



Noritake
LANKA PORCELAIN (PVT) LTD



COMMUNICATION ON
PROGRESS

2020



CLIMATE CHANGE

On the Move

Noritake





On the Move

Noritake

COP - 2020



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Inquiries

NORITAKE LANKA PORCELAIN (PVT) LTD
COMPLIANCE DEPARTMENT
P.O.BOX 30, MATALE, SRI LANKA

Tel :+94-66-2244130
+94-66-2244130
+94-66-2244432
+94-66-2244192
www.noritake.lk

CEO Letter



To Our Stakeholders ;

Organizations around the world, and their stakeholders, are becoming increasingly aware of the need for and benefits of socially responsible behavior. The objective of social responsibility is to contribute to sustainable development. Noritake Lanka Porcelain Private Limited as a responsible business conduct company aim is to contribute to “Ten Principle of United Nation Global Compact”, “Guiding Principle on Business and Human Rights”, “The OECD Guidelines for Multinational Enterprises”, and “SDGs”. Mainly focusing on “Respecting human rights”, we strive to work with our business partners to realize a sustainable society. NLPL request that business partners of each company throughout the supply chain understand and implement the sustainable society. We consider that it can develop trust from our customers, lead to sustainably developed business and contribute to the achievement of the society of “No one will be left behind” by “SDGs”

A handwritten signature in black ink, appearing to read 'H. Tanaka'.

H. Tanaka
Deputy Chairman / Managing Director
Noritake Lanka Porcelain (Pvt) Limited.

Who We Are

Behind the secret of perfection in a product unfolds the legacy of an exceptional history. The establishment of a factory in Nippon Toke, Nagoya, Japan in 1904 was the birth of a giant in the global ceramic industry. Founded by Baron Ichizaemon Morimura and his colleagues, it is known today as Noritake.

With the Noritake Company Ltd in Japan as the parent company, Lanka porcelain commenced their operations in Sri Lanka in 1972. Representing the Noritake global family in Sri Lanka the company has evolved into Noritake Lanka Porcelain, a new giant in the porcelain industry, earning a reputation in an international market for standard and quality. Noritake began manufacturing western style tableware for export in 1973. For over 47 years since, We have delivered tableware to dining tables in every corner of the world.



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. Over the years company Environmental Social & Governance (ESG) initiatives campaign has built up a sustainable and better social environment together with our stakeholders through our everyday corporate activities. This unique initiative accessed to find the aspects of our business that we believe have the most impact on the environment and the societies in which we operate in order to achieve the SDGs. These aspects are identified through a materiality assessment, where the importance of different topics are ranked by us and our stakeholders, such as our board, global and local management team, employees, customers, suppliers, competitors, industry players and shareholders.

Seven main aspects have been prioritised of our business:

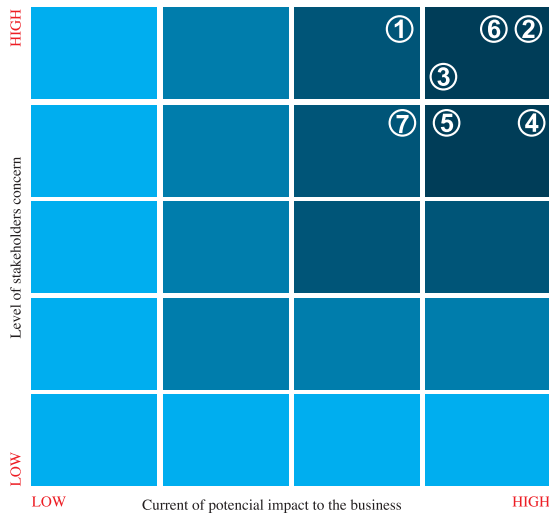
1. Organizational governance
2. Human rights
3. Labor practices
4. The environment
5. Fair operating practices
6. Consumer issues
7. Community involvement and development

TOPIC	HOW WE UNDERSTAND THE CONCEPT	WHY THE TOPIC IS IMPORTANT TO US
1.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 * Anti-corruption (its includes any type of bribery, facilitation payment, anti-competitive behaviour, theft and fraud) * Enhance intellectual property education 	Corporate governance is about enabling organisations to achieve their goals, control risks and assuring compliance. Good corporate governance incorporates a set of rules that define the relationship between stakeholders, management and the board of directors of a company and influence how the company is operating

