

Murata Report

2016

Corporate Report
CSR Report





Innovator in Electronics

Murata's components are everywhere. Though often unseen, our products are essential parts of the electronic devices you are using throughout each and every day: mobile phones, computers, cars, home appliances. More and more, Murata products are found in many new kinds of applications, such as healthcare devices and energy management systems.

The world keeps on changing. The world of electronics is changing even faster. As an Innovator in Electronics, Murata has always followed its corporate philosophy of contributing to the advancement of society and the electronics industry. Moving forward, we will continue to anticipate and consider the needs of the global society and our customers, and to develop advanced technologies and high-value applications. We will keep on innovating and shaping the future of the world of electronics.



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In this brochure, "Murata" refers to the Murata Manufacturing Group as a whole.



Murata Philosophy

Turning change into
opportunity
Challenging new avenues
for growth

We contribute to the advancement of society

by enhancing technologies and skills
applying scientific approach
creating innovative products and solutions
being trustworthy
and, together with all our stakeholders,
thankful for the increase in prosperity.

“Mid-Term Direction 2018” and our longer-term visions

Since its establishment in 1944, Murata has grown significantly, and our previous mid-term direction 2013 that ended in 2015 marked a major milestone in our company’s history with the achievement of 1 trillion JPY in sales. I sincerely thank all our customers, business partners, employees and other stakeholders who had trust in us and enabled this achievement.

There are uncertainties in the world economy but at the same time many megatrends and societal changes that are expanding the boundaries of electronics at a fast pace, offering us new, exciting opportunities to contribute to the advancement of society. Under these circumstances, we have recently formulated our longer term visions and the next 3-year strategies – the mid-term direction 2018 – which will be extremely important for Murata’s future growth.

Providing new value to new markets

With the increased number of components per high-end smartphone, and further expansion of carrier aggregation*, the demand for Murata’s components and modules will continue to grow. Murata will continue to take advantage of its stable mass production capacity, supply chain and broad product portfolio, and expand business by providing new value in the communication market which is still our main pillar for growth.

*system to speed up communication by using multiple frequencies simultaneously.

At the same time we will continue to fortify other pillars for sustainable growth, building customer satisfaction in automotive, energy and healthcare markets. Our approach to these markets will be to build businesses in which we can bring Murata’s uniqueness to the fore and offer new value to customers. With the expansion of the Internet of Things (IoT) we foresee increasing need for new types of sensing and communication technologies, and we aim to be an active player in the shaping of the smart societies.

We will also keep on strengthening our business foundation including Monozukuri (manufacturing), technology development and human resources development.

While we look to the future and lay the groundwork for a new growth trajectory, we remain faithful to our corporate Philosophy. Our Philosophy is still our guiding principle, keeping the wheels of the global Murata turning in the same direction, for the benefit of the society, and for the benefit of our customers.

Tsuneo Murata
President

Murata technologies

Shaping the future of electronics

Murata has built an integrated system of production from raw materials to finished products, and we are continuously developing and accruing our fundamental technology base, such as materials technology, front-end process technology, product design technology, back-end process technology and analytical technology. We also aim at creating new markets and innovations by actively collaborating with outside partners and by developing core technologies and products that anticipate the future.



Where innovation begins

Perfected techniques

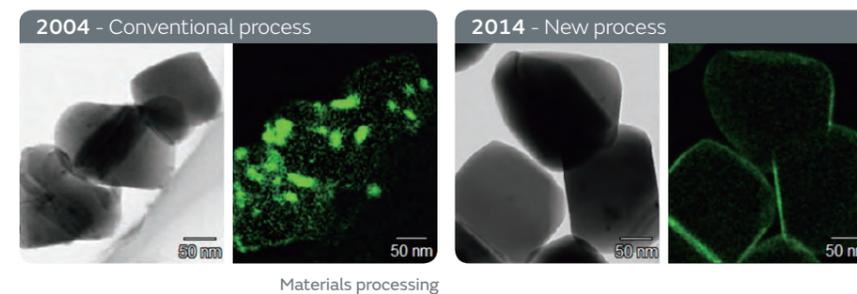
Shaping the future

Making innovation happen

Attending to detail

Materials technology

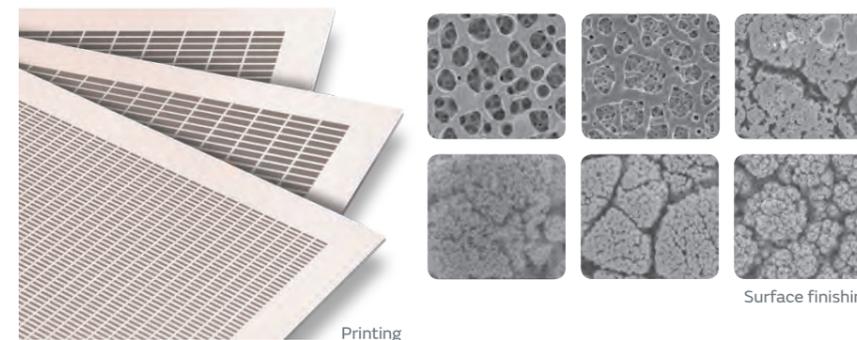
“New electronic devices begin with new electronic components; new electronic components begin with new materials...” Based on that concept, Murata has created functional ceramic materials with outstanding characteristics. And we continuously further advance our technology through the development of new materials with even better characteristics.



Materials processing

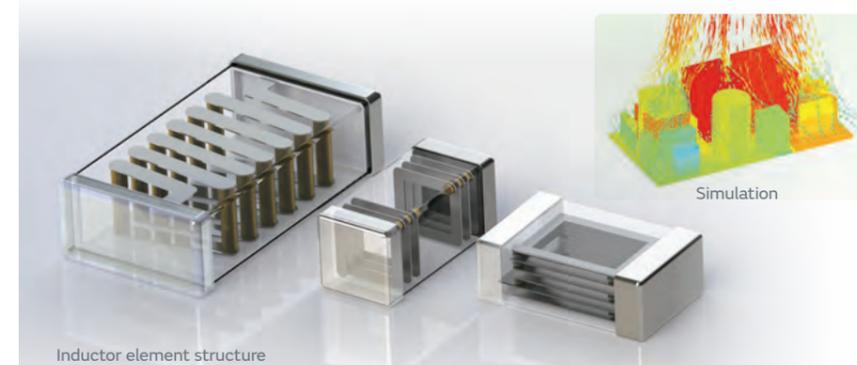
Front-end process technology

Front-end process technologies enable us to produce designed functions in the best possible way, and it plays an important role in the miniaturization, slimming down, and high functionality of electronic components.



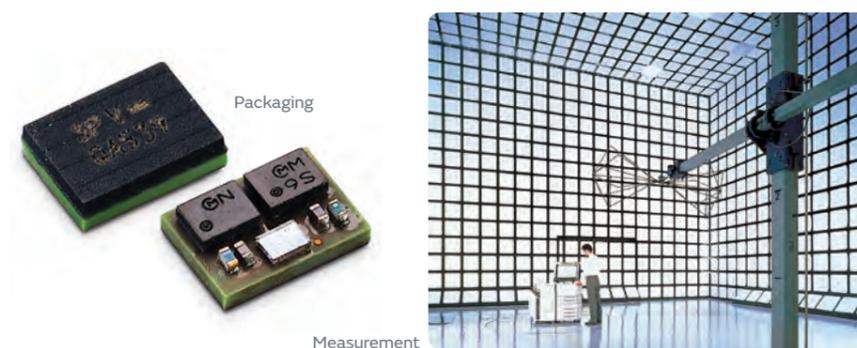
Product design technology

From single-function components to modules and on to total solution proposals, the value that Murata has provided over the years continues to evolve. We are involved in development of the technologies and products that can promptly respond to customer needs with an eye on the future.



