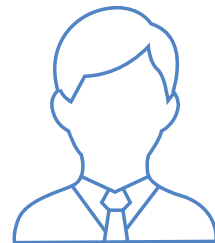
Number of consolidated subsidiaries

23 Companies



Overseas bases

9 Countries/regions



Number of employees

5,091 People

* Regular employees only

We provide new value to society with the development of ceramic technology

Noritake began its journey in 1904 with the manufacturing of porcelain. Since then, having ceramic technology as its core, we have expanded our business to various industrial fields.

INPUT

(Fiscal 2018)

Financial capital

- Total assets
1,518 hundred million yen
- Cash and deposits
141 hundred million yen

Manufacturing capital

- Equipment investment
53 hundred million yen
- Fixed assets
791 hundred million yen

Intellectual capital

- R&D investment
26 hundred million yen
- Number of patents held
622 patents

Human capital

- Number of employees
5,091 people

Social and relationship capital

- Domestic consolidated subsidiaries
11 companies
- Overseas consolidated subsidiaries
12 companies



The Noritake Creed

OUTPUT

(Fiscal 2018)



Stirring
and
mixing



Molding



Firing

Industrial
Products
Business



Ceramics &
Materials
Business



Engineering
Business



Tabletop
Business



OUTPUT 1

Net Sales

1,258 hundred million yen

OUTPUT 2

Profit Attributable to
Owners of Parent

98 hundred million yen

OUTPUT 3

Return on Equity

9.5 %

OUTPUT 4

Capital Ratio

68.4 %

Making the most of the technologies we acquired through our company history, Noritake provides high quality and value to various manufacturing industries worldwide. Through developing state-of-the-art technology, we continue to grow and contribute to the society.

TOP MESSAGE

Hiroshi Kato

Representative Director & President

Noritake began manufacturing western style tableware for export in 1904. For over 110 years since, we have delivered tableware to dining tables in every corner of the world. In recent years, by making the use of technologies which we acquired through tableware (porcelain) manufacturing, we develop and offer products that support a variety of manufacturing industries, such as grinding wheels, heating furnaces, mixers, electronic components and raw material. Today, we are advancing these technologies to take on the challenge of creating businesses in cutting-edge fields such as alternative energy, and are working to become a company that achieves further growth and contribution to society.

Looking back on fiscal 2019 and the 10th Three-year Business Plan

Despite gradual improvement in the domestic economy during fiscal 2019, a slowing of exports to China and a decline in production by manufacturers were visible from autumn, especially in semiconductor-related industries. Overseas, consumer spending was strong in the US and gradual economic recovery was seen in Europe, but economic slowdown in China continued.

Having its background, the Noritake Group engaged all-out in four basic strategies and worked to build a strong foundation for further growth in the last year of our 10th Three-year Business Plan. As a result, our business performance in fiscal 2019 resulted net sales of 125,802 million yen (an increase of 6.7% compared to the previous year), operating profit of 7,484 million yen, and ordinary profit of 9,764 million yen.

While we achieved our targets for the 10th Three-year Business Plan, delays have occurred in our progress in improving overseas production sites and developing overseas markets, and we recognize that we must accelerate our initiatives. The major results of the 10th Three-year Business Plan are as follows.

01» Expand market share and break into new markets by promoting sales activities that unite manufacturing, sales, and technology.

Our Industrial Products Group expanded share and developed new markets by investing in products that capture needs, such as gears and uniform structure grinding wheels for linear guides. Our Ceramics & Materials Group did likewise with products including catalyst carriers, thick film circuit boards for LEDs, ceramic cores, and electronic ceramic materials for multilayer ceramic capacitors.

02» Enhance competitiveness and expand sales by developing new products and technologies.

Our Ceramics & Materials Group expanded sales through development and commercialization of electronic paste for inductors, while our Engineering Group did so for products including heating furnaces for new materials. New products developed through collaboration between our Development & Engineering Group and other Groups, such as our micro-nano bubble generator, have been well received in the marketplace.

03» Penetrate overseas markets and upgrade overseas manufacturing bases to expand business.

Our Industrial Products Group will construct a new plant in Suzhou, China to increase production of large grinding wheels, for which significant demand growth is forecast in Asia. Our Ceramics & Materials Group will increase production capacity at its plaster plant in Thailand.

04» Promote a more resilient management structure and upgrade infrastructure.

We undertook quality improvements in our products and services, development of frameworks for greater work efficiency and multi-skill acquisition, and activities to strengthen our manufacturing, along with reinforcement of information security and promotion of activity by female employees.

Our 11th Three-year Business Plan We aim to become a company with vitality.

Since assuming the office of President in June, 2018, I have focused on "seeing work in the field." By heading into the field, I was able to see actual problems and issues. The 11th Three-year Business Plan (fiscal 2020-2022) that was formulated to address these issues, and we aim to become a company with vitality by improving growth potential and profitability, accelerating investment, and strengthening ESG initiatives.

11th Three-year Business Plan

■ Basic strategy

- 1 Promote development of competitive new products and new technologies
- 2 Reinforcement of overseas production sites and promotion of overseas market development
- 3 Reconstruction of our domestic sales structure and manufacturing structure
- 4 Activities to strengthen manufacturing, environmental activities, occupational safety and health activities, and unification of work style reform and business activities

Key policies of our businesses are as follows. Our Industrial Products Group will reinforce its overseas production sites in China, Thailand, North America, and other locations. It will also advance the development of overseas markets by establishing new sales bases and collaborating with other companies to construct a global business structure. The Group will also expand its share in key sectors such as automobiles, steel, and bearings by reinforcing product competitiveness. We will further develop markets in new sectors and in growth sectors by developing new products for electrical vehicles and the IoT.

Our Ceramics & Materials Group will promote the development of electronic paste used in product development aimed at advanced electronic components for high-speed communications. It will expand its share among major customers inside and outside of Japan, while developing new customers overseas. In electronics materials, they will work to develop new products and expand market share by reinforcing its production capacity of materials for multilayer ceramic capacitors. In ceramics, they will promote reinforcement of production capacity and overseas market development for plaster and ceramic cores. We will also improve performance of catalyst carriers, as well as the development of next-generation products, and the development of new markets for small- and medium-sized display devices and touch switches.



My mission is to clearly indicate our course to all stakeholders, as we energetically sail across the sea.

Our Engineering Group will expand its sales through the development of new products, new technologies, and new applications in the energy sector, automotive sector, and electronics sector. It will also undertake application development and market entry in new sectors such as new materials and cosmetics.

Our Tabletop Group will redevelop its domestic distribution channels, strengthen online sales, and expand sales of commercial-use tableware for hotels and restaurants. Overseas, we will improve our bottom line in the U.S. market and expand sales channels in Asian markets where growth is forecasted.

Achieving a sustainable society through our business activities

The Noritake Group views conservation of the environment as a key issue for management, and seeks to contribute to the achievement of a sustainable society through our business activities. Focusing especially on global warming, we continually engage in the reduction of our energy usage in order to lessen the CO₂ that we emit as our business, in tableware, industrial grinding wheels, and others, require firing processes. Our company has a history of producing our own equipment for manufacturing porcelain since our founding. The kilns we use for firing are of our own design. In the design and development of production equipment, we have always held to the goal of pursuing energy conservation and high efficiency, and have made efforts to reduce the environmental impact that occur through manufacturing processes. We are currently accumulating technology involving far infrared radiation heaters, and are providing customers in Japan and overseas with environmentally considerate products such as heaters that use less energy and other high-efficiency heating equipment, as we contribute to higher efficiency, lower energy use, and reduced space requirements in manufacturing.

The Noritake Group engages in ongoing social contribution activities in Japan and overseas. The porcelain manufacturing company that we established in Sri Lanka in 1972, NLPL, is the core plant for our Tabletop Group while also serving as a place for interaction with surrounding companies and local residents. The company is active in social contribution activities, such as repairing of roads damaged by flooding, support for schools and hospitals, blood donation, visiting

senior homes, and more. Through these activities, we engage good relations with the Sri Lankan government.

We have also opened a part of the grounds of the Noritake headquarters (Nagoya, Aichi Prefecture) to the public as Noritake Garden to express our gratitude towards the local community. The facility promotes industrial tourism and contributes to the environment. This Garden is visited by about 350,000 people a year, reaching a cumulative 7 million visitors in 2019. Equipped with a museum, a gallery, and other attractions, the Garden is a place where people can relax. It will also serve as a temporary shelter for people unable to return home at a time of disasters.

Initiatives for work style reforms and diversity

While recognizing that protection of the safety and health of all workers is the highest-priority to all of our corporate activities, the Noritake Group works to create safe, comfortable, and motivating workplaces. Our basic approach to work styles come from the understanding that ensuring compatibility between work and private life leads to both good outcomes in work and a well-balanced life. Each worker has their own circumstances, and the company has a responsibility to prepare environments in which all employees can work without problem. Since 2017, we have worked to enhance our programs for supporting a balance between jobs and lifestyles, creating a new "Long-term Family Care Leave Program", "By-The-Hour Annual Paid Vacation", "Child Care And Family Care Flextime Program", and "Work Program for Medical Care Support", while also taking away upper limits on accumulated years under the "Expired Annual Leave Program".

What is also important in promoting work style reforms is to improve work efficiency and to achieve the same outcomes as usual while working shorter hours. The Noritake Group is moving ahead with work style reforms in line with the enhancement of the "Noritake Manufacturing." Our manufacturing and engineering departments engage in M3-1 activities while our sales and management departments conduct S3-1 activities, pursuing standardization of work, multi-skill acquisition, and the elimination of irrationality, waste, and inconsistency through the participation of all employees. Through the activities, we achieve workplaces where people do not need to work overtime and take paid leaves as they need.

We have also addressed diversity from the time of our founding. In recent years, we have accelerated activities by setting target values for the promotion of active participation by women. As a result of activities conducted since fiscal 2016, we have achieved a female employment ratio of 44% against a target of 30% for office and sales positions, and 32% against a target of 20% for engineering positions. We met both targets by a significant margin. As for our general course employment target, which we have set for the purpose of increasing the number of women in managerial posts, we achieved 1.4 times the target with 42 persons. Not only increasing the employment ratio, we also constructed a career formation program premised on child care leave and work during child care that is required for female employees to continue working. We held training for female employees and their superiors, to promote understanding of these programs, as well as creating a handbook on support for balancing work with child care.

Moreover, we will realize improvement of workplace environments and promote capability and career formation, under our new "Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace," settled in April 2019.

A message to our stakeholders

The Noritake Group aims to be a company in which all employees follow the principle of "Good Quality, Export and Co-prosperity" and contribute to society by providing good products and good services. Since I took the position of president, I have wanted to break down our staid company culture and effect a transformation to an energetic company, while respecting the traditions and history that we have built. One method for doing so has been the establishment of our new Executive Officer system, by which employees serve as executive officers while maintaining their regular positions. By doing so, we hope to take the energetic power of employees in their 40s and early 50s, to leverage in management.

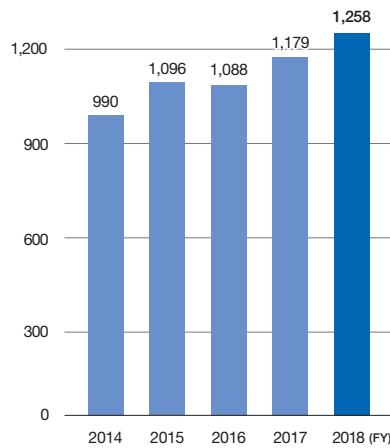
I see the Noritake Group as a ship, with me as a captain. It is my role and my mission to clearly indicate to shareholders, customers, employees, business partners, communities, and other stakeholders the course that we should take, and to cooperate to head the same shared destination. Please sail together with the Noritake Group toward the bright future.