TOGETHER WITH BUSINESS PARTNERS

TOPIC	HOW WE UNDERSTAND THE CONCEPT	WHY THE TOPIC IS IMPORTANT TO US
2.Human rights	<p>Respect for fundamental human rights and diversity</p> <p>Treat human rights with respect</p> <ul style="list-style-type: none"> * Promote active participation by women * Emphasize human resources development * Promote occupational safety and health activities (pandemic and emergency preparedness) * Promote hiring of disabled employees * Promote health management 	<p>Compliance with both Local and International Laws: Human rights principles are contained in national and international law. Ensuring that business operations are consistent with these legal principles helps companies avoid legal challenges to their global activities.</p>
3.Labor practices	<ul style="list-style-type: none"> * Working condition * labour standards, * Health and safety. * Prioritization of safety and health over everything else * Respect work-life balance 	<p>We believe that our employees are our greatest assets. We are committed to maintaining high health and safety standards and to prevent accidents and dangerous situations for our employees</p>
4.The environment	<p>Preservation of the global environment and achievement of a sustainable society</p> <ul style="list-style-type: none"> * Enhance products that contribute to the environment * Reduce CO2 and wastes * Promote use of environmentally friendly machinery 	<p>Our long-term success depends on being committed to explore the possibilities to further reduce any negative environmental impact of both our own and our customers' business</p>
5.Fair operating practices	<p>Disclosure of information to stakeholders</p> <ul style="list-style-type: none"> * Disclose information timely * Anti-corruption, * Responsible political involvement, * Fair competition, * Promoting social responsibility in the value chain, * Respect for property rights 	<p>Fair operating practices concern ethical conduct in an organization's dealings with other organizations</p>
6.Consumer issues	<p>Provision of finest quality products and services</p> <ul style="list-style-type: none"> * Strengthen manufacturing activities * Sustainable business development 	<p>Consumers have the right to information, right to choose, right to safety.</p>
7.Community involvement and development	<p>Achievement of affluent and comfortable local communities</p> <ul style="list-style-type: none"> * Coexist with local communities * Promote regional contribution activities 	<p>We believe Constructive relationships between communities and the institutions of government make community engagement not only desirable, but necessary and viable as it is likely to lead to more equitable, sustainable public decisions and improve the liveability of local communities.</p>

TOGETHER WITH BUSINESS PARTNERS



1. Organizational governance
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6. Consumer issues
7. Community involvement and development

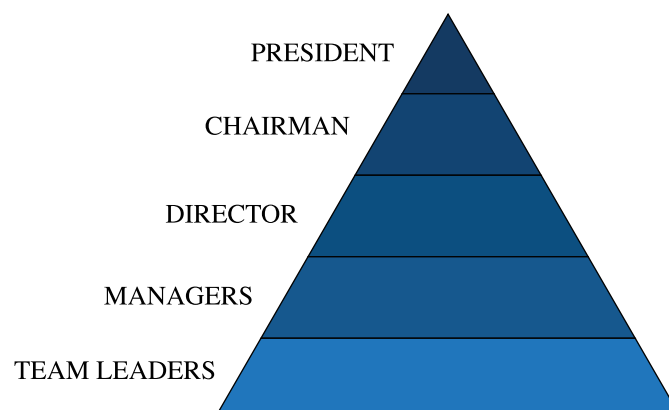
* LEVEL OF IMPACT (SEVEN ASPECTS)

Organizational governance

Organizational governance focused on basic policies

- 1.Strive to ensure the rights of shareholders and fairness.
- 2.Strive for appropriate corperation 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



Human rights & labour practises

NLPL has identified potential gaps of Human rights & Labour practises in their CSR/sustainability program.

Human rights considered as the basic rights to which all human beings are entitled. Specifically, Human rights at work include freedom of association and collective bargaining, no forced labor, equal opportunities and non-discrimination, child labor. Labour practices clear as all policies and practices relating to work performed within, by or on behalf of the organization, including subcontracted work.

The baseline responsibility, for all businesses, is to respect human rights in their own operations and business relationships. NLPL has initiated human rights due diligence processes, to identify, prevent, mitigate and account for how they address their human rights impact.