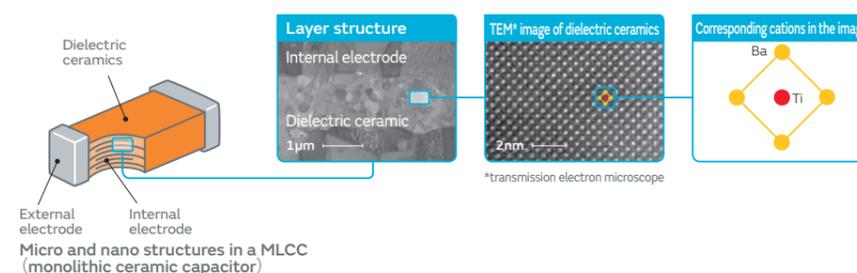
Back-end process technology

Thanks to our own production facilities and strong manufacturing (“monozukuri”) expertise, we possess numerous technologies and know-how to mass-produce products stably and efficiently.



Analytical technology

Efficient use of scientific analytical methods to confirm physical and electrical properties, composition and structure of materials, together with Murata's advanced failure analysis systems, provide peace of mind to our customers.



Target markets

Shaping the future

With the increase of digitization and IoT providing connectivity across industries, the boundaries of electronics are expanding. New needs for the smart society are emerging. In response to these expanding needs, Murata will strive to provide new value based on deep know-how in sensing, telecommunication, miniaturization and other technologies.

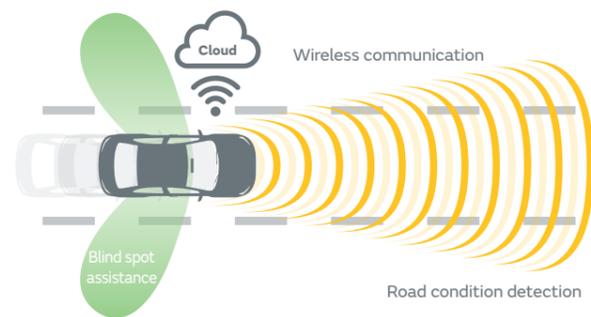
In addition to the communication market, we will actively design and provide unique components and solutions to the automotive, energy and healthcare markets, and contribute to the advancement of a safer, healthier and more efficient society.



Murata contributes to the advancement of a safer, healthier, and more efficient society.

Safety on the road

In the very near future, fully-or semi-autonomous, environmentally friendly vehicles will safely connect the driver, road, other cars, various networks and travel services. Murata is contributing to this future vision by supplying components and solutions for advanced driver assistance systems, connectivity and electric vehicles. Because of the high reliability of our products, we help provide peace of mind to our customers.



Advanced Driver Assistance Systems (ADAS) improve road safety. These systems combining various technologies such as software, sensing and connectivity help detect driving environment, communicate with other cars or services, and control the whole driving process.



Smart healthcare

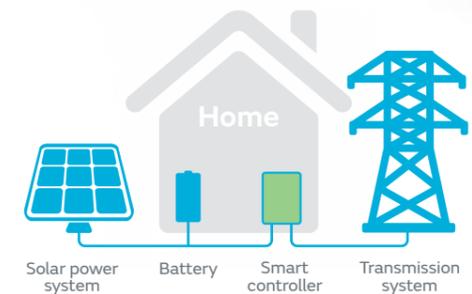
Aging populations in developed countries and expanding medical services in emerging countries are increasing the demand for better and more efficient healthcare. Murata contributes to the development of medical technology by bringing together our own proprietary technologies and continually providing customers with new value. We meet our customers' needs with compact, highly reliable products, from non- or less-invasive medical devices to medical IT solutions.



By sensing and communicating patient information, such as biological data, in real time, Murata makes more effective prevention and earlier treatment possible. In addition to in-hospital care, the utilization of in-home and remote monitoring services is also expected to grow.

Energy savings

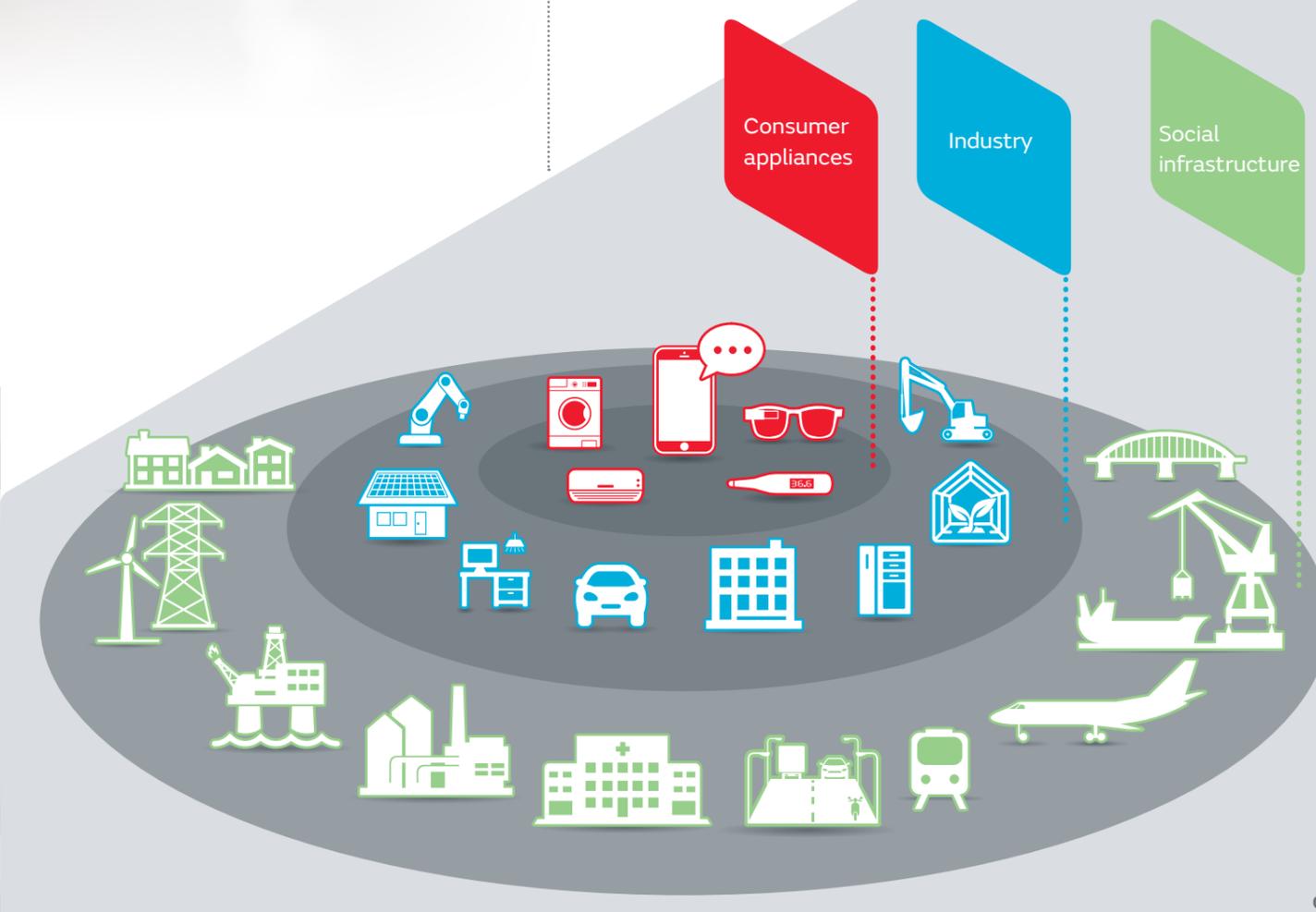
With the global trend shifting from fossil fuels towards renewable energy sources, there is a need to develop more efficient and smarter energy management systems, along with a growing demand for smart communication and sensing technologies. Murata can contribute to energy savings through miniaturization, thin materials, high-efficiency technology and power modules for electric power conversion, transmission and distribution, and by providing comprehensive data visibility and management solutions through integration of sensors and communication modules.