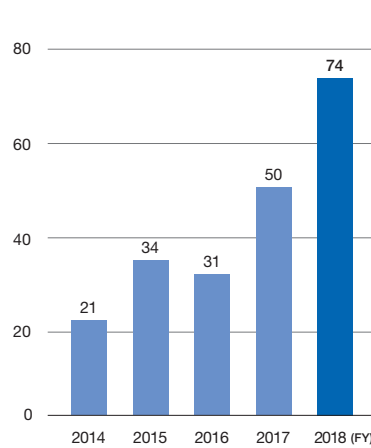
Financial Highlights

Data includes companies subject to consolidated financial reporting
(11 companies in Japan and 12 companies overseas, as of the end of March 2019)

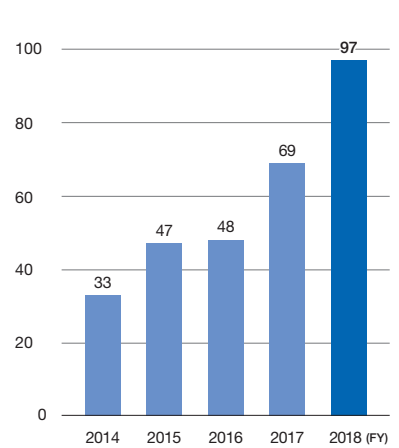
Net sales (Hundred million yen)



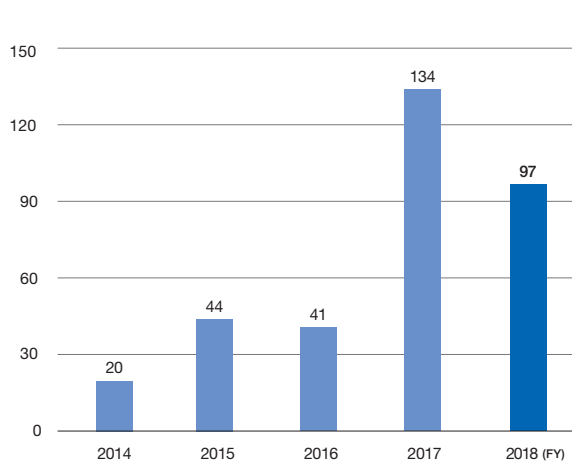
Operating income (Hundred million yen)



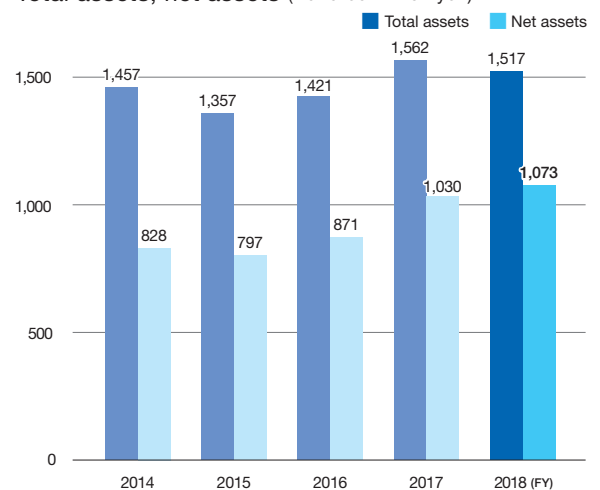
Ordinary profit (Hundred million yen)



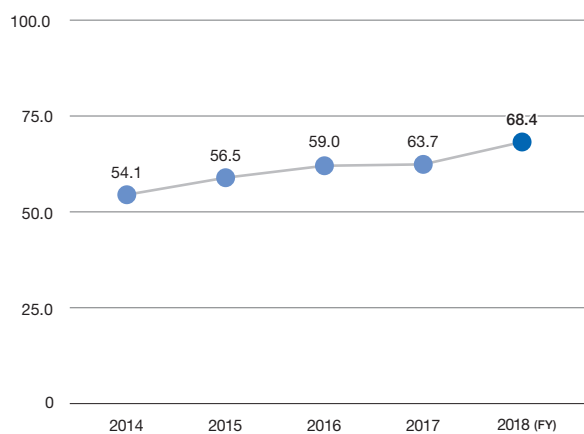
Profit (Hundred million yen)



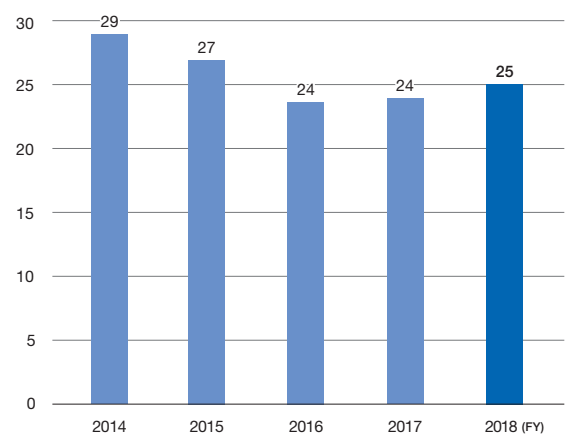
Total assets, net assets (Hundred million yen)



Capital ratio (%)



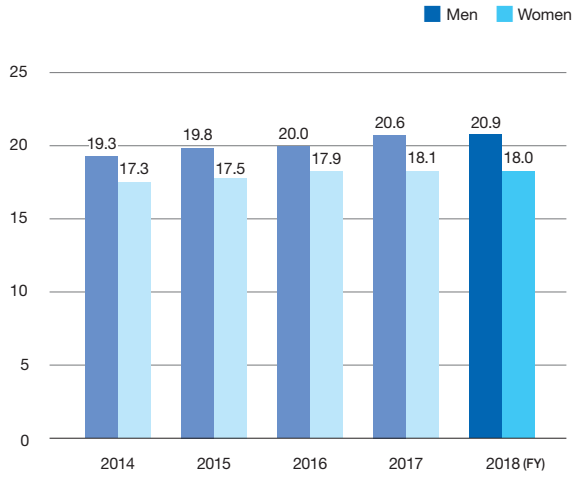
Research and development expenditure (Hundred million yen)



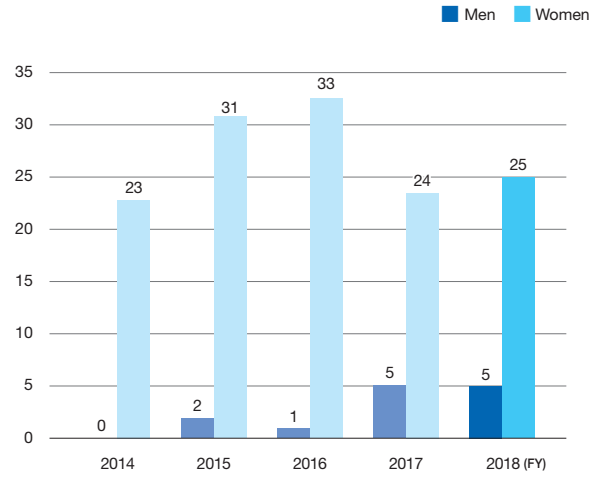
Non-Financial Highlights

Data is for NORITAKE CO., LIMITED (non-consolidated).

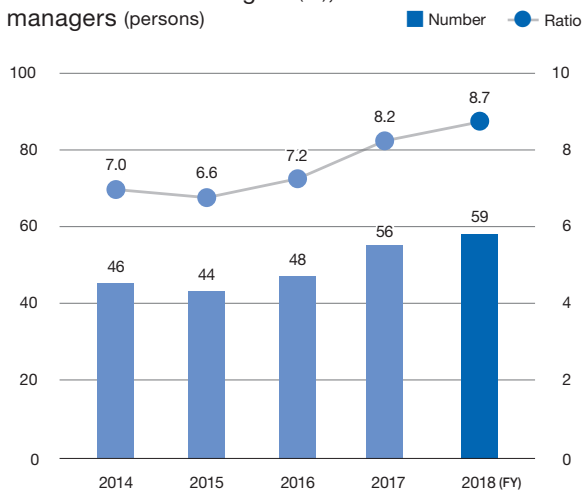
Average years of service (by gender; years)



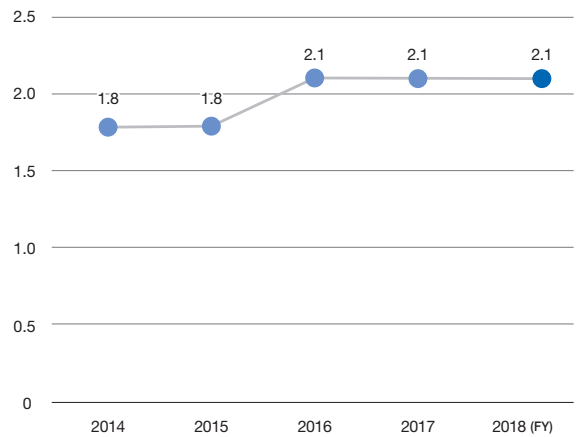
Use of parental leave (by gender; persons)



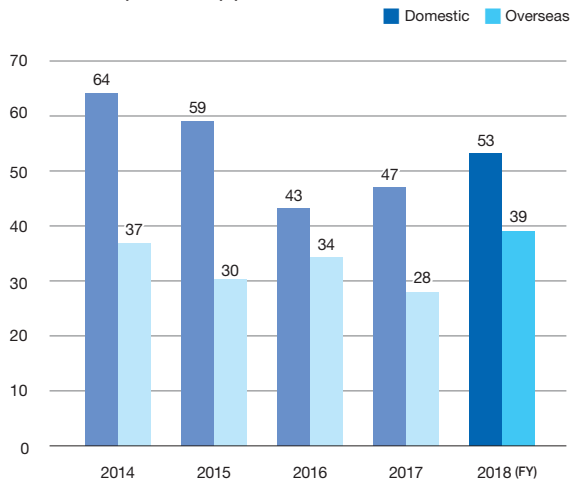
Ratio of female managers (%), number of female managers (persons)



Percentage of disabled employees (%)



Number of patent applications (number)



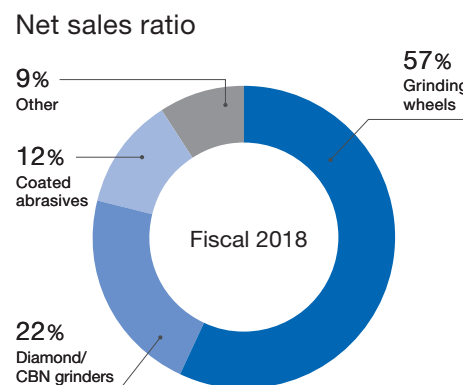
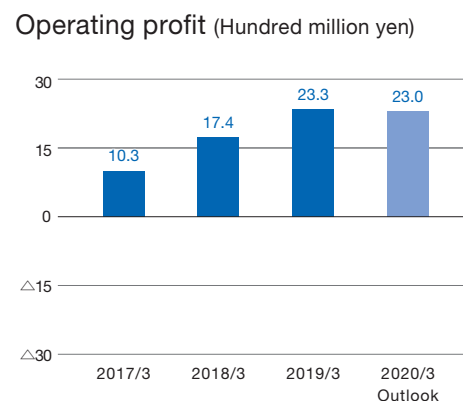
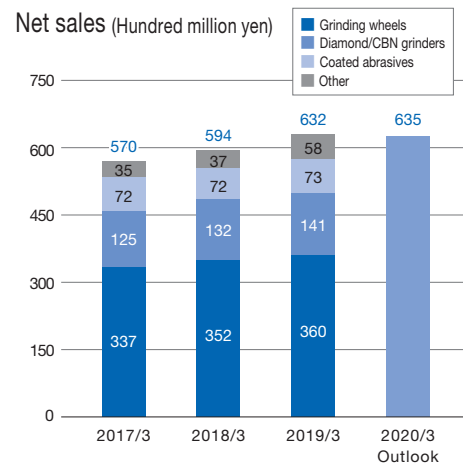


Industrial Products Business

The process of grinding and polishing materials are necessary in manufacturing items ranging from aircraft, automobiles to syringes. By providing the tools used in these processes, we provide behind-the-scenes support for manufacturing industries.

Main products

Polishing grinders, diamond/CBN tools, coated abrasive, etc. We boast best-in-the-world performance in processing precision, efficiency, etc.



Business overview of fiscal 2018

In fiscal 2018, both net sales and operating profit increased beyond their levels of the previous fiscal year. This was due to robust production in the automobile, steel, and bearing industries, which are our main domestic customers. Despite slowness in sales toward automobiles in North America, overseas too, showed strong sales with steel and automobiles in China and Southeast Asia, respectively, and resulted in growth overall.

Future outlook and initiatives

We will construct a global production and sales structure centered on regions including China, Thailand, and North America, and will develop growing overseas markets. At the same time, in Japan we will engage in development of new products in growing sectors such as electric vehicles and the IoT, and will work to maintain and grow our share.

We will also engage in reorganization that includes Group companies, and work to secure profitability through improvements in business efficiency.

TOPICS

Firing process is one of the steps to manufacture grinding wheels, which is a type of porcelain. Our Industrial Products Group has long worked to reduce CO₂ emissions through improving kiln packing and in equipment. We have met the target every year since it was set in fiscal 2016 (annual improvement of 1% or more per unit of production).



Ceramics & Materials Business

Crushing, mixing, molding, decorating, etc. These are some of the techniques of the Ceramics & Materials Group. We dig deeply into technologies for manufacturing ceramics, to produce one-of-a-kind materials and components.

Main products

The Ceramics & Materials Group is active in a variety of industries with products characterized by high quality, including electronic paste, decalcomania paper, ceramic raw materials, thick film circuit substrate, vacuum fluorescent displays, plaster, ceramic cores, catalyst carriers, and electronic components.



Decalcomania Paper



Electrode paste



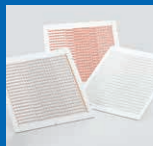
Ceramic Powder for Electronic Components



Vacuum Fluorescent Display



Plaster Products



Thick Film Circuit Substrate

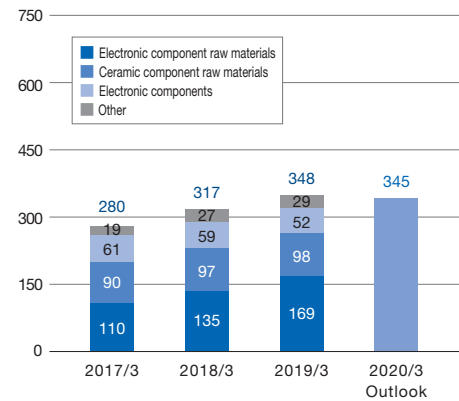


Ceramic Cores

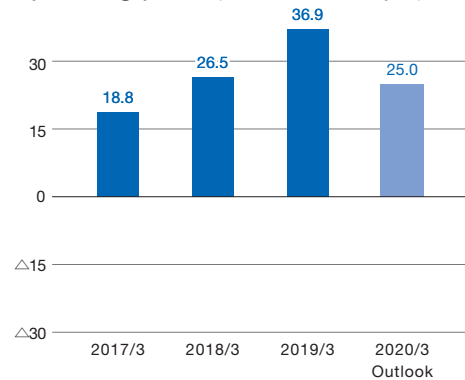


Catalyst Carriers

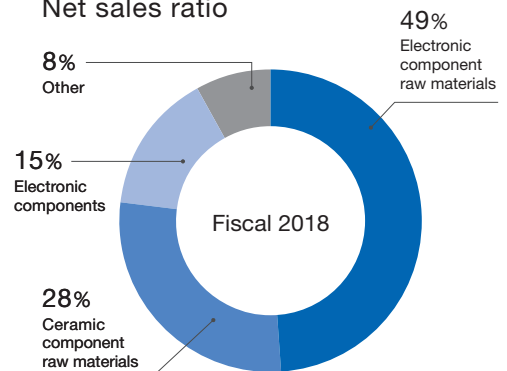
Net Sales (Hundred million yen)



Operating profit (Hundred million yen)



Net sales ratio



Business overview of fiscal 2018

In fiscal 2018, both net sales and operating profit increased beyond their levels of the previous fiscal year. This was primarily due to ongoing high multilayer ceramic capacitor demand, and growth in sales of electronic paste and electronic components. We also expanded sales overall, with growth in catalyst carriers, ceramic cores, and plaster, especially overseas.