The impact of the spread of COVID-19

Companies around the world are forced to respond to the situation where the future cannot be predicted, and the Noritake Group is no exception. In view of the ongoing COVID-19 outbreak NLPL has decided to continue the business with well balance covid-19 management guide lines as stipulated by the WHO and local authorities.

Interim general guidance for all workers and employers:

- Protocols for screening workers before entry into the workplace
- Wear cloth face coverings, at a minimum, at all times when around co-workers or the general public.
- Frequently wash hands with soap and water.
- Avoid touching your eyes, nose, or mouth with unwashed hands.
- Practice good respiratory etiquette, including covering coughs and sneezes or coughing/sneezing into your elbow/upper sleeve.
- Avoid close contact with people who are visibly sick and practice physical distancing with co-workers and the public.
- Stay home if sick.
- Recognize personal risk factors such as heart or lung disease, chronic kidney disease requiring dialysis, liver disease, diabetes, immune deficiencies, or obesity, are at higher risk for developing more serious complications from COVID-19.
- Continues process on PCR testing covering all the work force.



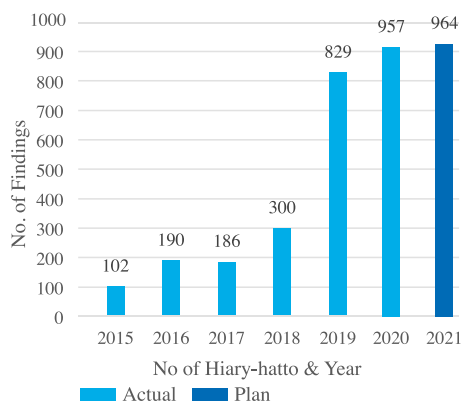
Promote occupational safety and health activities

NLPL OHSAS 45001:2018 certified company having maintained very high ethical safety standards. Safety remains our key priority for the future, and whether on the road, at our own sites or those of our clients, we are committed to continuous improvement. NLPL will continue to build and monitor safety sensitivity of the employees through safety recognition programmes and behavioural based safety initiatives such as SOS (safety observation sheet), Hiary-hatto (near miss experiencers), Kaizen and Risk Assessments (RA). In year 2020 company have done many safety sensitivity and recognition programmes and as a result of that major injuries were reduced to “minimum”.

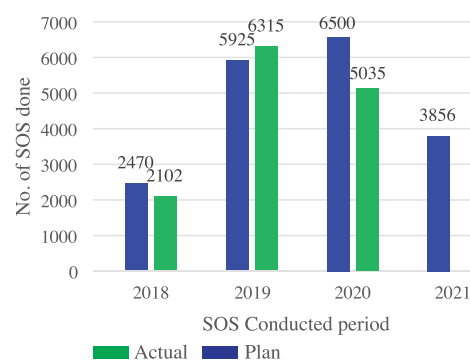
Measurements

YEAR	YEAR	Total accidents	Number of case		Total Lost man days
			Affected No. of accidents for man days lost	Not affected No. of accidents for man days lost	
	2016	13	2	11	15.5
	2017	14	2	12	28.5
	2018	10	0	10	0
	2019	5	0	5	0
	2020	2	1	1	10.5

Hiyari Hatto (near miss) Contribution 2015 - 2020

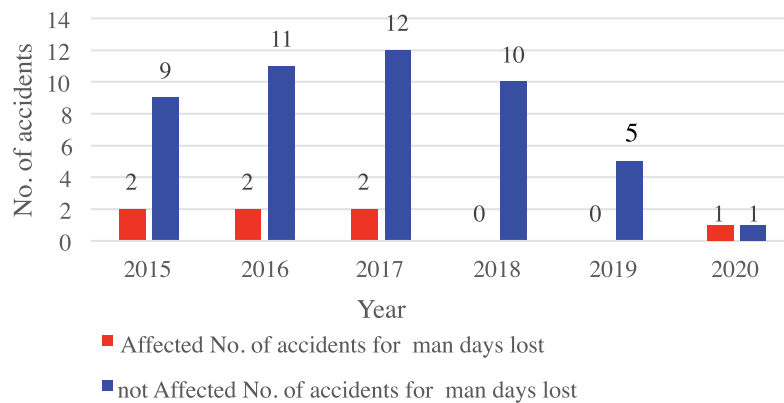


SOS contribution (2018-2020)



The unique influence and effect of the behavioural based safety initiatives (sos,Hiary-hatto,ect.) has shown in decreasing trend of occupational injuries over the last few years.