With smart home energy management systems households are able to flexibly select the energy source according to their need and circumstances, optimising and reducing their overall energy consumption.



Expanding boundaries of electronics...
...increasing market opportunities



Communications

The world, the future, and security at your fingertips

Smartphones are presently in use all around the world. Communication speeds are getting faster and capacity is increasing, and high performance and multifunctionality are advancing along with the expansion of communication service.

The miniaturization and modular design of high frequency parts, sensors that improve functionality and operability, as well as low-loss capacitors and power inductors, etc., all help Murata contribute to the evolution and growth of the communication field.

With Murata, connection takes up a brand new meaning...



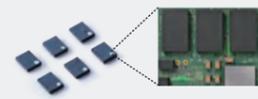
Monolithic ceramic capacitors
Indispensable to electronic circuits, these components serve to store electricity and handle the electric flow. The number of these units being incorporated is increasing along with the miniaturization, reduced thickness, and high functionality of mobile devices like smartphones, as well as PCs.



Inductors (coils)
When electricity flows through these inductors, which are also called coils, a magnetic field develops and that current is affected. These inductors are used in radio circuits, power supply circuits, and more.



Microwave coaxial connectors
Microwave coaxial connectors transmit radio frequency signal between circuits. They contribute to the development of high-performance communication equipments, such as smartphones, tablets and wearable devices with smaller and thinner size.



Internal configuration (image)

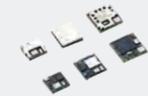
RF modules for cellular phones
These modules support the multiple frequency compatibility of smartphones. They combine a power amplification (PA) function with the conventional function for changing and filtering frequencies. By adding even more functions, they contribute to reducing the thickness and improving the transmission speed of smartphones.



SAW filters
The filters that extract only the required portion of a radio signal are key devices in high frequency circuits. With its unique miniaturization technology, Murata helps RF circuit downsizing.



Power amplifier modules
These are key devices that amplify the signal for smartphones and deliver those radio waves to distant locations. Murata's power amplifier modules are compatible with LTE and international frequency bands while contributing to higher functionality in those smartphones.



Connectivity modules
Enabling various devices to access the Internet via radio signals, these modules lead the trend towards increasing multifunctionality and IoT in smartphones and in-vehicle equipment.

* The "Global share" indicated on each page refers to the worldwide share of that particular industry, and is not the share of any corresponding application. Furthermore, the noted shares are merely estimates made by Murata and may differ depending upon the market or the application.

Computers

Ubiquitous computing in the true sense

Easy to carry and simple to connect, slim notebook PCs and tablet computers are now indispensable to our daily lives.

Murata is contributing to high performance and high functionality in PCs with our technologies for the further downsizing and slimming down of electronic components, our high-density package technology, and our sensing technology. We are also supporting new-age computing through wireless communication modules that provide connectivity with reduced power consumption, and through sensors that deliver greater operating comfort.

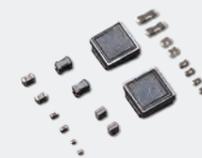
Murata makes things "simple" with not-so-simple technologies...



Low ESL monolithic ceramic capacitors
These small, high-capacity capacitors stabilize the power supply circuit to the MPU, helping reduce the size and thickness of mobile PCs.



Shock sensors
These are electronic components that apply piezoelectric ceramics to change acceleration and vibration into an electrical signal. They are used mainly with HDDs as sensors for preventing the writing of data when an impact is received from an external source.



Chip EMI suppression filters (Chip EMIFIL®)
Components for removing the noise that is generated from electronic devices, these filters are useful for preventing the malfunction of such devices. They contribute to the countermeasures for and improvement in electromagnetic wave noise that is made more complex in accordance with the miniaturization, multi-functionalization, and higher frequencies of today's electronic devices.



Automotive electronics

Automotive technology is going through transformation for our Earth and people

With vehicles in which we can travel more safely and comfortably, while coping with environmental issues, and by possessing the entertainment functions with which we can enjoy the driving experience even more...

The greater intelligence and electronic control of our automobiles is progressing into the next generation.

Murata's electronic components have evolved right along with those vehicles for use in various automotive applications, including safety equipment, driver assistance, the powertrain, and telecommunications, in order to deliver high reliability that can withstand even harsh conditions of use.



Murata's missions
abound...



Combined gyros sensors and accelerometers
Changes in acceleration and in gravity can be handled as changes in capacitance in order to detect acceleration values and the angle of rotation. This sensor is used in areas in connection with the basic performance of automobiles, such as in the Electronic Stability Control (ESC) for the chassis and in the car's Anti-lock Brake Systems (ABS).



Ultrasonic sensors
This sensor can measure distance according to the reflex time of the ultrasonic waves that are generated by oscillating piezoelectric ceramics. It is used especially for the rear sonar in parking assistance systems.



DC-DC converters
This thin, lightweight DC-DC converter uses a Murata-proprietary control circuit and sheet transformer. Using this one DC-DC converter, voltage can be supplied to the circuit unit of each block that requires insulation (the low-voltage battery input circuit unit, high-voltage battery input circuit unit, and AC commercial voltage input circuit unit).



Monolithic ceramic capacitors
Maximizing the heat resistance of ceramics, these highly reliable capacitors are able to demonstrate their excellent performance even under harsh usage environments. They are, thus, naturally utilized in applications that require high reliability, such as in ECUs, drive control units and safety devices, as well as being widely used for infotainment like audio and navigation.



Power inductors
Electronic control systems in automobiles have advanced. These power inductors efficiently transfer power and suppress the noise generated from electronic devices.



Ceramic Resonators (CERALOCK®) **Crystal Units**



Timing devices
These are component parts that generate the clock signal in combination with the IC. As electronic outfitting of automobiles progresses, communication between ECUs is needed and timing devices that deliver a highly accurate, high quality clock signal are called for.

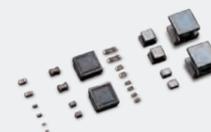
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Audio and visual / Home appliances

Murata, for your home and for your family...