Future outlook and initiatives

Amid the evolution of communications systems and the growth of electric vehicles, demand for electronic components such as multilayer ceramic capacitors and inductors is expected to expand. Our business will meet this demand through increased production and continuous development of materials for electronic components.

We also foresee expansion in the environmental power generation sector, which we plan to make a new cornerstone of our business by undertaking development of paste for piezoelectric material electrodes.

TOPICS

Catalyst carriers are used in the creation of raw materials for PET bottles, detergents, chemical fibers, and more. Improving their performance both aids the improvement of yields in customers' plants and leads to the reduction of wastes.

Engineering Business

With our core technologies of heating, firing, mixing, filtering, and cutting, we propose engineering equipment to a variety of industries including automotive, electronic components, chemicals, medicine, and foods. We contribute to greater efficiency and energy savings in the manufacturing fields.

Main products

We perform development and design of drying furnaces, heating furnaces, mixers, filtration equipment, steel cutting machines, and other equipment that match customers' requests and objectives.



Business overview of fiscal 2018

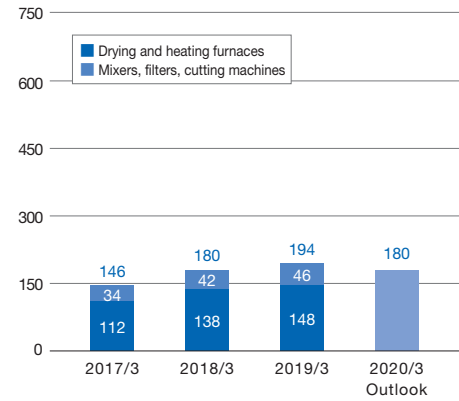
In fiscal 2018, both net sales and operating profit increased beyond their levels of the previous fiscal year. This was due to growth in sales of our leading products such as drying furnaces and heating furnaces, which benefited from active capital investment in the lithium-ion battery and electronic component sectors. Sales also grew with filtration equipment and carbide-tipped circular sawing machines, resulting in overall increase.

Future outlook and initiatives

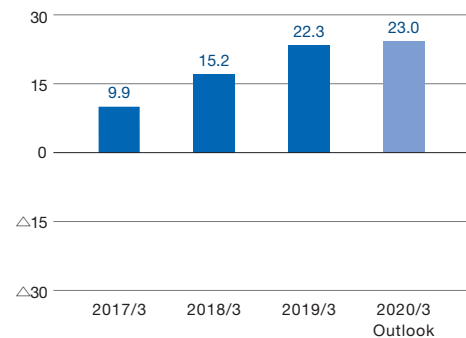
As the electric vehicles become more and more common, the demand for lighter-weight bodies and higher-efficiency lithium-ion batteries increases. With these backgrounds, we predict the growing demand of drying and heating furnaces will continue, and are working on to meet the expectations.

We also develop new products that correspond to Internet of things (IoT) and reduce labor on production lines, and aim to meet the needs for automation, continuous operation and remote control.

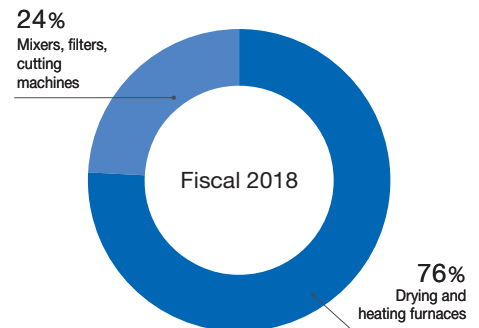
Net sales (Hundred million yen)



Operating profit (Hundred million yen)



Net sales ratio



TOPICS

The Engineering Group promotes information sharing with our customers and business partners with the aim of co-prosperity. We especially dedicate the prevention of industrial accidents. In fiscal 2018, we created and distributed a handbook on occupational safety and health for business partners.

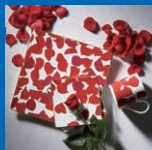


Tabletop Business

For over 100 years, Noritake tableware has been loved around the world. By providing products infused with impeccable quality and taste, we enrich our customers' lives.

Main products

We offer a lineup of beautiful and easy-to-use tableware for daily use at home and as gifts, as well as for commercial use in hotels, restaurants, in-flight service, and more.



Rosa Rossa



Coco Fleur



Conjunto



ColorTex



Homage Collection



Marc Newson Collection

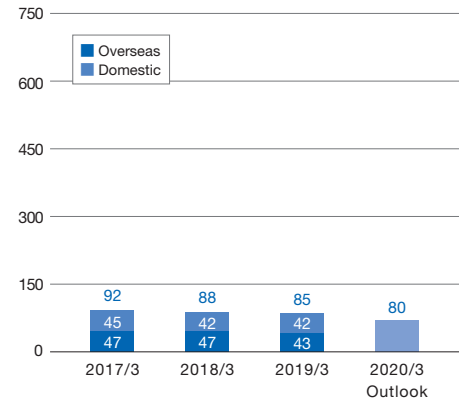


Maison Collection
(Quilting Pink)

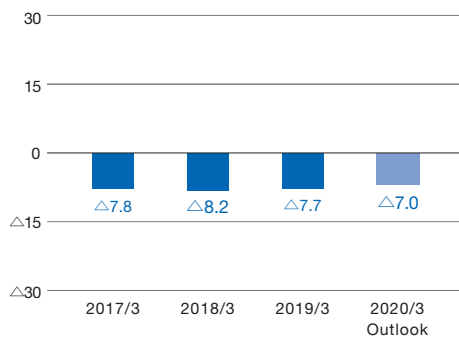


Rochelle Gold

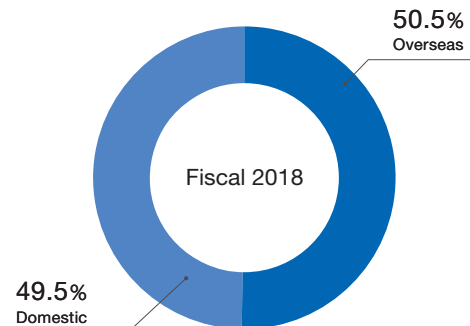
Net sales (Hundred million yen)



Operating profit (Hundred million yen)



Net sales ratio



Business overview of fiscal 2018

Sales fiscal 2018 declined from the previous fiscal year, but we achieved an improvement in operating loss. Domestically, while sales to department stores declined year-on-year, commercial sales to hotels and restaurants increased, resulting in sales on par with the previous year. Overseas, sales in the U.S. declined considerably due to slow sales to our main customers. In Europe and Asia, too, sales to airlines declined, leading to an overall year-on-year decline overseas. As a result, total domestic and overseas sales declined.

Future outlook and initiatives

In the domestic market, demand is expected to grow as the number of foreign visitors to Japan increases. We aim to expand sales of commercial tableware, targeting the hotel and restaurant markets. We will also reconstruct our distribution and retail channels, with a particular focus on e-commerce.

Looking at overseas markets, in the U.S. we will move quickly to address the expanding ratio of online sales. We will also establish sales structures in markets which are expected to grow, such as China and India.

TOPICS

Red pigments for ceramics typically contain hazardous substances. While these do not leach when properly painted on ceramics, out of consideration for the environment and people, our company uses pigments of our own development that do not contain hazardous substances.

ESG Initiatives

The Noritake Group seeks to contribute to society under the fundamental thinking of our Corporate Motto that call for fulfilling our roles in making all-our efforts to manufacture the finest quality products (Good Quality), pursuing internationalism and contributions to society based on our global vision (Export), and growing and developing together with society as a good corporate citizen (Co-prosperity). We have established the Noritake Group's Code of Ethics as a guiding principle by which all employees can take action with moderation, integrity, and high ambition based on our Corporate Motto. Furthermore, we have established and will engage in our ESG Promotion Items, to build a sustainable and better social environment together with our stakeholders through our everyday corporate activities.

Noritake Group's Code of Ethics

Put in practices Noritake's corporate motto of "Good Quality, Export, and Co-prosperity"

In accordance with the Company's corporate motto, "Good Quality, Export and Co-prosperity," we shall develop and offer outstanding products and services throughout the world, giving full consideration to their safety. In this manner, the Group can grow with its customers and contribute widely to society as a good corporate citizen.

Observe the laws, regulations and social norms

We shall observe laws, regulations and social norms. The Group shall promote fair, transparent and free competition, and engage in sensible business activities. Moreover, and without exception, the Group shall not be involved with any antisocial forces or organizations that obstruct sound business practices.

Respect the human rights of employees

We shall respect the fundamental human rights of its employees, and engage in no practices of unjust discrimination due to age, gender, origin, nationality, race, disability, religion, supporting political party, etc. Furthermore, the Group shall safeguard employees' health while maintaining a safe and hygienic working environment.

Preserve the global environment and contribute to affluent and comfortable local communities

We shall do its utmost to help preserve the global environment against deterioration and promote efficient use of limited natural resources. At the same time, we will contribute to creating local communities that offer abundant and comfortable lifestyles.

Disclose information to shareholders, customers, and local communities

Noritake shall actively and impartially disclose corporate information not only to its shareholders but also to society as a whole.

Corporate motto

Good Quality

Making all-out efforts to manufacture the finest quality products

Export

Pursuing internationalism and contribute to society from a global perspective

Co-prosperity

Growing and developing together with society as a good corporate citizen

ISO26000 Core subjects	Promotion items	Details
Organizational governance	Practice Corporate Motto and observe the laws, regulations and social norms	<ul style="list-style-type: none"> ● Promote our Corporate Philosophy ● Establish governance structure ● Utilize the whistle-blowing system ● Observe business-related laws and regulations ● Prevent corruption ● Enhance intellectual property education
Human rights	Respect for fundamental human rights and diversity	<ul style="list-style-type: none"> ● Treat human rights with respect ● Promote active participation by women ● Emphasize human resources development
Labor practices	Prioritization of safety and health over everything else	<ul style="list-style-type: none"> ● Promote occupational safety and health activities ● Respect work-life balance
The environment	Preservation of the global environment and achievement of a sustainable society	<ul style="list-style-type: none"> ● Enhance products that contribute to the environment ● Reduce CO₂ and wastes
Fair operating practices	Disclosure of information to stakeholders	<ul style="list-style-type: none"> ● Disclose information timely and accurately
Consumer issues	Provision of finest quality products and services	<ul style="list-style-type: none"> ● Strengthen manufacturing activities ● Sustainable business development
Community involvement and development	Achievement of affluent and comfortable local communities	<ul style="list-style-type: none"> ● Coexist with local communities ● Continue supporting foreign students ● Promote regional contribution activities

Together with
the Global
Environment

Together with
Society

Together with
Shareholders and
Investors

Together with
Business Partners

Together with
Customers

Together with
Employees

Management structure



Directors

- 1** Tadashi Ogura
Representative Director & Chairman
- 2** Hiroshi Kato
Representative Director & President
- 3** Hisaya Ogura
Representative Director & Executive Vice President
Group General Manager of Industrial Products Group

- 4** Akira Higashiyama
Director & Senior Managing Executive Officer
Group Deputy General Manager of Industrial Products Group,
General Manager of Sales Division of the Group
- 5** Yuko Fuma
Director & Executive Officer
Group General Manager of Corporate Administration Group

- 6** Tetsuo Komori
Director (Outside)
- 7** Masanao Tomozoe
Director (Outside)



Executive officers



Kenichi Horaguchi
Senior Managing Executive Officer
President of
NIPPON RESIBON
CORPORATION



Shuji Shite
Managing Executive Officer
President of
KCM CORPORATION



Akira Nagata
Managing Executive Officer
Group General Manager of
Development &
Engineering Group



Masahiko Horie
Managing Executive Officer
President of
NORITAKE COATED
ABRASIVE CO., LTD.