TOGETHER WITH EMPLOYEES



Fair operating practices

Anti-corruption

NLPL established very sound anti-corruption and bribery policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our relationships and business dealings wherever we operate and to implementing and enforcing effective systems to counter bribery.

NLPL ensure to maintain sound relations with business associates

1. Relations with clients:

When entertaining and presenting gifts to clients, Noritake shall consider social norms and appropriate commercial practices.

2. Relations with suppliers:

Noritake shall choose the most suitable suppliers, and the terms and conditions of transactions with suppliers shall be fair and impartial.

3. Relations with public officials:

When dealing with public officials, Noritake shall respect and observe all relevant laws and regulations, and never act outside the bounds of such laws and regulations.

Measurements

Training and communication

All existing workers operating in areas that are perceived as high risk as far as the Bribery Act is concerned will receive regular, relevant training on how to implement and adhere to this policy.

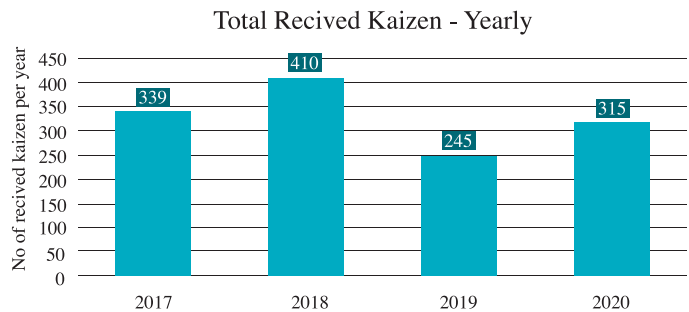
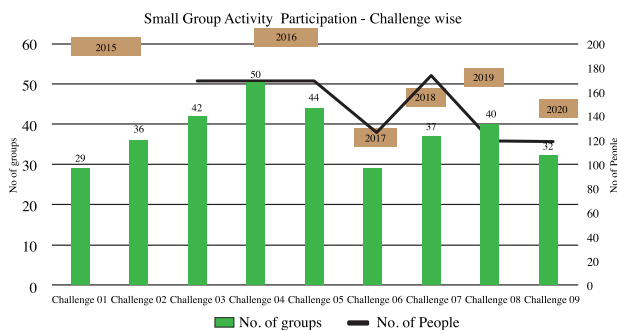
In year 2020 our zero-tolerance approach to bribery and corruption communicated to all suppliers, contractors, agents and business and other partners at the outset of our relationship with them and as appropriate thereafter.

Consumer issues

NLPL belief is that provide products and services to consumers and other customers, have responsibilities to those consumers and customers. This consist of providing education and disclose accurate information, using fair, transparent and helpful marketing information and contractual processes, promoting sustainable consumption and designing products and services that provide access to all and cater, where appropriate, for the vulnerable and disadvantaged.

Strengthen manufacturing activities.

NLPL promote small group actives within the operation in order to strengthen manufacturing activities. Small Group Activity (SGA) method has been formulated in response to the problems identified by the company in the area of quality and tried to improve internal efficiencies of the company by improving methods, productivity and /or reducing manufacturing costs. The objective of the activity is to present theoretical concepts one of the methods of continuous improvement in the philosophy of Kaizen and a presentation of the practical benefits provided its implementation. Based on the results achieved, it is very useful method in solving problems and improving workers engagement.



Measurement

All claims by Buyer having anything to do with the quality of Product are taken as an indicator to measure and monitor a company's performance and are among the principal types of process performance indicators, or the famous KPI's (Key Performance Indicators).

Quality Complaints

Year	2017	2018	2019	2020
Quality Complaints	205	142	100	122

Community involvement and development

NLPL belief is that community involvement approach will boost to prevent and solving problems, fostering partnerships with local organizations and stakeholders” This approach will help to promote higher levels of well-being in the community. Such development, generally understood, is the improvement in the quality of life of a population.”