TVs that remember your favorite program. Air-conditioners that cool only those areas where people are and that emit negative ions into the air. Murata's sensors, ionizer modules, and high conversion efficiency power supply modules support a new, "smart", and "eco" lifestyle.

Smart and
economical;
the epitome of
stylish...



Chip EMI suppression filters (Chip EMIFIL®)

Digitization of audio-visual equipment and home appliances is advancing and the high-speed clock signal that flows inside those devices may sometimes have a negative influence as electromagnetic noise. Chip EMI suppression filters prevent such malfunctions caused by noise and other factors, and simultaneously contribute to the high definition and high-quality sound in audio-visual equipment.



Thermistors

These are parts whose resistance changes with fluctuations in voltage and current. They monitor overheating in and the charge of circuits, and are useful in protecting those circuits from overheating or excessive current, like in ICs, power supply circuits and batteries.



Ionizers / active oxygen modules (Ozonizers) (Ionissimo®)

This device ionizes air molecules (gives them a plus or minus electric charge). Deodorization, disinfection, anti-mold, antiviral, anti-static, electrification and other effects can be achieved by ionizing the air and adding certain characteristics.



Polymer aluminum electrolytic capacitors

These are high capacity capacitors that are characterized by having a low profile and low ESR. They handle the stabilization of voltage in circuits where serious voltage control is demanded, and contribute to the advanced features in audio-visual equipment.



Financial highlights

Accelerating the evolution of society through “connectivity” technology

Sales of Murata’s small, thin, high performance, highly reliable electronic components are growing more than ever before.

Smartphones currently account for 80% of the mobile phones worldwide, and even more high-performance, multifunctionality is anticipated in the future in line with the spread of multiband LTE-compatible units. In the field of automotive electronics, along with the increasing number of electronics components, improved safety features like Electronic Stability Control (ESC) and the growth of built-in vehicle communication functions like infotainment is forecast.

The demand for electronic components is also trending toward smaller and thinner dimensions, higher performance, and higher reliability. Murata is accelerating the introduction and launch of new products, and, in addition to component products and the monolithic ceramic capacitors and piezoelectric components that are our core products, we are expanding our lineup of communication modules that are compiled through multi-component integration and multi-layer process technologies.

Net sales
1210.8 Billion yen

Operating income
275.4 Billion yen

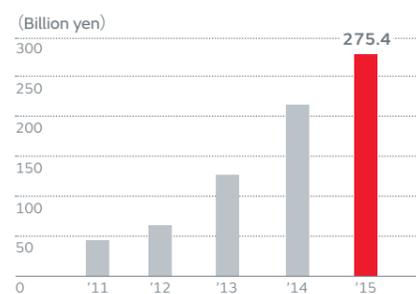
Net income
203.8 Billion yen

Total assets
1517.8 Billion yen

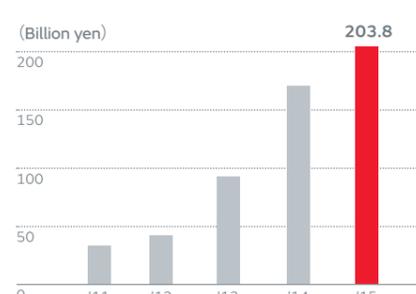
Net sales



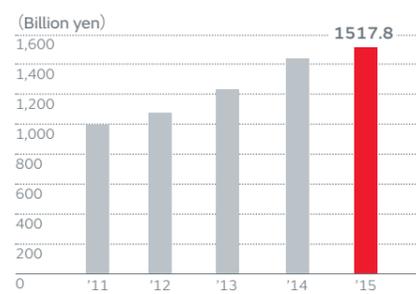
Operating income



Net income



Total assets



Sales by product

Sales of products that contain modules and small, high performance component parts to “connect” society are growing by leaps and bounds.

Capacitors

Sales increased for our super-miniature capacitors and small, high capacity capacitors that are used in smartphones and other communication devices. In the field of automotive electronics, the need for high reliability capacitors is growing right along with the advancing electrification of vehicles.

Piezoelectric components

Sales of SAW filters expanded greatly in accordance with the multiband functionality of smartphones. The demand for ultrasonic sensors in automotive driver assistance applications is increasing as well.

Other components

Sales of high frequency coils and connectors for smartphones grew, sales of EMI suppression filters for the automotive electronics and smartphone markets trended well, and, in automotive electronics, sales of MEMS sensors used for Electronic Stability Control (ESC) expanded as well. The sales of metal coils is also trending upward through the synergy with TOKO Inc., which has recently become one of our subsidiaries.

Communication modules

The number of components per unit is increasing along with the improved communication speed, multi-functionalization, and multiband capabilities in smartphones. The trend is progressing toward modularization, in which a plurality of components is integrated for such purposes as reducing the area occupied by the RF section, and sales of RF and connectivity modules increased sharply.

Power supplies and other modules

Sales for servers and automotive electronics grew.

Sales by application

This broad range of products contributes to convenience, enjoyment and safety, and witnessed a good level of sales in the communications and automotive electronics markets.

Communications

The spread of LTE smartphones increased worldwide, and related demand expanded over a wide product range, including component parts like super-miniature capacitors and small, high-capacity, high-end capacitors, SAW filters, high frequency chip coils, and connectors, as well as modular components such as RF and connectivity modules.

Computers and peripherals

Despite the somewhat sluggish sales in tablet computers due to the affect of increasing display sizes on smartphones, the demand for notebook and desktop PCs has remained steady.

Automotive electronics

As the use of electronics in automobiles advances, sales of high-reliability capacitors, the MEMS sensors used in Electronic Stability Control (ESC) systems, and the ultrasonic sensors employed in driver assistance functions are increasing, and the demand for such automotive electronic components has shown an even greater potential than the actual growth in sales.

Audio-visual, home and others

Despite a slowdown in the market for connectivity modules for portable media players, sales grew for capacitors and EMI suppression filters for game consoles.

New applications

Automotive, energy, healthcare and medical...

With an IoT society in view, Murata will continue to propose new value in all of these new markets, and more.

Murata is currently concentrating on ①The automotive market where the demand for electronic components is expanding rapidly due to the advancing electrification of automobiles, the diffusion of advanced driver assistance systems, and the expansion of wireless communication, ②The energy market where the realization of efficient energy utilization and an energy-saving society is aimed at and constantly advancing, and ③The healthcare and medical markets where growth is expected as a result of more and more generations being conscious of health, as well as from the introduction of IT and the conversion

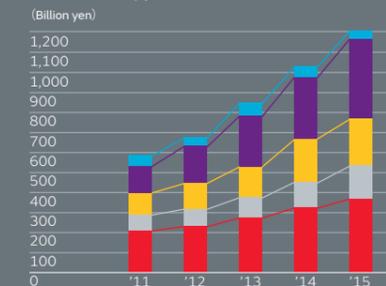
to electronics in medical technologies.

From a more long-term perspective, the spread of an IoT society, where all devices and all things will be connected to the Internet, is expected. By taking advantage of the technology (the realization of smaller sizes and reduced thickness, sensors, and the core technology of wireless communications) and know-how in electronics that we have cultivated to-date, Murata is bringing change to these markets by providing new value in our ongoing efforts to contribute, more than ever before, towards the realization of a new society, a better society.