Seiya Ogata
Executive Officer
General Manager of
Manufacturing Division,
Industrial Products Group



Hiroshi Yorita
Executive Officer
Group General Manager of
Ceramics Group



Tomoaki Maeda
Executive Officer
Group General Manager of
Engineering Group



Naoyuki Ukai
Executive Officer
Deputy General Manager of
Manufacturing Division, General
Manager of Kurume Plant,
Industrial Products Group



Kenichi Ichikawa
Executive Officer
Group General Manager of
Electronic Materials Group



Yoshimasa Nakamura
Executive Officer
Group Deputy General Manager
of Corporate Administration
Group, General Manager of
Finance & Accounting
Department



Munenari Mizukuchi
Executive Officer
Group General Manager of
Tabletop Group
President of NORITAKE CO., INC.
Chairman of NORITAKE LANKA
PORCELAIN PRIVATE LIMITED



Kazumasa Yoshida
Executive Officer
General Manager of
Engineering Division,
Industrial Products Group

Audit & Supervisory Board Members

- 8 Naoyuki Shiraishi
Audit & Supervisory Board Member
- 9 Sumihito Sago
Audit & Supervisory Board Member
- 10 Ryuichi Murata
Audit & Supervisory Board Member (Outside)
- 11 Tatsuhiko Saruwatari
Audit & Supervisory Board Member (Outside)

Basic approach and basic policies toward corporate governance

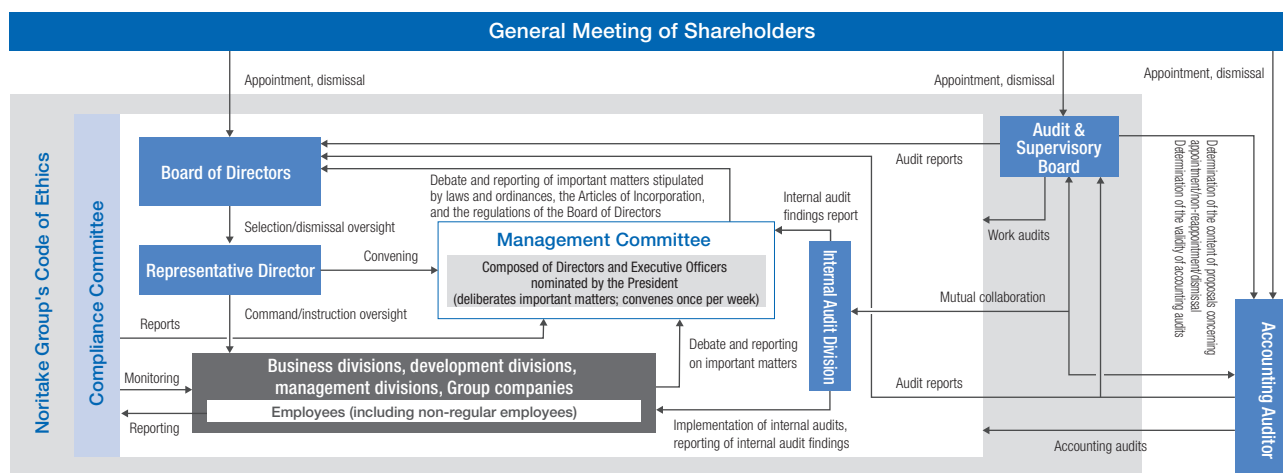
The globalization of business is progressing, and social responsibility for the impacts of corporate activities is coming under severe scrutiny. At the Noritake Group, every officer and employee inherits the founding spirit of our company, and, by observing and practicing the Noritake Group's Code of Ethics formulated on the basis of that founding spirit, embodies a Noritake Group that holds to higher corporate ethics. In addition, by providing financial information through our website, we will strive to actively and fairly disclose information and heighten the transparency of our management.

The basic policies concerning our Corporate Governance Code are shown on the right.

Basic policies

- ① Strive to ensure the rights of shareholders and fairness.
- ② Strive for appropriate cooperation with stakeholders other than shareholders (customers, suppliers, creditors, local communities, employees, etc.).
- ③ Strive to ensure appropriate information disclosure and transparency.
- ④ Strive to appropriately carry out the roles and responsibilities of the Board of Directors to enhance sustainable growth of the company and medium- to long-term corporate value.
- ⑤ Strive for constructive dialog with shareholders.

Corporate Governance Structure



Major conference bodies

As an organization that makes decisions on basic principles of management, matters stipulated by law, and other key matters, the Board of Directors has introduced an executive officer system to clarify executive responsibilities and the delegation of executive authority, in order to strengthen functions for prosecution of work performed on the basis of decisions by the Board of Directors. In addition, to promote the early appointment and promotion of talented human resources, the Board of Directors introduced a new Executive Officer system on April 1, 2019. The Board of Directors also establishes conference bodies to strengthen its oversight and monitoring functions, for the purpose of further reinforcing and enhancing our corporate governance structure.

Board of Directors

To make decisions on key matters and monitor the prosecution of work, the Board of Directors joined by executive officers engaging in prosecution of work meet once a month regularly to build a consensus among the Group as a whole. The Board of Directors also appoint two Directors (Outside) as part of a system to strengthen oversight functions and ensure transparency in decision-making.

Management committee

Regarding key matters for management that involve prosecution of work, we conduct full deliberations in a Management committee, convened once a week regularly and composed of internal Directors and executive officers designated by the President, as part of a system for precise and prompt management decision-making.

Audit & Supervisory Board

The Audit & Supervisory Board is composed of four persons (two Audit & Supervisory Board Members and two Audit & Supervisory Board Members (Outside)). They make clear of their roles and the policy of auditing, and receive reports on the implementation status and findings from Audit & Supervisory Board. Also they communicate and collect information from the Board of Directors and the Auditing Office, that serves as an internal auditing department. Moreover, Audit & Supervisory Board Members attend important meetings including those of the Board of Directors and Management Committee, receive reports on the status of prosecution of work by Directors, and request explanations as required. Our company considers functions for objective and neutral monitoring of management from outside to be important in corporate governance, and has prepared a structure by which management monitoring functions are ably performed by two Audit & Supervisory Board Members (Outside).

Internal control system

Our company has established internal control regulations for financial reporting as an internal control system, and performs continuous monitoring of work procedures to ensure the reliability of financial reporting. We have also established internal auditing regulations and conduct internal audits involving the legal compliance of the business activities of our business divisions and Group companies. Key matters discovered through these initiatives are reported to the Management Committee.

In addition, we have established a Compliance Committee that promotes the communication and observance of the Noritake Group's Code of Ethics, and that works through these activities to ensure the properness of work.

We also conduct reviews of our structures to ensure the properness of work and structures concerning oversight, in accordance with revisions to laws and the current state of our Group. Our current Basic Principles on Internal Control Systems were revised through resolution by the Board of Directors on May 12, 2015.

Status of Directors (Outside) and Audit & Supervisory Board Members (Outside)

We bring in outside Board members who have extensive experience and broad insight regarding business management, to provide thorough counsel on matters spanning the overall management. Outside members also strengthen Board of Directors monitoring functions and enhance the transparency of decision-making.

Outside members have no personal, capital, or business relationships or other conflicts of interest with our company.

Status of activities of outside officers

	Name	Status of main activities
Director (Outside)	Tetsuo Komori	Through extensive knowledge and insight obtained through experience as a financial institution executive, he provides sound advice and oversight of the execution of duties by the Board of Directors.
	Masanao Tomozoe	Through extensive knowledge and insight obtained through experience as a company executive, he provides sound advice and oversight of the execution of duties by the Board of Directors.
Audit & Supervisory Board Member (Outside)	Ryuichi Murata	Through extensive knowledge and insight obtained through experience as a financial institution executive, he provides sound advice and oversight of the execution of duties by the Board of Directors.
	Tatsuhiko Saruwatari	Through extensive knowledge and insight obtained through experience as a company executive, he provides sound advice and oversight of the execution of duties by the Board of Directors.

Training for board members

When we appoint new members to Directors and Audit & Supervisory Board, we conduct appropriate explanations about the legal duties and responsibilities to be observed and make use of external training bodies as necessary. We also offer seminars to the members, to acquire higher skills and new knowledge required for them to perform better. For outside members, we also create individual opportunities to acquire our management strategy, the content of our business and work, financial information, and more.

Policies concerning the determination of compensation for Directors

Compensation for Directors is composed of fixed compensation and performance-based compensation.

Fixed compensation is determined by the Board of Directors, with the position-specific compensation amount set by the Representative Director based on hearings of the opinions of outside officers, appropriate to the roles and duties of the Director or other person.

Performance compensation is determined in accordance with degree of achievement of corporate performance targets (consolidated sales, consolidated operating profit, etc.) for the fiscal year based on regulations for the granting of stock, as an incentive for management that takes into account medium- to long-term improvement in corporate value. The ratio of fixed compensation to performance-linked compensation is set with an emphasis on stability and improvement of medium- to long-term performance, avoiding an excess percentage of performance-linked compensation.

Total amount of compensation, etc. of Directors and Audit & Supervisory Board Members (fiscal 2018)

Board members category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc., by type (million yen)		Number of eligible board members
		Fixed compensation	Performance-linked compensation	
Directors (excluding Directors (Outside))	301	219	82	6
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Outside))	40	40	—	2
Outside officers	36	36	—	4

Promotion of supply chain management

We believe that supply chain management is important for the Noritake Group to continue stably with our business. We work to build mutual relationships of trust with all of our business partners, and to engage in transactions in compliance with the laws of each country. We proceed to purchase environmentally-friendly raw materials, and pay well attention not to consume ores originating in areas of conflict.

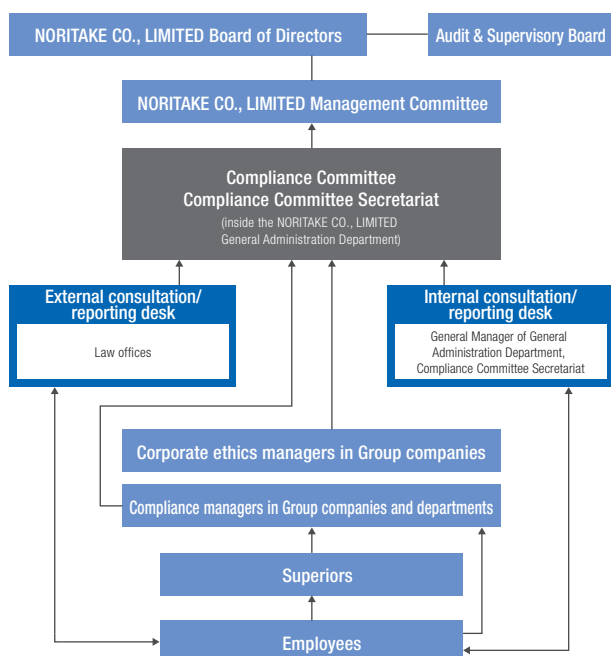
Enforcement of compliance

The Noritake Group has established a Compliance Committee and is working to strengthen our compliance structure. We appoint a compliance manager in every Business Group or Group company, and perform meticulous activities related to compliance. In addition to training for the acquisition of expert knowledge, we provide easily understood explanations of laws and ordinances in every issue of our internal newsletter with case examples that relate to our everyday work to make these understood by all employees.

Preparation of an internal reporting system

We have a contact desk inside and outside the company so that all employees can consult and report directly without going through managers in case discovering acts that violate or may violate laws, ordinances, standards of conduct, company rules and so on. Persons reporting and the content of reports are kept confidential, except when otherwise required. No disadvantage is taken toward the persons by the company for having made consultation or reporting.

Compliance Structure



Initiatives to prevent corruption

In the Noritake Group's Code of Ethics, we set forth ethical standards for the prosecution of work and the observance of laws and ordinances concerning the prevention of bribery and other improprieties, and ensure that these standards are met by all employees.

Preparation of a risk management system

We have risk management rules so that, when faced with the risk of a loss of corporate value due to problems in management, accident or disaster, we can mitigate losses to the extent and continue with our business. Safety is taken on the highest priority, especially to secure human life. In the case of an emergency, we set up a task force immediately to respond to the risks.

We also have a risk management structure in which we assume the occurrence of all manner of risks and make these continually known to all employees, so as to enable prompt and appropriate response in the event of emergency.

Strengthening of information security

With regard to the protection of personal information and other information assets, we have information security management rules in order to eliminate risks and safely carry out business activities. These rules indicate a code of conduct concerning information security for all officers and employees. We create and employ countermeasure standards and implementation manuals based on this code.

We also have a promotional division under the officer in charge, and are working to strengthen security. To guard against unauthorized access and cyber attacks, we perform strict ID management, logging of PC access, 24-hour monitoring at our Security Operation Center. Drills for targeted e-mail are taken place periodically.

Policies for the protection of personal information

The Noritake Group fully recognizes the importance of the protection of personal information. We comply with Japan's Act on the Protection of Personal Information and heed the laws of other countries as well, and properly manage the personal information provided by customers.

Reference URL (Protection of Personal Information)
https://www.noritake.co.jp/eng/utility/privacy_policy/

Disaster readiness and disaster mitigation initiatives

Twice a year at every workplace, we perform evacuation drills that assume a large-scale disaster.

We have also begun formulating business continuity plans (BCPs) for some businesses.

Message from the Director (Outside)

I believe it is important to create systems and mechanisms, constantly check the efficacy of governance, and continue making improvements.

We asked Director (Outside) Tetsuo Komori about his thoughts and suggestions concerning corporate governance in the Noritake Group.

● What role do you play as an outside Director?

First, I strive to attend all meetings of the Board of Directors and state open opinions concerning matters for deliberation. I'm asked to provide opinions on a wide range of matters that span formulation of management planning, status of progress, reviews of results, as well as corporate governance, compliance, and more. We set up small-group meetings bringing in the President, Directors (Outside), Audit & Supervisory Board Members (Outside), and other persons as necessary, and engage in discussions. At present there is no committee for nomination and compensation, but there are opportunities for Directors (Outside), including me, and for Audit & Supervisory Board Members (Outside) to express opinions concerning compensation for directors, officer-related personnel matters.

What I emphasize at that time is whether matters contribute to the sustainable development of our Group and whether rationality and fairness have been secured from an external perspective. It is my hope that the statements I make from an external standpoint will add a different perspective, and lead to more active discussions.

I feel that officers and employees receive and respond to my statements with great sincerity.

● What impression do you have about the Noritake Group?