Coexist with local community

Knuckles forest protection and conservation:

Restoration of degraded sites at the Knuckles Forest Reserve turn out to be the most environment sustainable and community development activity of NORITAKE.

This project works directly with villages and communities suffering from extreme poverty resulting from the deforestation and destruction of the land that sustains them. The company initially started the reforestation programme with local villagers and provides them with the education and tools necessary to plant, grow, and protect to maturity, thousands of trees each year project provides local communities with ecosystem servicers and the opportunity to plant trees and learn about nature and woodlands. Tree planting days are designed to educate and enable the public to play a part in establishing a forest for all. This project offers all community members, including socially isolated adults, ex-offenders and young people with learning disabilities, with the opportunity to take part in fun, informal, educational days, working together to do something positive for the local community.

Project has created many livelihood opportunities to the community around the plantation sector since proposed lands for the forestation had been positioned nearby tea plantation zone

Reforestation programme has given tremendous boost to the undergraduates and the school children for their academic and research improvements

Exploitation of vegetative and forest land has become major communal issue in Sri Lanka. This project has given slight push rebuild the forest cover and unproductive tea land to recognized value of communal harmony and respect of minorities.

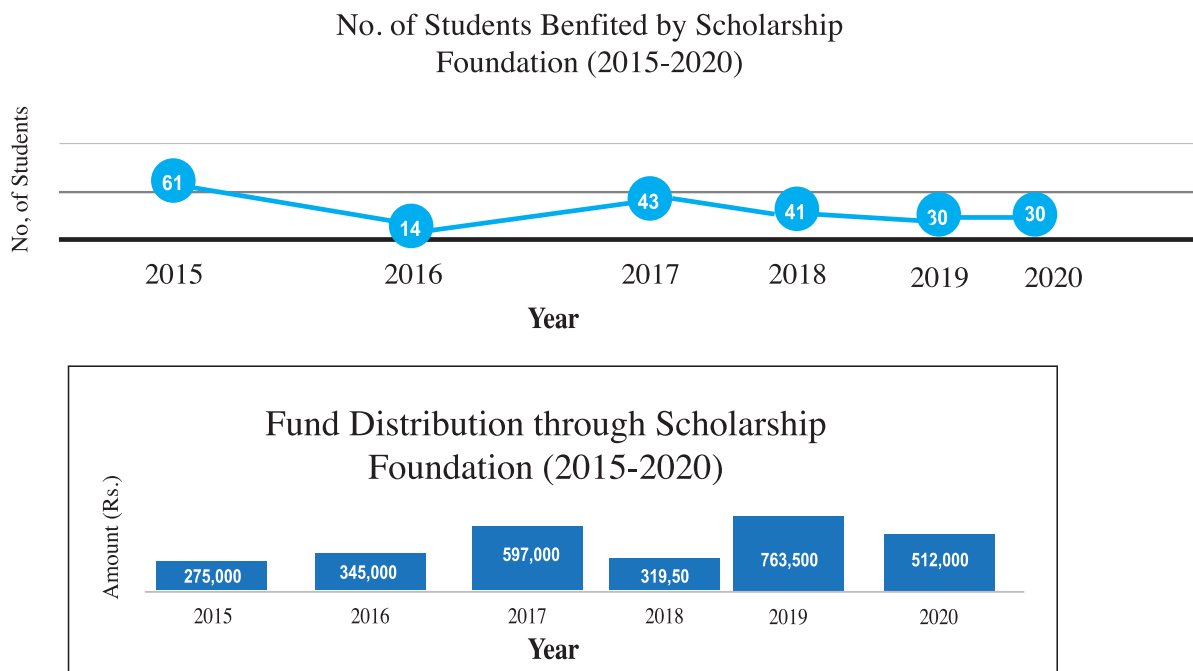


Promote regional contribution activities

Scholarship programme:

Employees children are being educated in the national and local schools which are administrate by the government under free education system. However, company provide many scholarships through noritake scholarship foundation to employees and community children in order to support student's education, on the basis of academic achievement.

The scholarships are granted considering their performance in G.C.E. Ordinary level and there onwards until they complete studies at university level NLPL supports their educational expenses. This benefit is granted to encourage these students and motivating them to reach their final goals.