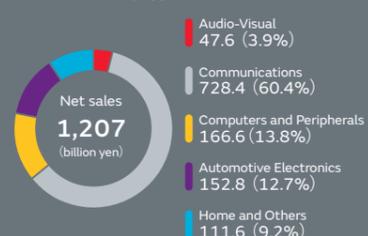
Trend in sales by product



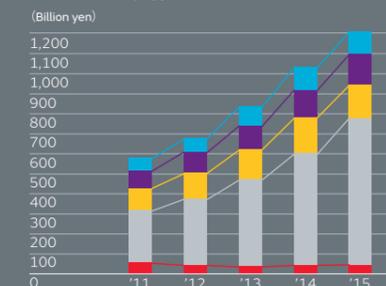
Trend in sales by product



Trend in sales by application



Trend in sales by application



Global network

102 companies in many regions of the world.
Wherever you find us, we are always Murata, ever innovative.

Over 90% of Murata products are sold outside of Japan; in Asia, North and South America, and Europe.

Not only do we adhere to the same customer-oriented policy at each of our sites, we also strive to be a beloved corporate citizen and trusted presence in every region.

Furthermore, each site recognizes itself as a member of the same Murata Group, moving together towards a common goal.

Around the globe, Murata works as one.



Sales by area

- Japan 78 (6.5%)
- Europe 81.9 (6.8%)
- The Americas 83.6 (6.9%)
- Greater China 750.3 (62.1%)
- Asia and others 213.2 (17.7%)

* Net sales, number of employees, and number of subsidiaries for each area are as of March 31, 2016.
* Net sales for each area are for electronic components and related products.

The Americas

Net sales: **83.6 billion yen**
Number of employees: **946**
Subsidiaries: **11**

PULLING TOGETHER AS A TEAM MULTIPLIES SUCCESS.

With a customer base that continues to spread globally, Murata Americas must persistently adapt our strategy to capture a clear picture of the ever-changing global landscape. The Voice-of-Customer is our driving force to help provide direction for product development and ensure continued Murata innovation and differentiation. Murata Americas Business Development and Product Marketing strives for product design-in for the mutual benefit and growth of all of Murata.

Murata Americas
Director
Business Development & Product Marketing
Geoff Brock



Europe

Net sales: **81.9 billion yen**
Number of employees: **1,308**
Subsidiaries: **14**

Success is when good preparation meets the right opportunity at the proper moment.

Murata Europe contribution from Europe to Murata global business is manifold: by direct business harvesting with top global players and Distributors in Europe, by strong seedsman design-in contribution for global EMS players and by advanced academic R&D networks for new and solid technologies and application concepts input. To expand business along all those dimensions we need to work out multi-path innovations in product, process, business model and organization and stimulate a more entrepreneurial mind-set.

Murata Europe
Manager
Strategic Marketing/Technology Marketing
Markus Huschens



Asia & others

Net sales: **213.2 billion yen**
Number of employees: **14,940**
Subsidiaries: **17**

Building A Global Home.

Murata Electronics Singapore (Pte.) Ltd. includes manufacturing, sales and logistics operations and employs people from a wide variety of nationalities. The General Administration Department to which I belong ensures that our employees can smoothly and efficiently focus on the business and their daily work. Our aim is to develop our site into a great workplace with committed employees, contributing to the advancement of society with Murata.

Murata Electronics Singapore (Pte.) Ltd.
Assistant General Manager
General Administration Dept.
Tee Beng Hoe



Greater China

Net sales: **750.3 billion yen**
Number of employees: **13,507**
Subsidiaries: **29**

Orientating on customer, building our own for Superior!

Consistently improving quality, prices, and delivery time are important points at Shenzhen Murata Technology in order for us to respond to rapid market changes as well as to specific requests from our customers. To that end, we are constantly aiming at enhanced manufacturing capabilities that will meet those expectations, and we are working toward that goal on a daily basis. We run our business with due importance placed on teamwork with our talented employees as we continue to contribute to the development of the electronics community through business expansion around the Greater China area.

Sherzhen Murata Technology Co., Ltd.
Manager
Production Dept.
Liang Guan Fei



Japan

Net sales: **78 billion yen**
Number of employees: **23,973**
Subsidiaries: **31**

Murata is the leading company of High Frequency.

The Yokohama Technical Center boasts separate anechoic chambers for each band range, offering the appropriate environment for the wireless evaluation of a variety of products. In recent years, with the expanding volume of communication that is being carried out, the trend toward utilizing millimeter waves has grown around the globe. In order for us to be an "innovator" in that millimeter wave band as well, there is an urgent need for cooperation between worldwide bases in order to anticipate the needs of all markets and, through that, to create our own core technologies. This way, our products will continue to contribute to the realization of a more sophisticated and highly convenient, fully networked future society.

Murata Manufacturing Co., Ltd.
Communication & Sensor Business Unit
Communication Module Division
Ryuken Mizunuma



CSR report 2016

Within the “Murata Philosophy” that we have held up as the company’s ideal since our foundation, it states that “We contribute to the advancement of society by ... creating innovative products and solutions...”

That expresses our strong desire to contribute to more affluent, higher quality living for everyone through our products.

For example, communication devices like smartphones have become a part of the social infrastructure, and our company’s product lineup has played a part in the miniaturization and higher performance capabilities of those phones. Wearable devices and the field of IoT/IoE, which are only expected to continue to grow, also present the potential to further change society in the future.

The fields in which electronics play an active part will expand significantly and Murata is already contributing to a safer and more environmentally-friendly automotive sector. In the energy field as well, we are providing solutions to the problems of limited resources and to environmental issues, and we are supporting human health and improvements in quality of life in the healthcare and medical fields.

In addition to making a social contribution through our business, there is a need for us to deal with the many global issues that must be resolved in order to realize a sustainable society, including those related to the environment, human rights, etc. So, the electronics industry has, for example, been involved from early on towards solving the problem of mineral resources in regions of conflict, with Murata earnestly tackling these issues in cooperation with our supply chain.

Furthermore, as a company that is expanding our business around the globe, we are also placing a focus on providing work environments that are appropriate for a diversity of people, without partiality to gender or nationality, etc. We respect a diversity of backgrounds and values, we globally share the “Murata Philosophy” and the direction that we are aiming at while carrying out mutual exchange of personnel between bases both in and outside Japan, and we are implementing various measures toward offering the best value to society.

In 2015, the Japanese government introduced the Corporate Governance Code, wherein greater transparency is demanded in corporate management. Also based on the spirit of the company’s Philosophy, Murata is committed to building trust as we comply with all aspects of ethics in business, and we will continue to fulfill our social responsibility in cooperation with our stakeholders.

In promoting CSR Management, our company has established a CSR Management Committee on the basis of a CSR Charter whose benchmark is that same “Murata Philosophy”. Murata will continue to aim at “being an open presence in our community and in society as a whole, and to remain a corporation that is worthy of trust and respect” so “that our customers know they are in good hands when they do business with Murata”. And through the activities of the CSR Management Committee, we will continuously and systematically promote CSR Management toward the sustainable development of society.