I have opportunities to travel to production sites and interact with employees. What I feel at those times is that this is a company that holds to principles backed by history. The company was founded over a hundred years ago by ambitious people with a desire to contribute to national prosperity through business, and since then, has undergone changes in form in its development to the present. It seems to me that this has been made possible by the founding spirit and the Corporate Motto serving as a sturdy pillar deeply rooted in the company. Another factor is internationalism. Engaging in exports from the time of its founding, the company is characterized by taking the world as its field in terms of both sites and human resources.

Recent years, a large number of scandals and improprieties have occurred in many companies, and great importance is now placed on where companies stand. I believe that an authentic corporate philosophy will continue to support the Noritake Group.

● What do you see as the strengths and weaknesses of the Noritake Group?

There are many areas in which strengths are weaknesses and vice-versa, but the brand power, trust, and name recognition that the company has built as the top manufacturer of high-grade ceramics is a strength of the company. Moreover, the company has been able to seize the top share in polishing grinders, too, by developing its technology based on porcelain manufacturing. Looking ahead, I believe that the greatest issue for the company is the creation of new pillars of business that further leverage this technological base and customer base.

Besides tableware, almost all of the company's products are custom-made, with each product designed individually in terms of size, precision, and more, according to the customer's purpose of use. In terms of relationship with customers, Noritake has capabilities that other companies cannot touch, which is a strength. However, this can become a weakness when circumstances or the environment changes. I would like the company to work toward customer development and product development having the risk in mind, and to develop new pillars of business within the ceramics & materials area and the engineering area.

The company sold the former plant site located in its head office, in March 2019, securing a strong financial position. I hope that the company will enhance its investment efficiency, engage in active development investment, and grow into a company that continues tackling the challenges of new ceramics without limit.

● What are your thoughts concerning corporate governance?

I believe that the expected roles that outside Directors must perform are extremely important in terms of the company's governance. I further consider it very important that I always act with this in mind.

I also believe that it is necessary to create systems and mechanisms, check whether each is making essential contribution to governance, make improvements year after year, and continue pursuing the ideal governance required for the company.

Director (Outside)
Tetsuo Komori



Together with employees

► Diversity

The Noritake Group has 5,091 employees (as of March 31, 2019). When hiring, we respect different ways of thinking and human nature, not just academic achievement. In addition, we respect the human rights of employees in their treatment after employment and do not discriminate based on age, gender, sexual orientation, birthplace, nationality, etc.

► Human resource development

The Noritake Group is promoting human resource development centered on OJT (On the Job Training) at each workplace. In order to support this On the Job Training, we conduct OFF-JT such as training for new employees and "training by qualification," which is provided when employees are promoted. We also provide "training by purpose" to teach employees specialized knowledge on topics such as finance, legal affairs, and coaching.

Correspondence courses are also provided, and there is a system that subsidizes tuition fees for courses recommended by the company. Many employees use this system to improve their language skills and acquire official qualifications.

Number of employees receiving official qualifications and taking correspondence courses (people)

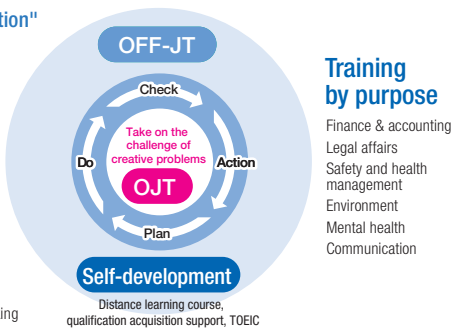
Fiscal year	2015	2016	2017	2018
Recipients of official qualifications	197	133	118	131
Correspondence course participants	732	658	600	576

"Managerial position"

Strengthening problem-solving capabilities
Subordinate training
Leadership
Management
Compliance

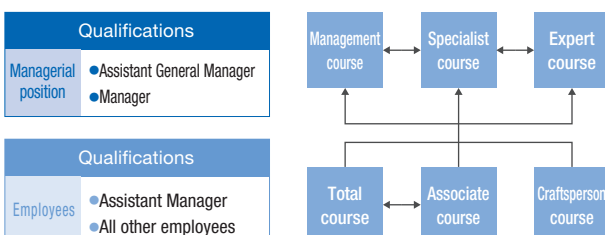
Training by qualification

"Employees"
Strengthening problem-solving capabilities
Role recognition
Quality management
Developing logical thinking
Compliance



► Human Resources courses that harness individuality

The Noritake Company offers multiple personnel courses so that each employee can fully harness their individuality in their work. Employees can change to a different course from the one they selected via reviews. In addition, for some job qualifications, there is a self-assessment system that allows employees to analyze and evaluate their own abilities and suitability for work and consult directly with the Human Resource Dept.



► Promotion of action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we have developed and promoted a "General Employers Action Plan." The aim of the plan is to advance diversity by promoting the active participation of women and contribute to securing excellent human resources and business growth.

Plan period: April 1, 2016 to March 31, 2019

We set the goals of increasing the number of women in the total course who are candidates to become future managers by 1.5 times, providing training for women to be promoted from the associate course to managerial positions. We established a system for career development that assumes child care leave and reduced working hours during child care, and we took steps to achieve these goals. As a result of the seminars and training that we conducted to raise the awareness of women's active participation in work and the development of female employees' abilities, the number of women in the total course has increased. In addition, we issued the "Handbook on support for balancing work with child care" to introduce our work-life balance support system and encourage its use to realize work-life balance so that employees can realize their abilities with peace of mind.

Plan period: April 1, 2019 to March 31, 2022

We formulated a new action plan to create a work environment where women can play an active role, realize their abilities, and develop their careers. The goals are to increase the number of key female personnel in fiscal 2021 by 25% compared to fiscal 2018, double the number of female managers, create an environment where women can realize their abilities, and foster a culture that promotes the active role of women, and we are taking steps to achieve these goals.

► Improving work-life balance

We aim to improve the work-life balance of our employees. In addition to encouraging employees to take their annual paid leave, we have established a variety of holidays and leave systems that can respond to individual life events, supporting various ways of working for our employees.

Since fiscal 2017, we have introduced a system that allows employees to take annual paid leave in units of one hour and a flextime system (shorter working hours or full-time) for employees who provide child care/nursing care. As a result, in the Noritake Group in fiscal 2018, there were 71 employees who took leave, 48 employees who took shorted working hours, and 33 employees who used the flextime system in relation to childbirth, child care, and nursing care.

From fiscal 2019, we have introduced a treatment support work system that enables employees to continue working while undergoing treatment as part of our efforts to create a better working environment for employees.

► Safety and Health Management System

The Noritake Group believes that the foundation of its business activities is a comfortable work environment that is safe, hygienic, and allows employees to work in a healthy manner both physically and mentally. We also believe that the company is responsible for creating and maintaining such an environment.

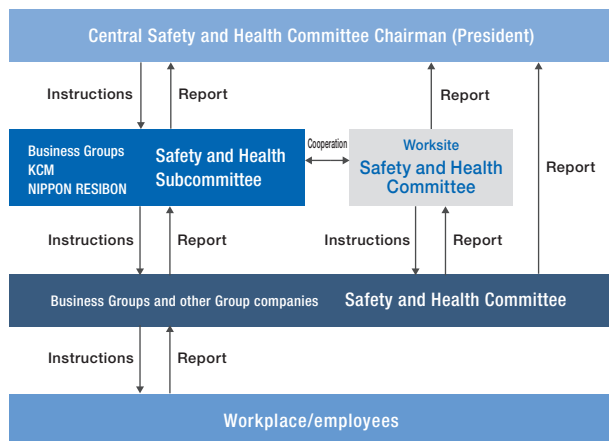
Noritake Groups Basic Policy of Safety and Health

The Noritake Group actively works to create safe and comfortable working environments where employees gain satisfaction from their work with the recognition that protecting the safety and health of all our employees is the most important foundation of our corporate activities.

- ① We prioritize safety and health over everything else.
- ② We observe laws and company rules regarding safety and health and work to improve the standard of safety and health management.
- ③ We strive to maintain and improve good communication and ensure the participation of all employees.

In order to prevent occupational accidents and maintain the health of our employees, we set safety and health management targets every year based on the Group's Basic Policy of Safety and Health. The Safety and Health Committee is held every month to share examples of occupational accidents and countermeasures to prevent similar accidents. In addition, we distribute health and safety guidebooks to all employees and strive to make employees aware of the basics of safety and health and the precautions related to each type of work.

Health and Safety Management System diagram



► Initiatives to prevent occupational accidents

In fiscal 2018, we promoted company-wide safety and health activities in accordance with the concept of the Occupational Safety and Health Management System (OSHMS) and conducted internal audits to resolve problems and issues in activities and make continuous improvements. As initiatives to prevent occupational accidents, we have continued to develop hazard location mapping campaigns, safety experience education, and risk forecasting training.

In fiscal 2019, in addition to our conventional risk assessments, we will work to encourage adoption of safety observations (two-way communication to ensure that workers follow the work standards and managers ensure that they are followed).

► Employee health management

Implementation of health checkups and follow-up for employees with concerns

We conduct regular company-wide health checkups in the first half of the fiscal year and identify the concerns at an early stage. For employees who are found to have lifestyle-related diseases, in addition to providing health guidance such as improving meals and exercise mainly by health advisors at each clinic, the Noritake health care association also gives specific health guidance and checks for improvements.

Improving the work environment in the workplace

Among the raw materials used in the production of our products, there are substances that may affect the human body, such as dust, organic solvents, and specific chemical substances. We regularly measure the workplace environment in accordance with laws and regulations, monitor and improve the conditions, and strive to improve the working environment. In addition, we conduct risk assessments for chemical substances at each business site and plant to reduce health risks caused by harmful substances.

As a countermeasure against heat stroke in the summer, we provide education and countermeasures for managers and workers mainly in kiln workshops such as heating furnaces.

► Mental health care

We have incorporated mental health training on self-care and care from superiors into our training by qualification to improve knowledge step by step according to job rank. We have implemented a stress check system once a year since fiscal 2016. Based on the results of our organizational analysis in fiscal 2017, we improved the workplace environment and conducted training for managers on communication.

As a result, the stress check in fiscal 2018 showed the support from supervisors and colleagues in the workplace has increased.

Quality initiatives

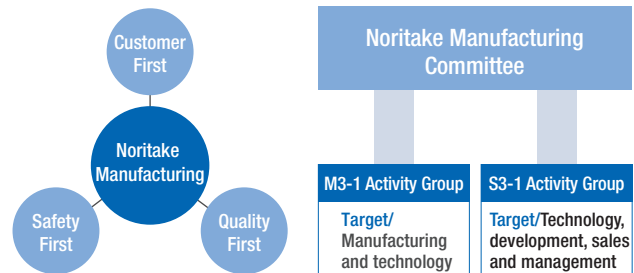
► Activities to enhance manufacturing

Noritake is a manufacturing company that was born from the passionate desires of the founders to "make porcelain with exquisite craftsmanship and impeccable whiteness." Based on this spirit, the Noritake Manufacturing Committee was established in 2011 to improve the quality of our products and services.

The Noritake Manufacturing Committee has established the concept of "Customer First, Safety First and Quality First" and promotes activities based on the recognition that achieving these three "Firsts" is important for continuing to contribute to society through our business.

In 2011, we started basic development activities under the "Manufacturing 3-1 (M3-1) Activities" started by the manufacturing department. To ensure stable production, we have implemented a system that is the foundation for safety, 2S, and standardization.

In addition, we have integrated "quality activities" for the design and engineering divisions and we are evolving them into activities that promote manufacturing and technology together. Since 2016, as basic enhancement activities, we have expanded our activities to develop management standards and systems that control the five major missions of our production sites: Safety, Quality, Production, Cost, and Human Resources. We have expanded our manufacturing activities for engineering, development, sales, and management as "S3-1 activities" and are currently promoting activities based on the two pillars of "M3-1 activities" and "S3-1 activities."

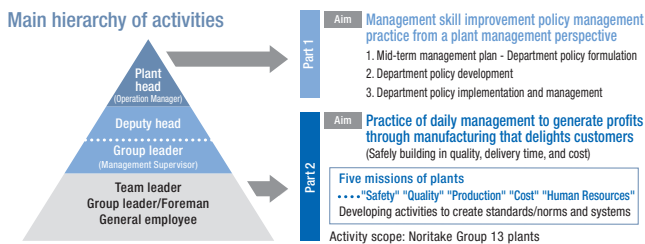


M3-1 activity (manufacturing and technology)

We promote M3-1 activities in the manufacturing and engineering departments based on two pillars: Basic enhancement activities and quality activities.

Basic enhancement activities

In our basic enhancement activities, in order to more reliably control Quality (Q), Cost (C), and Delivery (D), we have created a system that operates according to the management standards and roles by hierarchy for the five major missions of our production sites. This system is shown as a template. The Noritake Group's 13 plants hold "Genchi Genbutsu (real location, real thing) meetings" where the activities for the five missions are confirmed at the plant site. At these meetings, participants have discussions and promote good practices across departments.



Quality activities

We promote "Good Quality activities" and "Production preparation activities" in order to establish systems that can promptly and reliably provide the "Good Quality" that customers demand.

Good quality activities:

We share information about how we dealt with complaints and useful information about countermeasures for defects at manufacturing processes. We strive for corrections and improvements while conducting "Obeya" activities.

* Obeya activities: Top managers such as plant managers, and stakeholders from manufacturing, production technology, quality assurance, and product development, etc. hold cross-departmental meetings to carry out practical activities with a sense of speed through factor analysis and discussion of countermeasures.