Training of newly recruited public servants

More than 50,000 graduates recently recruited to government jobs were undergoing a month-long leadership and motivation training in corporate sector in sri lanka. NLPL manage to offer one month residential training programme for 50 under graduates covering leadership, and in 'cohesiveness and resilience' and management skills.

The environment

Enhance products that contribute to the environment

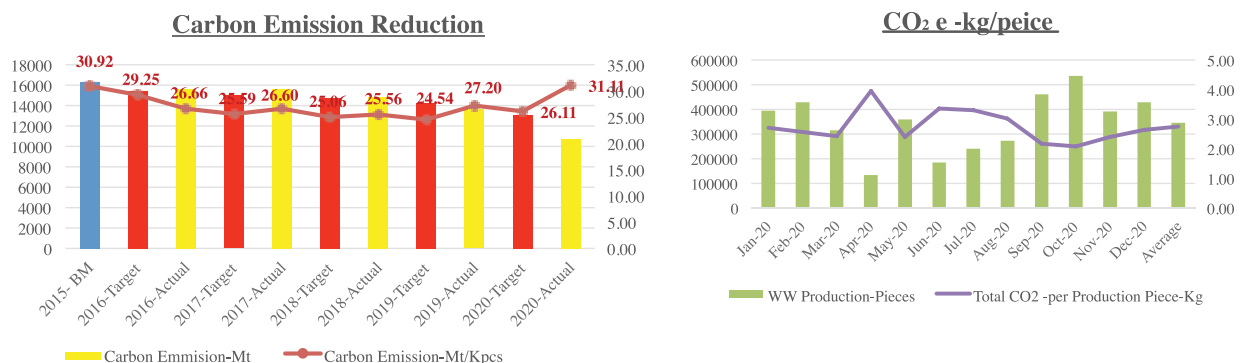
NLPL committed to Enhance products that contribute to the environment eco-friendly products do not harm the environment whether in their production, use or disposal”. NLPL future product strategies focussing on providing customers with verified information about the carbon impacts of their purchasing decisions via Life Cycle Assessment (LCA). LCA methodology evaluates holistically the environmental consequences of a product system or activity, by quantifying the energy and materials used, the wastes released to the environment, and assessing the environmental impacts of those energy, materials and wastes

Reduce CO₂ and wastes

Reduce CO₂:

It is calculated by summing the emissions resulting from every stage of a product or service's lifetime (material production, manufacturing, use, and end-of-life). Throughout a product's lifetime, or lifecycle, different greenhouse gases GHGs may be emitted, such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), each with a greater or lesser ability to trap heat in the atmosphere. These differences are accounted for by calculating the global warming potential (GWP) of each gas in units of carbon dioxide equivalents (CO₂e), giving carbon footprints a single unit for easy comparison. Over the years company CO₂e emission trend shows a decline.