Tsuneo Murata

President
Chairman of the CSR Management Committee



CSR charter (outline)

In line with the “Murata Philosophy”, Murata aims to continue to be a company that is trusted by society by committing to compliance with laws and regulations, as well as to highly transparent governance, respect for human rights, health and safety, social contribution and environmental preservation, on the basis of high corporate ethics. To these ends, Murata stipulated this CSR Charter as the norms to be observed by all those working at the Company.

Corporate governance

We will meet standards of accountability and enhance management efficiency and transparency, so as to remain open to our communities and society, and continue to be a reliable and respectable company.

Human rights and labor

We will respect the human rights and dignity of individuals.

Health and safety

We will improve product and service quality and boost employee morale by securing a safe and comfortable working environment and managing employees’ health.

Environmental preservation

We aim to realize a society where people can live a healthy life with peace of mind, by reducing negative impact of our corporate activities on society, environment and natural resources.

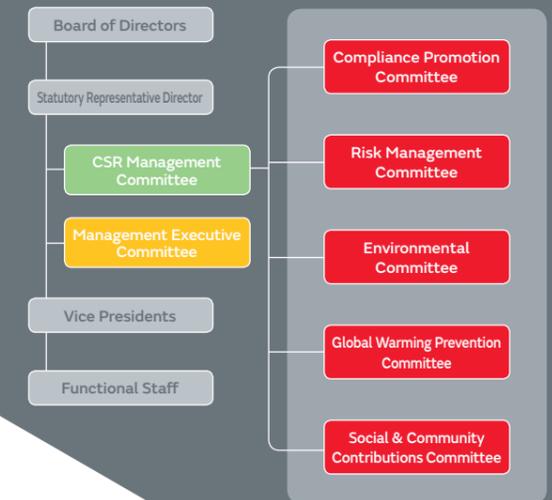
Fair trade and ethics

We aim to maintain the highest standards of ethics, so as to be a company that fulfills its social responsibility and wins social trust.

Management system

We will establish a system that ensures compliance with this CSR Charter, and continuously improve the system.

CSR-related committee organizational chart



Our CSR Charter and CSR-related policy list

- CSR Charter
- Corporate Ethics Policy and Code of Conduct
- Human Rights and Labor Policies
- Occupational Health and Safety Policy
- Environmental Policy
- Purchasing Policies
- Quality Policy
- Disclosure Policy
- Basic Policies for Activities to Contribute to Society and Local Communities
- Basic Policy for Prevention of Cartels and Bribery

Scope of report and information disclosure system

This report is written and edited with care to be concise in order to help readers easily understand Murata’s CSR concept and activities. Detailed information, case studies and environmental performance data from each plant are also provided on the Murata website. Detailed financial information can be found under “Investor Relations”.

Term of this report

Between April 1, 2015 and March 31, 2016
* Some activities taking place in or before March 2015 or in or after April 2016 are covered in the report as well.

Organizations reported on

Murata Manufacturing Group
(Murata Manufacturing Co., Ltd. and 105 subsidiaries inside and outside of Japan)



Murata Manufacturing Co., Ltd.
Executive Deputy President,
Representative Director
Yoshitaka Fujita

The spirit of our Philosophy guides CSR at Murata

A message regarding CSR

The Environment, Society and Governance... Acting with awareness and responsibility in each area.

In order to continuously grow our company, I believe that it is necessary for us to develop our business activities with consideration to the three aspects of "E" (the Environment), "S" (Society) and "G" (Governance).

The Environment —

As a company involved in manufacturing, the reduction of our environmental impact is a major theme. In terms of CO₂ emission reduction, one countermeasure to global warming, we defined the target reduction value in basic units, and we then produced results that exceeded that projection. As shown in our world's smallest, 0.25 × 0.125 mm ceramic capacitors, we are also contributing to the realization of saving resources through the supply of small, thin, multifunctional electronic components. In addition, we have also embarked on new business with endeavors into the field of energy.

Murata will continue to promote environmental measures rooted in the dual axes of reducing our company's environmental impact and contributing to the environment through our business.

Society —

With regard to our social stance, Murata is committed to ensuring diversity in our employees. We have been expanding business globally and have a variety of people working with us the world over. We believe that it is important, not merely to pay attention to issues related

to nationality and gender, but to specifically build an institution and a culture in which people with diverse backgrounds can work together while fully demonstrating their individual personalities and abilities. Furthermore, we are also strengthening our efforts toward fields of higher social contribution in our business, such as, for example, the improvement of safety in automobiles and improved convenience in healthcare.

Governance —

In terms of governance, a Corporate Governance Code was enacted last year and, over and above complying with that, we will be constantly reviewing our organization and management structure, and enhancing the value of our existence as a company that is open to the community and to society at large.

Our Philosophy contains the phrase "...together with all our stakeholders, (being) thankful for the increase in prosperity". Murata exists in partnership with all our stakeholders. This is not only related to the improvement of our economic value, it is an expression of our thoughts toward valuing a presence that is in harmony with society. This idea is at the core of our CSR. Consideration for the environment, making the most of the diversity in our human resources, and ensuring the transparency of our organization... Murata will continue to put into practice the spirit of our Philosophy that is at the root of those actions.

The formulation of medium-term CSR targets

Establishing medium-term targets for CSR and promoting involvement throughout Murata

In the CSR Management Office and the Environmental & Safety Management Department, we are involved in activities toward the awareness and promotion of CSR (Corporate Social Responsibility) at Murata, including initiatives on the environment and society. In 2016, we established the "Mid-Term Direction 2018", which indicates our direction for management over the next three years, and we have also developed new medium-term targets for CSR in relation to the environment and society. In correlation with the company's management plan, we will continue to support a variety of social needs on the basis of these medium-term CSR targets as well.

In regard to the environment, we have made countermeasures to global warming, conservation and recycling of resources, and contributing to the environment through our products the priority themes, and we continue to be committed to the reduction of environmentally hazardous substances, the conservation of biodiversity, and activities that contribute to the environment and society. Taking measures against global warming is a particularly important topic that society has assigned to all corporations. Thus, as a matter of course, in addition to continuing to suppress any increase in greenhouse gases through proactive measures, our aim is to increase our contributions to the environment in general through business. As the concern for water as a valuable resource heightens worldwide, along with the pursuit of its more efficient use, we are working to strengthen storm drainage management as well as risk assessments regarding such calamities as droughts and floods.

In addition to bolstering risk management in relation to our social stance as well, something that is the foundation of compliance in response to global challenges, we are building a

mechanism of management systems that applies the PDCA cycle in order to prevent problems related to human rights and to labor conditions. Creating work environments that allow a diversity of personnel to be effective, as well as implementing activities towards permeating the "Murata Philosophy", are also indispensable pursuits. And, since business at Murata also means working with all of the people in the various companies that cooperate with us, such as our suppliers, we will continue to strengthen our efforts to permeate the idea of CSR throughout the supply chain.

As we perform a variety of activities related to CSR, we are in cooperation with related departments both within Japan and overseas. And through the communication with all of the various stakeholders, including customers, suppliers, investors, and local communities, we feel the day-to-day expectations placed on us. So we will remain forward-looking in response to those expectations, as we persist in promoting activities that will keep Murata as an indispensable existence to each local community and society as a whole.