Production preparation activities:

Common Noritake Group standards are defined for items to be performed and items to be confirmed in each step from product planning to mass production. We have been carrying out audits (Quality Audits) since FY2016 to confirm the understanding of purpose, operational status, and effectiveness related to these standards. We are continuously working to respond to the issues that have emerged through the audits and reduce complaints.

S3-1 activities (engineering, development, sales and management)

Noritake manufacturing activities are not limited to our plants. In order for us to delight our customers, it is essential that the departments directly involve in the business, such as sales and engineering, and play an active role. The functions and efficiency of the management and development departments that support these business departments are also important. Staff departments work on Noritake manufacturing activities through our S3-1 activities. S represents the S of service, and 3-1 represents the three "Firsts": "Customer First, Quality First and Trust First."

In our S3-1 activities, we promote the participation of all employees and improved awareness based on the policy of "I play the leading role" and "Customers are the final part of the process." While promoting small group activities with the participation of all employees, we hold case study presentations for each division and work to make the activities stimulating. While steadily advancing the standardization of our operations, we are taking one step forward to promote improvement activities based on the concept of overall optimization. The aim is to realize visible results such as customer satisfaction, operational efficiency improvement, and taking paid leave.

In fiscal 2019, we will make QCD improvements based on standard operation, corrections, and improvements, review operations working across divisions and sections, and strengthen cooperation among related divisions and departments.

Communication with stakeholders

► Communication with shareholders and investors

We hold an Annual General Meeting of Shareholders at the Noritake Company headquarters in Nagoya City every year in late June. In June 2019, 96 shareholders attended the 138th Annual General Meeting of Shareholders and gave open opinions and asked questions.

In addition, after the announcement of the financial results and the second quarter results, we hold a financial results briefing for securities analysts.

Also, we keep on improving the Noritake Group website so that shareholders and investors can easily obtain various types of information such as business reports and financial results announcements.



► Communication with business partners

The Noritake Group shares information such as information about the economic environment and trends in the industry and our procurement prospects with our business partners in order to establish and maintain good relationships. We are also making efforts to ensure safety and health. In particular, the Engineering Group, which receives cooperation from many business partners in manufacturing and construction, regularly holds seminars to prevent occupational accidents.

In addition, we regularly conduct seminars on the Subcontract Act within Noritake to ensure that employees are thoroughly informed.

► Communication with customers

In order to reflect customer feedback in our products and services, and to ensure that customers can use our products safely, we have set up a customer service center within the Tabletop Group to build a system to share customers' opinions and inquiries.

Product safety

The Noritake Group strives to ensure that customers can use our products safely. We carefully consider product safety in all our processes from research and development to design, manufacturing, distribution, and sales. To that end, we comply with laws and regulations, and when relevant laws and regulations do not exist, we have establish own standards and follow them. In addition, we strive to prevent accidents caused by incorrect usage by including easy-to-understand instruction manuals with our products.

In the event that an accident or problem occurs due to a product or service provided by Noritake, we will promptly communicate this information to customers and minimize the spread of damage in a prompt and appropriate manner. Also, in order to prevent recurrence, we will work to create a system to thoroughly investigate the causes of incidents.

Social contribution activities

► Noritake Garden

Part of the Noritake Company headquarters site is open to the public as "Noritake Garden." This garden, planted with more than 6,000 trees over approximately 22,000 square meters, is a complex facility that was established at the founding site based on feelings of gratitude for local people and the desire to protect the environment. It is popular as an industrial tourist facility and a place of relaxation in the city, and since its opening in 2001, it has been visited by more than 7 million people.

Also, we have signed an agreement with Nagoya City to act as a temporary evacuation site for people who have difficulty returning home in the event of a large-scale disaster. In this way the facility provides peace of mind to local residents.

We were authorized by the "Conservation System of Civic Green Spaces"

In December 2018, this was the first private-sector facility in the Chubu region that was certified as a "civic green space" by the Conservation System of Civic Green Spaces.



* Conservation System of Civic Green Spaces

In urban areas, there is a shortage of green and open spaces that are indispensable for creating a good urban environment. To solve this problem by promoting the conservation and creation of green spaces and making effective use of vacant lots, the Conservation System of Civic Green Spaces installs and manages open spaces as "civic green spaces" for use by local residents, based on an installation and management plan authorized by the municipal mayor.

► Regional contribution at Noritake Sri Lanka

Noritake established Noritake Sri Lanka in 1972 as a tableware manufacturer in Sri Lanka. Since then, the company has continued to interact with the community in various ways, including making donations to hospitals and schools, and carrying out environmental activities.

In fiscal 2018, with the support of the Ministry of Economy, Trade and Industry, we won the Gold Award in the CSR / Sustainability category by JASTECA (Japan Sri Lanka Technical and Cultural Association) that promotes industrial and cultural exchanges between Japan and Sri Lanka. This was a result of recognition of our contribution to sustainable development and promoting the long-term interests of Sri Lanka, such as reducing CO₂ in our business activities and our tree-planting campaign.



Won a JASTECA Gold Award

► Support for international students

To support students from overseas, we participate in the "International Student Acceptance Program for Employee Dormitories" organized by the Foundation of Corporate Friendship Network for Foreign Students and provide accommodation for international students attending universities and graduate schools. This provides low cost accommodation for international students, and for the employees who live in the employee dormitories, it serves as an opportunity to communicate with foreigners.

In order to "achieve a sustainable society," the Noritake Group has acquired certification under the international standard ISO 14001 at all of our major domestic business sites and promotes environmental activities such as developing environmentally-friendly products and taking countermeasures on global warming. In particular, as a measure against global warming, we believe that the use of renewable energy has a significant effect on the reduction of greenhouse gases, and we have installed solar power generation facilities at our domestic offices, including Noritake Garden.



The report "12. Harmony with the environment" (P33 to 40) was created using data from NORITAKE CO., LIMITED, HIROSHIMA KENMA K.K., NORITAKE COATED ABRASIVE CO., LTD., ZEN NORITAKE CO., LTD., NORITAKE RECYCLE CENTER CO., LIMITED, KCM CORPORATION, KYORIX MIE CO., LTD., NORITAKE ITRON CORPORATION, NORITAKE TCF CO., LTD., NORITAKE GARDEN CO., LIMITED, PT. NORITAKE INDONESIA, NORITAKE SCG PLASTER CO., LTD., NORITAKE TAIPEI CO., LTD., and NORITAKE LANKA PORCELAIN (PVT) LIMITED.

Environmental action policy

Environmental Policies

The Noritake Group, as a company that manufactures products based on its founding spirit of "Good Quality, Export and Co-prosperity," positions the preservation of the global environment as an important management issue, and is contributing to the achievement of a "sustainable society" through its business activities.

- ① We will strive to develop and provide environmentally-friendly products and services.
- ② We will endeavor to reduce environmental burden in all processes of our business activities. In particular, we will strive to achieve the goals set for the reduction of CO₂ generation, resource saving, waste reduction, and recycling, and to manage hazardous substances appropriately.
- ③ We will build Environmental Management Systems from a global perspective and strive to reduce environmental burdens continually.
- ④ We will comply with environmental laws, regulations, and other requirements.
- ⑤ We will disclose information about our environmental activities and enhance our communication activities with stakeholders.

Environmental vision

The Noritake Group has taken up environmental issues in the company as one of its medium to long-term management issues, formulated environmental policies and environmental action plans, and promoted environmental protection activities.

In the 10th three-Year Environmental Action Plan that began in fiscal 2016, based on the results of previous efforts, we set targets and took action for reducing greenhouse gases and final landfill disposal as countermeasures for climate change and to promote resource recycling. In addition, in order to respond to our expanding overseas businesses, we introduced the Environmental Management Systems at our overseas production bases, aiming to comply with laws and regulations and reduce the risk of environmental pollution.

Aim

The Noritake Group as a whole will make efforts to promote voluntary environmental protection activities, actively work to reduce the environmental burdens and risks that occur in our business activities, and aim to contribute to global environmental protection. In addition, we will strive for co-prosperity with our stakeholders by implementing environmental management that balances environmental protection and generating business profits.

10th three-Year Environmental Action Plan initiatives

Under the 10th three-Year Environmental Action Plan, we promoted reduction of environmental burdens such as greenhouse gases and landfill waste by removing "Unreasonableness, Inconsistency and Waste" in our daily operations in conjunction with manufacturing enhancement activities. We also implemented appropriate management and processing of harmful chemical substances such as PCBs, and promoted the reduction of chemical substances contained in materials.

In fiscal 2018 (non-consolidated), there was a temporary increase in landfill waste, but we achieved the initial target for the entire plan period.

In the 11th three-Year Plan starting in fiscal 2019, we will continue to implement the activities of the 10th three-Year Plan and integrate business activities and environmental activities with the aim of further reducing environmental burden.

Three-Year Environmental Action Plan

10th three-Year Environmental Action Plan (fiscal 2016 to 2018 plan and fiscal 2018 results)

Activity item		Plan (fiscal 2016 to fiscal 2018)	Results (fiscal 2018)	Evaluation
Environmental management system	Operation of Environmental Management System	Continuous improvement of Environmental Management Systems	Improved Environmental Management Systems	○
	Promote environmental activities at overseas plants	Expand introduction of Environmental Management Systems Formulate activity plans	Introduced Environmental Management Systems Fact-finding and planning	○
Countermeasures for Global warming	[Domestic] Reduce greenhouse gas emissions	Per unit of production (Compared to fiscal 2015) 3% or more reduction	Per unit of production (Compared to fiscal 2015) Reduced 10%	○
	[Global] Reduce greenhouse gas emissions	Per unit of net sales (Compared to fiscal 2015) 1.5% or more reduction	Per unit of net sales (Compared to fiscal 2015) Reduced 11%	○
Resource recycling measures	[Domestic] Reduce landfill waste generation	Per unit of production (Compared to fiscal 2015) 3% or more reduction 80% or more recycling rate	Per unit of production (Compared to fiscal 2015) Reduced 14% 85% recycling rate	○
	[Global] Reduce waste	Per unit of net sales (Compared to fiscal 2015) 0.9% or more reduction	Per unit of net sales (Compared to fiscal 2015) Reduced 13%	○
Pollution measures	Dispose devices containing PCBs appropriately	Complete appropriate processing of devices containing PCBs	Completed appropriate processing of devices containing PCBs	○
	Reduce chemical substances used	Continue appropriate management of chemical substances Reduce use of chemicals as secondary materials	Continued appropriate management of chemical substances Promotion of chemical substance usage plan for secondary materials	○
Product measures	Reduce environmental burden with environmentally-friendly products	Set a company-wide target for environmentally-friendly products	Set company-wide target for environmentally-friendly products	○
	Enhance green procurement	Operation of Green Procurement Guidelines	Continued operation of Green Procurement Guidelines	○
Environmental communication	Practice of environmental education	Perform environmental education Systematization of environmental education	Continued implementation of environmental education Systematization of environmental education (manager education setting)	○
	Disclose information to stakeholders	Issue social and environmental reports	Issued Social and Environmental Report	○

11th three-Year Environmental Action Plan (Plan for fiscal 2019 to fiscal 2021)

Activity item		Plan (fiscal 2019 to fiscal 2021)
Environmental management system	ESG Initiatives	Achievement of environmental management based on the Group management system
	Promote environmental activities at overseas plants	Promoting environmental activities at each overseas office
Countermeasures for Global warming	[Domestic] Reduce greenhouse gas emissions	Reduce emissions per unit of production (compared to fiscal 2018) by 3% or more
	[Global] Reduce greenhouse gas emissions	Reduce emissions per unit of production (compared to fiscal 2018) by 6% or more
Resource recycling measures	[Domestic] Reduce landfill waste generation	Reduce emissions per unit of production (compared to fiscal 2018) by 12% or more Increase recycling rate by 85% or more
	[Global] Reduce wastes	Reduce emissions per unit of production (compared to fiscal 2018) by 9% or more
Pollution measures	Respond to use of prohibited substances	Reduce devices that use specified mercury and specified CFCs
	PRTR chemical substance management Compliance with chemical substance regulations	Reduce use of PRTR chemicals and continue to follow chemical substance regulations
Product measures	Environmentally-friendly products	Net sales ratio 11% or more
	Enhance Green procurement	Continue operation of Green Procurement Guidelines
Environmental communication	Practice environmental education	Expand environmental education
	Disclose information to stakeholders	Issue of integrated reports and disclose information through our website

Management system

► Environmental Management System organizational structure

We have established an environmental protection promotion system having the president as the Environmental Protection Supervisor.

The "Environmental Committee," chaired by the director in charge of the environment, deliberates the activity plan based on the results of the activities and approves unified guidelines for environmental protection promotion activities at the Management Conference.