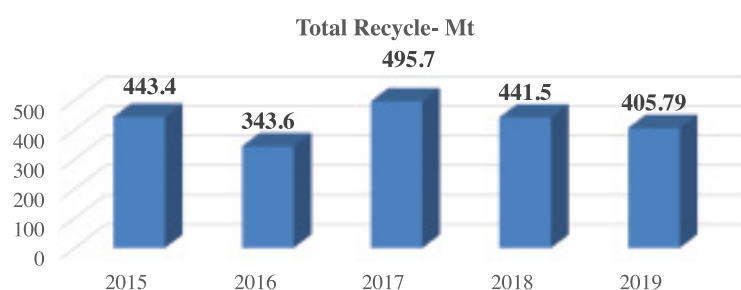
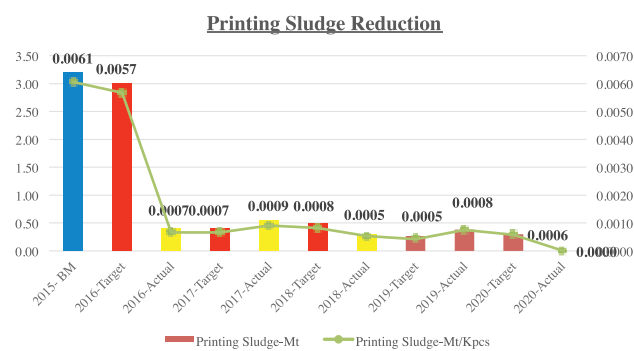
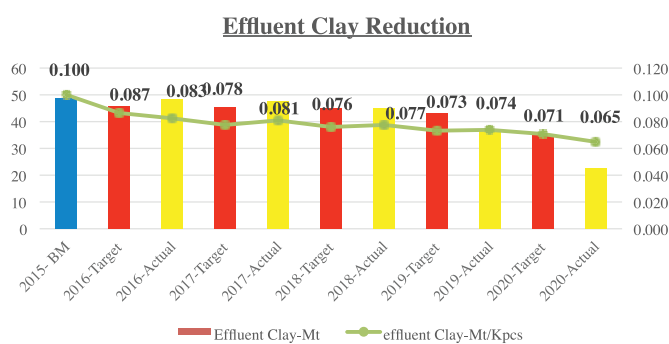
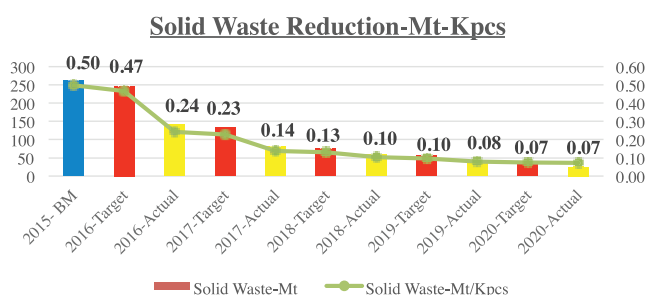
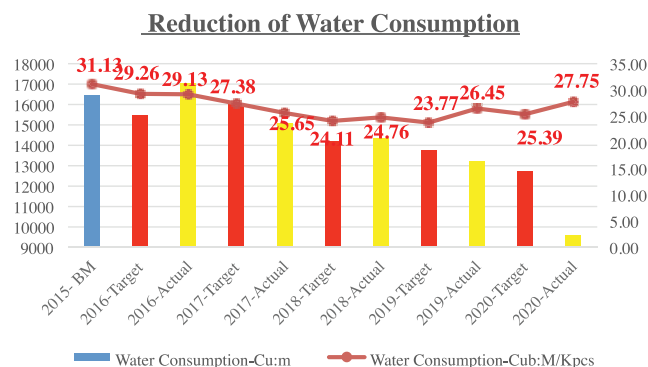
Measurements



Waste Management:

NLPL ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal while practicing 3R effectively. NLPL validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations and ethical standards.

Measurements



Periodic evaluation

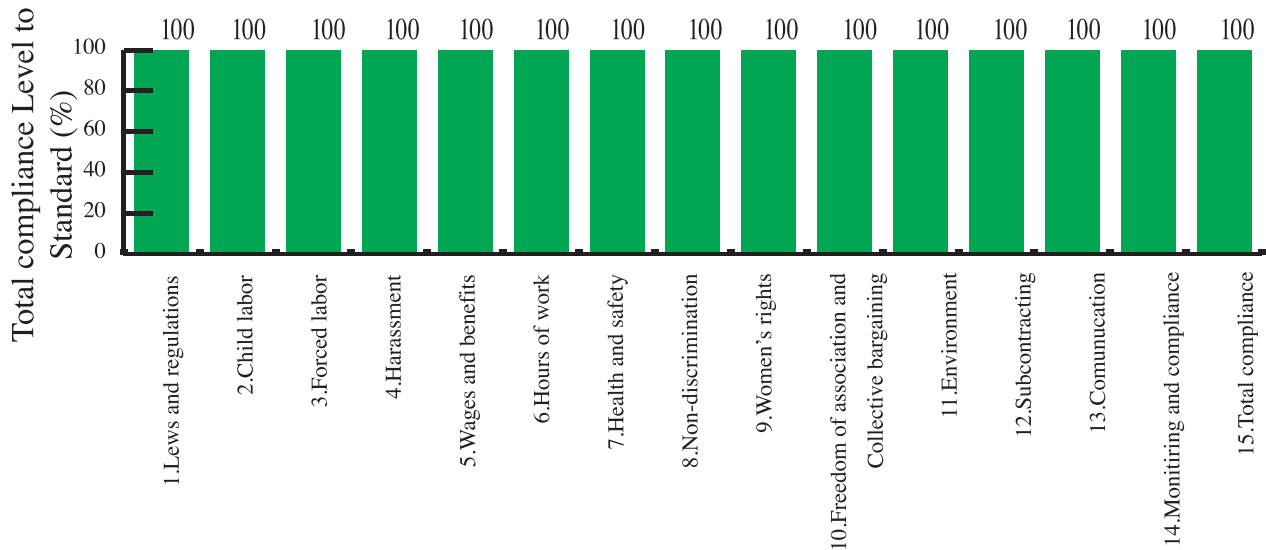
Periodic evaluation of social & environmental aspects monitored through social accountability assessment by the internal and external parties based on ISO, OECD, UNGC, Guiding principles on business human right criteria's.