Photo (from left)
Murata Manufacturing Co., Ltd.
CSR Management Office, Administration Group
Masayuki Sekiguchi

Murata Manufacturing Co., Ltd.
Environmental & Safety Management
Department, Administration Group
Kayo Nakata
Hiroaki Otsuka

To respond further to the expectations placed on Murata



Bed Sensor

Offering a Bed Sensor Solution to Provide New Possibilities to the Healthcare Field

In line with our aging societies, there is a growing need for more patient-friendly, good quality and economical, long-term healthcare services. Coupled with the development of IoT and of cloud services, technology like remote monitoring is also beginning to spread throughout the medical and healthcare fields. And, in order to meet the needs of such markets, Murata is developing sensor solutions that provide new value through contactless patient monitoring.

By simply mounting it to the bed, our “Bed Sensor” is able to detect the slight vibrations coming from the patient’s body, thus enabling biological information to be obtained without the sensor being directly attached to the patient. Incorporating Murata’s ultra-sensitive, low-noise MEMS* accelerometer along with a microcontroller with a special algorithm, the Bed Sensor contributes to reducing the workload in the healthcare field by being able to detect whether the patient is in or out of bed, measuring various types of biological

information, and transmitting that data wirelessly.

The Bed Sensor is a good example of Murata innovation targeting new areas of business, with its focus on the medical and healthcare markets as new fields of application for sensors that offer excellent and unique properties. Continuous research based on careful market research as well as work toward developing signal processing functions and algorithms have resulted in sensor circuits and wireless modules, not only for use by healthcare equipment manufacturers but for system integrators as well.

* Micro-Electro-Mechanical Systems: Systems with a three-dimensional microstructure formed through a semiconductor process technology.

“With the development of the Bed Sensor, we have pioneered a new business for the medical and healthcare markets that are a focus of Murata’s business strategy. We also have high interest in the utilization of such emerging applications as sleep analysis, and are developing new add-on functions to meet those demands,” says Mr. Sten Stockmann (Manager, New Business Development Department).

Successful global cooperation

Although development of the Bed Sensor began with Murata Electronics Oy in Finland, it was ultimately a global collaboration that involved Murata (China) Investment Co., Ltd. and SyChip Electronic Technology (Shanghai) Ltd., both of China, along with Japan’s Komatsu Murata Manufacturing Co., Ltd.



Photo (front row, from left)
Murata Electronics Oy
Toni Akkala, Sten Stockmann, Yoshitaka Kotera, Rebecca Xu, Sami Nurmi, Ulf Meriheinä

(back row, from left)
Joonas Makkonen, Pekka Kostiainen, Hiroataka Fukunaga, Kaisa Heiniö

Photo (front row, from left)
SyChip Electronic Technology (Shanghai) Ltd.
Kangzheng Wang, Shihui Wu, Takashi Fujikawa, Yuexia Qi, Zhenglong Wu

(back row, from left)
Jin Li, Wei Zheng, Mark Fan, Yukinori Maruo, Jinjin Zhou

Photo (front row, from left)
Komatsu Murata Electronics Co., Ltd.
Yoko Nishiyama, Mai Morinaka, Nobuko Kawahara

(back row, from left)
Makoto Yasuda, Hisato Tatsumi, Yasunori Nabetani, Hideo Mura

People-friendly Murata technology is contributing to the evolution of medicine and healthcare.

Murata’s Bed Sensor offers contactless detection, thus reducing patient stress.



SCA10H sensor module

Comprised of a sensor and microcontroller, the SCA10H sensor module is designed for healthcare device and equipment manufacturers to incorporate into their own products or into hospital beds. It enables the creation of the optimal solution through the combination with various wireless modules.



Promoting health, safety, and environmental conservation

Health, safety and reduction in accidents



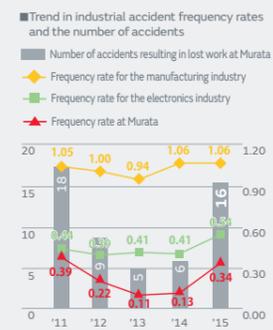
Photo (from left)
Murata Manufacturing Co., Ltd.
Administration Section, Yasu Administration Department Takanori Fujii
Murata Manufacturing Co., Ltd.
Administration Section, Yokaichi Administration Department Toshi Usuda

Raising awareness of safety through hands-on education

At Murata's Yasu Plant and Yokaichi Plant, we carry out hands-on safety education for all employees, including temporary staff. Through simulated experiences of the risks that exist in the manufacturing process, such as being "pinched", "trapped" or "shocked" by equipment, as well as those that occur in general office work, like "hurting your lower back when carrying heavy objects", "getting your finger caught in a door" or "getting cut by a utility knife", the aim is to increase everyone's awareness in regard to safety.

Simulated, hands-on experiences enable us to get employees to notice that work-related accidents are not something that only happens to "other people", and that it is impossible to know when it might happen to you. Through such educational experiences in safety, the goal is to improve our employees' safety awareness, something that is difficult with instruction that solely involves studying at a desk.

In order to prevent industrial accidents, Murata combines "tangible" efforts like improvements to the actual facilities together with such "intangible" approaches as education and awareness activities related to health and safety. The frequency rate for industrial accidents at Murata is low in comparison with the average for the manufacturing industry*, but we remain committed to continually lowering it even further.



* Number of casualties caused by industrial accidents per one million actual working hours

Prevention of global warming

Contributing to the prevention of global warming through the effective utilization of waste heat

Wuxi Murata Electronics is a factory that manufactures monolithic ceramic capacitors. We use a great deal of energy, and the CO₂ emissions here are the highest amongst all Murata plants. The utility facilities that are in operation at this factory, for example refrigerators for air-conditioning and compressors for production, generate heat when they remain in operation over many hours and they need to be cooled with water, which then turns into hot water with a temperature that reaches several tens of degrees. Previously, Wuxi Murata simply discharged that hot water, but by beginning to effectively utilizing the heat that it contains, we were able to reduce the amount of steam that is used in the plant by 10%. And the amount of CO₂ that we were able to reduce through these efforts totaled 1,700 tons a year, equivalent to the annual CO₂ emissions of about 340 average households. We will persist in searching for other waste and expanding the range of our improvements as we continue to promote activities toward preventing global warming.



Photo (from left)
Wuxi Murata Electronics Co., Ltd.
Environmental Maintenance Section, Administration Department
Xue Mingsheng, Wu Wei, Wang Xufeng

At Murata, we are introducing a global warming prevention plan toward reducing the total amount of greenhouse gases emitted from our business activities. Centered on the Global Warming Prevention Special Committee, these measures are being implemented throughout the Murata Group toward achieving the corresponding goals.



Conservation of resources and reduction of waste



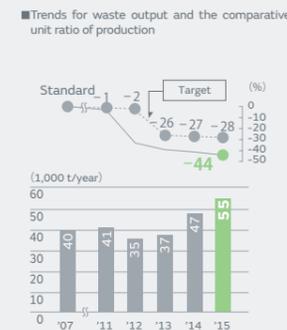
Photo (from left)
Himi Murata Electronics Co., Ltd.
Administration Section Yoshiaki Yamashita
Toyama Murata Electronics Co., Ltd.
Production Engineering Section I, Production Department II Toshihisa Nakamura
Murata Manufacturing Co., Ltd.
Environmental & Safety Management Section,
Environmental & Safety Management Department Kosuke Kawakatsu

Implementing resource-saving activities wherein each activity produces a variety of effects

The PFC liquid used in the manufacturing process* is one factor in global warming, as the majority has conventionally been vaporized after use. At Murata, we have long promoted reducing our use of chemicals that pose a high environmental impact as one initiative toward saving resources, but, starting from FY2014, we established committees across the Murata Group in order to strengthen our efforts toward specifically decreasing PFC emissions. Through trial and error, in FY2015, we introduced devices that can collect and reuse PFC at both Toyama Murata and Himi Murata. As a result, we were able to reduce the amount of PFC emitted by 70%. Because PFC liquid results in about 6,000 times the greenhouse effect of CO₂, that is equivalent to 8,000 tons of CO₂ emissions. It can thus be said that this effort is a multi-faceted activity that not only saves resources but is also contributing to the prevention of global warming.