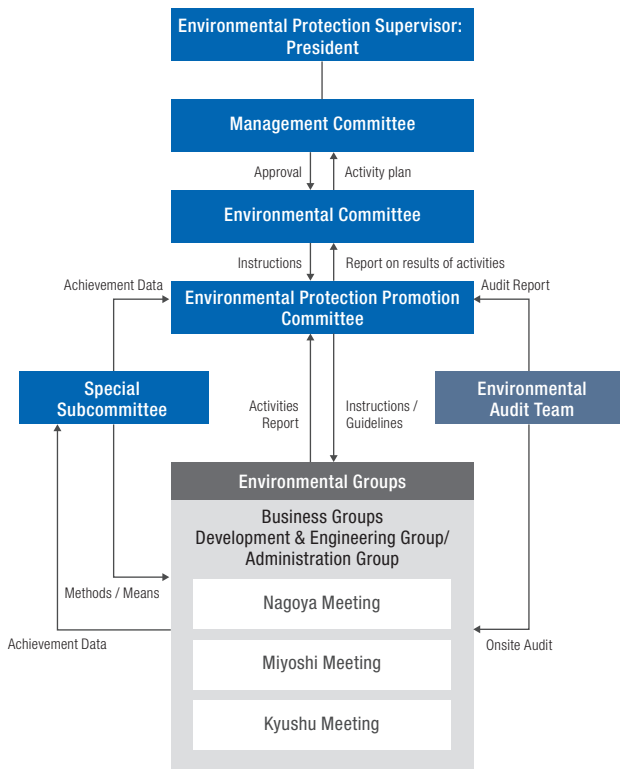
In addition, the Environmental Protection Promotion Committee is held every other month to plan and manage environmental protection activities and evaluate the results of activities.

Also, in order to promote initiatives effectively according to activity themes, we have established a "Special Subcommittee" comprised of managers from each department, which considers measures across the entire company.

For environmental protection activities in each business, Environmental Groups are established in each Business Groups to plan initiatives and manage progress.

In addition, in order to operate the Environmental Management System in cooperation with each region, we hold "ISO Meetings" in various locations.

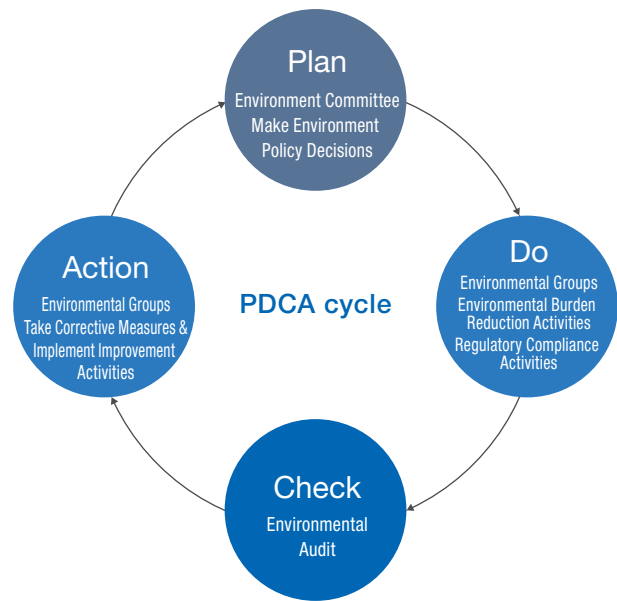
■ Environmental management organization and structure



► Operation of Environmental Management System

In order to realize a sustainable society, we have established an Environmental Management System based on the international standard ISO14001 and are continuously promoting environmental protection activities. We have received ISO14001 certification from a third-party organization at all domestic production sites, and in 2017, we completed the transition to the latest ISO14001: 2015.

■ PDCA cycle



ISO14001 certified offices

(Situation as of March 2019)

NORITAKE CO., LIMITED (JQA-E-90071 was obtained in 1997)

- NORITAKE CO., LIMITED
Head Office, Miyoshi Site, Kamimori Plant, Komaki Plant, Minato Plant, Matsusaka Plant, Yasu Plant, Kurume Plant, Imari Plant
- ZEN NORITAKE HEAD OFFICE
- HIROSHIMA KENMA
- NORITAKE RECYCLE CENTER
- NORITAKE TCF
- NORITAKE GARDEN
- NORITAKE ITRON
Omiya Office/Ouchiyama Office
- TONO KENMA
- NORITAKE COATED ABRASIVE
Head Office/Noto Plant

KCM (JSAE393 was obtained in 2001)

- KCM
Head Office/Head Office Plant
- KYORIX MIE
Mie Plant

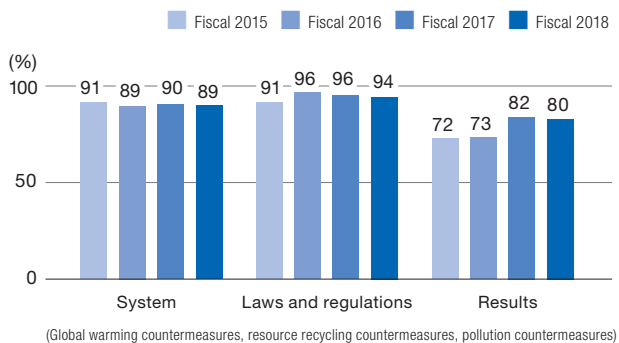
Overseas offices are also establishing Environmental Management Systems to promote environmental protection activities in the same way as in Japan. They are setting up environmental systems considering the regional characteristics of each country, such as laws and regulations.

▶ Results of fiscal 2018 group environmental supervision

In order to properly promote environmental protection activities, the Environmental Audit is conducted every year by the Environmental Protection Promotion Committee.

The Audit investigates the status of implementation of environmental activities at all plants and evaluate the results. In particular, in order to prevent environmental pollution, it focuses on on-site confirmation of production processes and facilities. In addition, by conducting this Audit, we are working to resolve problems and issues related to environmental burden reduction activities, and to help improve the overall system.

Average score rate for each audit item



The Environmental Audit in fiscal 2018 evaluated the results of the environmental burden reduction activities in the Environmental Management System, legal and regulatory management, and the 10th three-Year Environmental Action Plan.

As a result, we were able to confirm that the Environmental Management System and legal and regulatory management are being operated based on the established procedures. We also confirmed that the environmental burden reduction activities are generally carried out according to the three-Year Environmental Action Plan, although there were some delays.

However, the integration of core business issues and environmental issues, which is necessary to promote more effective environmental activities, is lacking, and this is a priority issue for the 11th three-Year Environmental Action Plan starting in fiscal 2019.



Environmental internal audit

▶ Environmental communications

In order to promote environmental protection activities throughout the company, it is important for each person, from management to new employees, to correctly recognize environmental issues and to raise awareness of environmental protection. Therefore, in addition to providing environmental education by qualification, we regularly disseminate information on environmental activities through our in-house newsletter to publicize environmental initiatives. We also hold specialized education for personnel who require specialized knowledge such as laws and regulations.

In order for as many people as possible to understand the Noritake Group's approach to the environment, we disseminate information in this report and on our website.



In-house environmental education

▶ Regulatory compliance and complaints

Regulatory compliance and complaints

In fiscal 2018, there were no deviations or complaints regarding environmental regulations or standard values.

In addition, there were no penalty or lawsuits from the supervisory authorities regarding the environment.

Devices containing PCB

For equipment containing PCB, we implement strict storage management, and proceed with appropriate processing sequentially based on the processing plan.

Reduce environmental burden

► Overall picture of environmental burden (Scope 3)

We are working to reduce environmental burden more effectively by monitoring the overall environmental burden of the entire product life cycle from raw material procurement to disposal after product use.

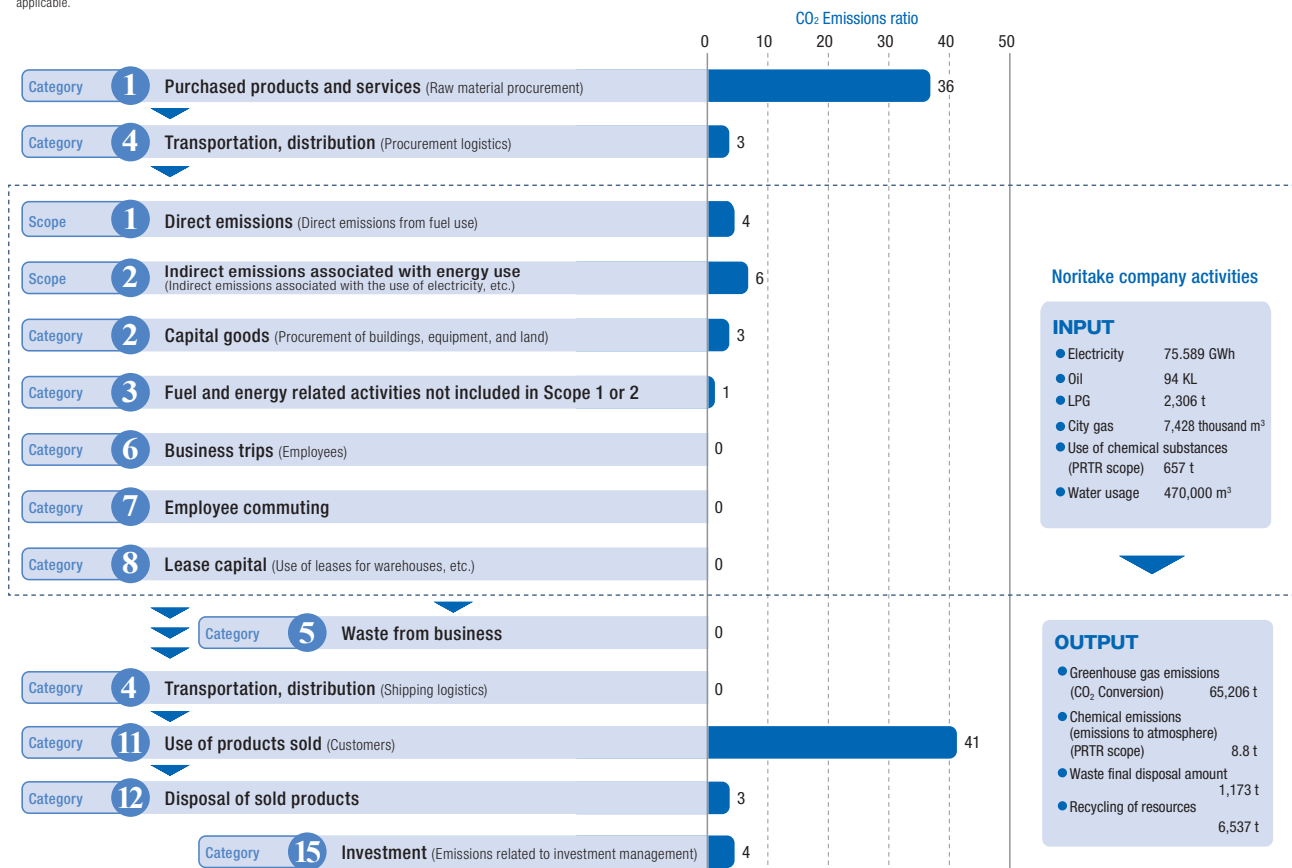
Noritake calculates greenhouse gas emissions based on the international standard Scope 3 and uses them as an activity indicator.

* Calculation method
 - Calculated in accordance with the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver 2.0."
 - Categories 9, 10, 13, and 14 out of the 15 categories of Scope 3 were excluded from the calculation because they are not applicable.

CO₂ emissions throughout the supply chain

► Total of Scope 1 to 3 **65,500 kt**

Scope 1 : Direct company emissions
Scope 2 : Indirect emissions associated with energy use (Use of purchased electricity and heat)
Scope 3 : Other indirect emissions (categories 1 to 8, 11, 12 and 15)



► Pollution measures

Pollution control activities

In order to reduce the risk of environmental pollution caused by chemical substances, it is important to reduce the use of substances that adversely affect the environment as much as possible and to prevent dispersal and leakage through proper storage and handling.

In the 10th three-Year Environmental Action Plan, we aimed to reduce the impact of harmful chemicals on the environment, strengthened the management of chemical substances, and promoted the reduction of chemical substances used as secondary materials.

Chemical substance management

We have established a chemical substance management system that covers chemical substance-related laws for the entire Noritake Group. Chemical substance management consists of two parts: Screening and approval rules to control new use of harmful chemical substances, and monitoring the amount of chemical substances used and transferred. In this way, we are visualizing the conditions of chemical substances used and working to reduce the use and emission of hazardous substances.

We also issue and operate the "Chemical Contamination Prevention Control Standard" that uniquely defines the structural standards and inspection standards of related facilities for the storage and use of harmful chemical substances, and we are striving to prevent the dispersal and leakage of chemical substances.

▶ Countermeasures for global warming

Global warming countermeasure activities

The Noritake Group is working to reduce greenhouse gases that cause global warming. In the 10th three-Year Environmental Action Plan, we have been working to reduce greenhouse gas emissions per production volume by 1% or more compared to the previous year. In order to reduce greenhouse gases, we are actively promoting the reduction of energy consumption by improving the efficiency of our production facilities and fuel conversion.

In addition, as a measure against global warming we expanded the use of renewable energy. We have promoted the installation of solar power generation facilities, making effective use of our business sites. We started operations at six locations in Japan, and have contributed over 1,500 tons of CO₂ reduction per year.



Solar power generation facility

Global Warming Countermeasures Dedicated Committee initiatives

In order to share information necessary for global warming countermeasures and work on activities with a company-wide policy, we have established a Global Warming Countermeasures Dedicated Committee in which "energy management plan promotion staff" and "energy management managers" from the main plants participate. This Global Warming Countermeasures Dedicated Committee confirms the progress of company-wide greenhouse gas reduction activities and considers ways to promote preventing global warming.

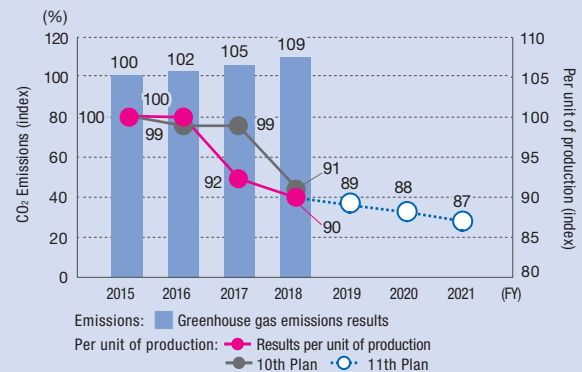
In addition, in order to spread our advanced activities and effective means to prevent global warming, we share the information within the Group. We also promote company-wide activities such as taking a local-tour at the sites where the activity is being well performed, and create guidebook on how we corresponded to each environmental cases. The main plants are taking initiatives on working on this matter.