Social accountability assessment is the ongoing monitoring of working conditions in manufacturing environments. Main objective of this exercise is to improve and assess the organizational policies, people, products, processes, and performance from triple bottom line perspective. The accountability assessment captures the whole supply chain of the organization including end of life strategies for products.

Measurements

NLPL continued to maintain all green status in annual social accountability assessment. In year 2020 a social accountability audit was carried out by world recognized customers at NLPL and results shows as bellow.

Audit score overview 2020

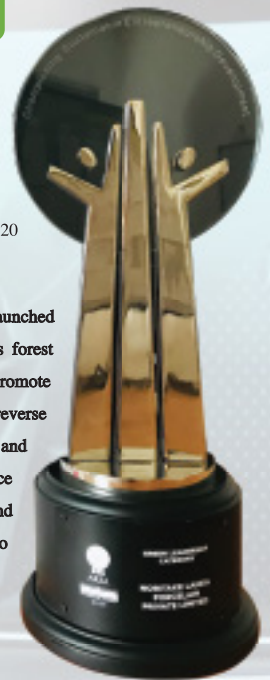


2020 GLOBAL ACHIVEMENTS



NLPL wins Asia Responsible Enterprise Award (AREA) 2020 under "Green Leadership"

This year, out of 200 submissions across 19 Asian countries, Noritake Lanka Porcelain Private Limited's "Save the Next Generation" project was awarded as "winner" at the prestigious Asia Responsible Enterprise Award (AREA) 2020 under "Green Leadership". This event was organized by Enterprise Asia, the leading non-governmental organization for Responsible Entrepreneurship in Asia (AREA), the AREA aims to recognize and honour Asian businesses and leaders for championing sustainable and socially responsible business practices. The award categories are Social Empowerment, Investment in People, Health Promotion, Green Leadership, Corporate Governance, Circular Economy Leadership and Responsible Business Leadership. A total of 81 projects and business leaders across Asia were selected as recipients of the Asia Responsible Enterprise Awards 2020 (AREA).



Noritake Lanka Porcelain Private Limited's "Save the Next Generation" project was launched to promote greater environment responsibility to restore lower montane forests at Knuckles forest conservation in Sri Lanka. This project has given tremendous boost to protect, restore and promote sustainable use of terrestrial ecosystem, combat desertification and climate change, and halt and reverse land degradation and half biodiversity loss. The main objective of this project is to protect and conserve Knuckles forest to combat climate change while the sub objective is to enhance biodiversity of Knuckles forest by up to 50% by 2050. To add on to that, the protection for clear and perennial waterways, clouds and exquisite fauna and flora in Knuckles mountain range and to create livelihood opportunities through ecosystem services. Not only that, this project is a preparation to educate the future generations on forest protection and conservation and to enhance the Company's active voluntary participations on forest protection and conservation activities.

Noritake Company Ltd is headquartered in Japan, Lanka porcelain commenced their operations in Sri Lanka in 1972. Representing the Noritake global family in Sri Lanka, the company has evolved into Noritake Lanka Porcelain Private limited, a new giant in the porcelain industry, earning a reputation in an international market for standard and quality. Noritake began manufacturing Western style tableware for export in 1973. For over 47 years, they have delivered tableware to dining tables in every corner of the world.