Greenhouse gas emissions results

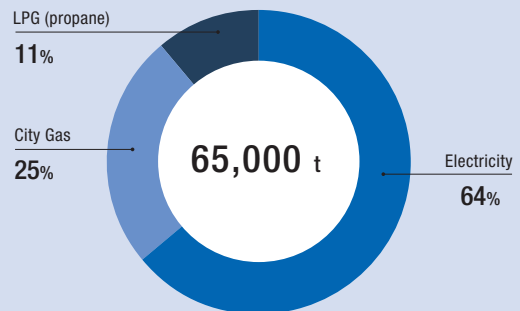
In fiscal 2018, the final year of the 10th three-Year Environmental Action Plan, we continued to improve the efficiency of our air conditioning loads and renew facilities by taking steps such as reviewing work areas. Through these activities, we reduced our emissions by about 2% compared to the previous year.

In addition, we were able to reduce emissions by approximately 10% over three years. In the 11th three-Year Environmental Action Plan, we will continue to reduce greenhouse gases.

Domestic greenhouse gas emissions results

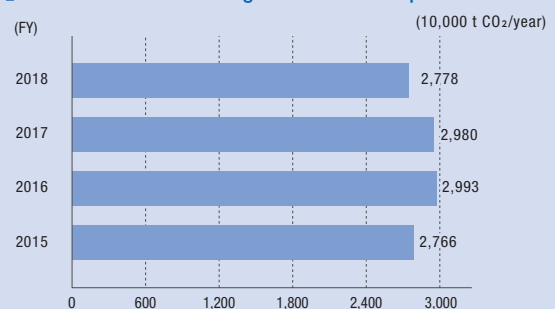


CO₂ emissions ratio by energy type



In addition, the company continuously monitors the amount of logistics transport in order to achieve efficient logistics. In fiscal 2018, our CO₂ emissions were 27.78 million tons with 15.61 million ton-kilometers.

CO₂ emissions from logistics and transport



Reduce environmental burden

▶ Resource recycling measures

Resource recycling activities

To effectively use limited resources, it is important to reduce the generation of waste as much as possible. The Noritake Group is working to reduce waste generated from its business activities through steps such as quality improvements linked to manufacturing enhancement activities.

In our 10th three-Year Environmental Action Plan, we have been working to reduce the amount of waste sent to landfill per production volume by 1% or more compared to the previous fiscal year in order to promote resource recycling.

In addition, as a main initiative, we aimed for a recycling rate of over 80% in order to promote the recycling of waste that was previously sent to landfill.

Noritake Recycling Center initiatives

Industrial grinding wheels, Noritake's main business, are consumable products, and are disposed of in landfills as industrial waste after use. This has been a major issue in terms of the effective use of resources.

In order to recycle the industrial grinding wheels that we sell, the Noritake Recycling Center collects about 500 tons of used vitrified grindstones annually.

The collected grindstones are crushed, classified, and then reborn as products such as abrasives and heat-resistant materials.

We are also actively developing applications so that used grindstones can be used effectively.

▶ Recycling process of used industrial grinding wheels



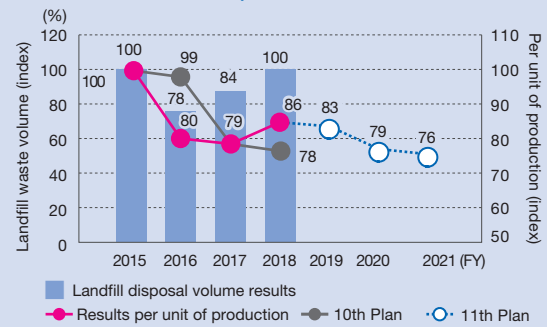
Waste emissions results

In fiscal 2018, the final year of the 10th three-Year Environmental Action Plan, we continued to promote the reduction of waste by reducing the defective rate and recycling by reviewing disposal methods. However, waste generation increased by about 7% compared to the previous year due to temporal increase of waste.

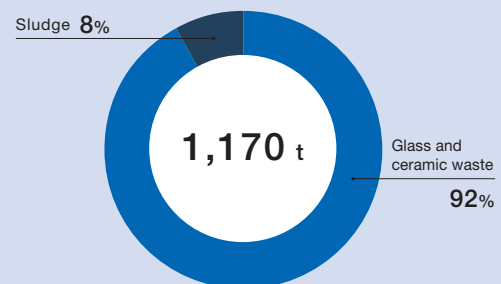
In the three-year effort, we achieved to reduce waste by approximately 14%.

In addition, as a result of promoting recycling, we were able to recycle 85% of all waste generated. In the 11th three-Year Environmental Action Plan, we will continue to recycle landfill waste.

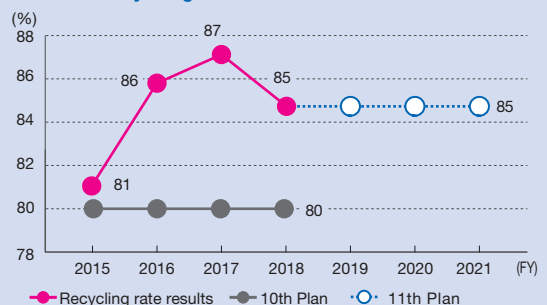
Domestic landfill disposal volume results



Landfill disposal volume rate by waste type



Trend in recycling rate



Initiative for biodiversity

In order to realize the "sustainable society" that the Noritake Group is aiming for, we are promoting initiative for biodiversity aimed at preserving nature and ecosystems. We are promoting the greening activity of our business sites, and the "Noritake Garden" adjacent to our headquarters provides an environment where wild birds and insects can flourish.



Noritake Garden (Biotope)

Water resource conservation

In order to conserve important water resources, the Noritake Group strives to prevent pollution of rivers and other areas managing wastewater from its production processes appropriately. In factories that generate a large amount of waste liquid, all wastewater from the process is collected so that they do not spread into rivers and other areas, and some process wastewater such as washing water is recycled.



Recycling system



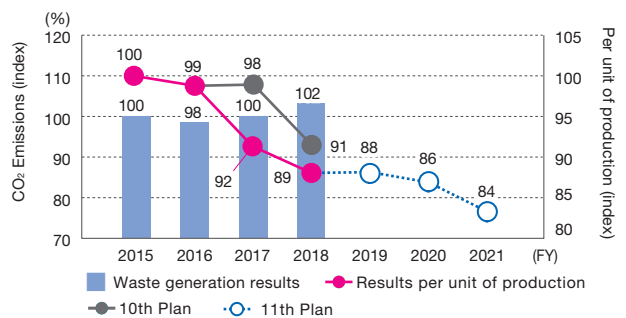
Waste liquid tank

Initiatives at overseas business sites

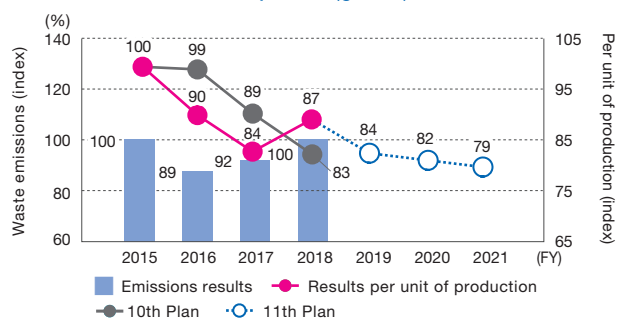


The Noritake Group is working to reduce its environmental impact at overseas production sites as we expand our overseas business. In the 10th three-Year Environmental Action Plan, we set global targets for greenhouse gases and waste, and activities have proceeded.

Transition of greenhouse gas emissions (global)



Transition of waste disposals (global)



Trends in major consolidated management indicators

	2015/3	2016/3	2017/3	2018/3	2019/3
Net sales (million yen)	99,038	109,631	108,808	117,928	125,802
Cost of sales (million yen)	72,857	80,385	79,537	86,484	91,852
Gross profit (million yen)	26,180	29,245	29,271	31,443	33,949
Gross profit margin (%)	26.4	26.7	26.9	26.7	27.0
Selling, general and administrative expenses (million yen)	23,989	25,797	26,151	26,346	26,465
Operating profit (million yen)	2,191	3,448	3,119	5,097	7,484
Operating profit margin (%)	2.2	3.1	2.9	4.3	5.9
Ordinary profit (million yen)	3,389	4,780	4,861	6,992	9,764
Ordinary profit margin (%)	3.4	4.4	4.5	5.9	7.8
Profit attributable to owners of the parent (million yen)	2,059	4,412	4,107	13,432	9,707
Current net profit margin (%)	2.1	4.0	3.8	11.4	7.7
Amount of capital investment (million yen)	4,491	3,724	4,478	4,352	5,299
Depreciation (million yen)	3,673	4,147	4,026	4,030	4,057
Research and development expenditure (million yen)	2,971	2,797	2,443	2,491	2,554
Cash flows from operating activities (million yen)	5,066	6,114	9,128	9,684	8,237
Cash flows from investing activities (million yen)	-6,281	-4,028	-2,546	8,468	-2,408
Cash flows from financing activities (million yen)	2,719	-3,907	-5,974	-11,056	-10,348
Cash and cash equivalents at the end of the fiscal year (million yen)	10,586	8,583	8,910	16,087	11,395
Total assets (million yen)	145,790	135,772	142,157	156,283	151,773
Interest-bearing debt (million yen)	30,409	28,263	23,177	13,221	4,875
Total shareholders' equity (million yen)	78,924	76,749	83,928	99,608	103,747
Total net assets (million yen)	82,817	79,765	87,125	103,026	107,349
Net income per share (yen)	14.34	307.32	286.12	935.57	675.77
Annual dividend (yen)	6.00	60.00	60.00	70.00	90.00
Return on equity (ROE) (%)	2.8	5.7	5.1	14.6	9.5
Capital ratio (%)	54.1	56.5	59.0	63.7	68.4
Total capital turnover (%)	67.9	80.7	76.5	75.5	82.9
Price earnings ratio (PER) (times)	19.7	8.3	10.0	4.9	7.8
Price-book value ratio (PBR) (times)	0.51	0.48	76.50	0.66	0.73
Stock price at the end of the fiscal year (yen)	282	2,540	2,851	4,610	5,300
Number of employees at the end of the fiscal year (persons)	5,089	5,054	5,097	5,012	5,091

As of October 1, 2016, 10 common shares were consolidated into one share. Net assets per share and net income per share are calculated on the assumption that the share consolidation was conducted at the beginning of the 135th term.

"Partial Amendments to 'Accounting Standard for Tax Effect Accounting'" (Corporate Accounting Standard No. 28, February 16, 2018), etc. have been applied from the beginning of the current consolidated fiscal year. Key management indicators before the 137th period are those after retroactive application of the accounting standards.

14. Company Overview

Company name	NORITAKE CO., LIMITED
Establishment	January 1, 1904
Headquarters	3-1-36, Noritake-shinmachi, Nishi-ku, Nagoya, Aichi 451-8501, Japan
Website	https://www.noritake.co.jp/eng/
Representative	Hiroshi Kato Representative Director & President
Capital	15,632 million yen
Main Business	<ul style="list-style-type: none"> ■ Industrial Products Business Grinding and polishing tools, etc. ■ Ceramics & Materials Business Electronic components, ceramic raw materials, plaster products, vacuum fluorescent displays, etc. ■ Engineering Business Heating furnaces, filtration equipment, mixing equipment, cutting machines, etc. ■ Tabletop Business Porcelain ware, etc.

(As of March 31, 2019)

Subsidiaries

* Non-consolidated subsidiaries

HIROSHIMA KENMA K.K.	NORITAKE LANKA PORCELAIN (PVT) LIMITED
NORITAKE COATED ABRASIVE CO., LTD.	PT. NORITAKE INDONESIA
ZEN NORITAKE CO., LTD.	NORITAKE SCG PLASTER CO., LTD.
NIPPON RESIBON CORPORATION	NORITAKE TAIPEI CO., LTD.
RYOWA CORPORATION	NORITAKE CO., INC.
NIHON FUREKI SANGYO CO., LTD.	NORITAKE EUROPA GMBH
KCM CORPORATION	ITRON (U.K.) LIMITED
KYORIX MIE CO., LTD.	NORITAKE (AUSTRALIA) PTY. LTD.
NORITAKE TCF CO., LTD.	NORITAKE SHANGHAI TRADING CO., LTD.
NORITAKE ITRON CORPORATION	NORITAKE SA (THAILAND) CO., LTD.
NORITAKE GARDEN CO., LIMITED	NORITAKE ABRASIVES (SUZHOU) CO., LTD.
NORITAKE RECYCLE CENTER CO., LIMITED*	DIA RESIBON (THAILAND) CO., LTD.
	TAIWAN KCM COMPANY, LTD.*

Equity-method affiliates

OKURA ART CHINA, INC.	SIAM COATED ABRASIVE CO., LTD.
KURARAY NORITAKE DENTAL INC.	
TONO KENMA CO., LTD.	

NORITAKE CO., LIMITED

3-1-36 Noritake-shinmachi, Nishi-ku, Nagoya, Aichi 451-8501, Japan
<https://www.noritake.co.jp/eng>

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