* PFC (perfluorocarbon) liquid: A liquid chemical whose main constituent elements are carbon and fluorine and which is used in the cleaning of electronic components, etc.

At Murata, "zero emissions"* was attained in the domestic group during FY2003. We are currently tackling zero emissions overseas and the overall reduction of waste generation itself. We are also aiming at strengthening our waste management organization in order to more surely and more stably process that waste.



Reduction in water usage

Reducing the use of water by demonstrating our ability to improve manufacturing

The manufacturing process consumes a lot of water through such procedures as the cleaning of products. At Izumo Murata Electronics, where manufacturing is at the heart of our activities, we target improvements using a variety of approaches, such as considering whether or not we can reuse wastewater, and whether or not we can dig deeper and even produce things without using water. And, due to this, we were able to reduce water usage by about 93,000 tons a year. In addition, through these efforts, we were even able to eliminate the need to expand our water treatment facility, which had reached the limit of its processing capacity.

Japan is often considered to have an abundance of water resources, but the amount of water that can actually be used is quite limited. On top of always ensuring that pollution is prevented so as not to contaminate our precious water resources, we must also pursue more efficient ways of its use. In the future, by taking advantage of our abilities to make improvements in the field of manufacturing, we will continue to promote the reduction of our environmental impact.



Photo (from left)
Okayama Murata Electronics Co., Ltd.
Environment Section, Administration Department Kazuhiro Matsutani
Izumo Murata Electronics Co., Ltd.
Production Engineering Section, Production Department II Sakae Fukuda

Murata promotes reduced and effective use of water resources. Each plant is carrying out its own activities and we are ensuring that that information is shared throughout the Murata Group.



Promoting active roles for women

Aiming high and making use of childcare experience at work

I examine contracts and other such documents in our Legal Affairs Department and sometimes serve as support for merger & acquisition transactions, etc. My major at university was also law, I was put in charge of legal affairs at work, and I began to see the law as something with a greater sense of reality.

I have experienced maternity and childcare leave two times and I am now continuing to work under the short working hour system. I think that, by having gone through that experience of childcare, my attitude toward work has become more positive. I set up a schedule for work calculated backward from the time I plan to leave the office, I can identify the relative importance of each project and the speed and quality that is required to accomplish it, and I have become clearly aware of how to most effectively proceed with my work. From that experience of dealing with children, I think that I have become strongly conscious of how to explain, simply and in an easy-to-understand manner, the concept and the philosophy behind the law that may be daunting and unfamiliar to those in other departments. In addition, it may be a result of the day-to-day unexpected things that I encountered

during childcare, but, even if there are many things that do not go as expected, I can now endure them and am able to enjoy the situation with the frame of mind as though I am simply riding a roller coaster.

On the other hand, it is a fact that, due to childbirth and childcare, I am also not able to do the same content of work and in the same manner as before. For example, it is difficult for me now to be in charge of urgent projects like those that require immediate response to something that comes in without regard to differences in time zones. And yet, I think that, instead of becoming irritated or dejected, it is important to change my thinking to the idea that I am simply experiencing a new stage.

Recently, in addition to my previous work, I have now been entrusted with the job of creating new mechanisms for global compliance. This is content that involves interacting with both domestic and overseas bases, building and establishing a new system that the company has never had before, and promoting that while obtaining the understanding of all parties concerned. This is something that I too have never been involved with and it will be a test of my creativity. There will be difficult things, but I will be motivated in this job, while I consider what it is that I am able to do with this new work, what I need to do, what I want to do.

At Murata, more and more women are becoming mothers and are still continuing to work in the same way as I have. I appreciate the warm understanding and support that I have received from my family and those around me in the workplace and, in the future, I would like to return the favor by being on the side of those who support such women. And I would like to further enhance my expertise in order to be a presence that is able to support the growth of the company as well.

Rate of utilization of childcare leave at domestic offices of the Murata Group
100%
(Rate of return to work: 95%)

A workplace where diverse people can anticipate making use of their own experiences and characteristics

Murata Manufacturing Co., Ltd.
Legal Affairs Department, Administration Group
Shoko Fukui

Global rotation to learn and grow together with others around the world

Global rotation

“I want to connect my own growth, which I realized at Fukui Murata, to the growth of Philippine Manufacturing Co. of Murata.”

I joined Philippine Manufacturing Co. of Murata, Inc. (Philippines Murata), Murata's production base in the Philippines, in 2012, shortly after it was established. At that time, the factory had yet to be opened and employees numbered only 23 in all. Still, at the job interview, I came to learn about the fact that Murata is a global company, the fact that they had a plan for Philippines Murata to become a major production base for monolithic ceramic capacitors, and that, if I put forth the effort there, I myself could grow as a person... and so I decided to join. At Philippines Murata, my job was that of a machine engineer. My main role was to set up, maintain, and improve machines in order to increase production efficiency.

I am presently “on loan” to Fukui Murata, the mother plant for manufacturing monolithic ceramic capacitors. The content of my job here is the development of the underlying technology for the stabilization of mass production. Along with the other workers here, I am involved in a variety of evaluations and analysis in order to improve the current state of that process. Because this work is in a completely different field from the machine-related job that I had performed at Philippines Murata, it is nonstop study for me every day. In terms of communication, although I studied at a Japanese language school before

I was appointed to Fukui Murata, often I am not quite able to keep up at meetings where technical terminology is being tossed about. However, because my co-workers and superiors politely instruct me in line with my level of understanding, sometimes sprinkling in English, and allow me to gain experience in many different jobs in consideration of my development, I am enjoying this environment where I feel like I am growing on a day-to-day basis. In addition to work, I am an instructor of volunteer English classes that are held regularly at Fukui Murata, and it has been well received by everyone. Naturally I am taught many more things at Fukui Murata than I can teach, but I would also like to be an influencer that enables us to learn from each other, and in a way that I myself am a positive stimulus to those around me.

Philippines Murata is still a young company, in terms of its history, in terms of age of its employees, and in terms of its experience in producing monolithic ceramic capacitors. After I return to my duties there, it will be my turn to convey what I was able to learn at Fukui Murata to the young engineers of Philippines Murata. I would like to share the knowledge that I have obtained at Fukui Murata, the connections that I have made here with various people, with my fellow workers at Philippines Murata and continue to grow together with them.

Fukui Murata Manufacturing Co., Ltd.
Technology Development Department
Jeffrey Leo Aguila

Number of foreign employees at Murata Group's domestic affiliates on loan from overseas affiliates

45

(as of March 31, 2016)

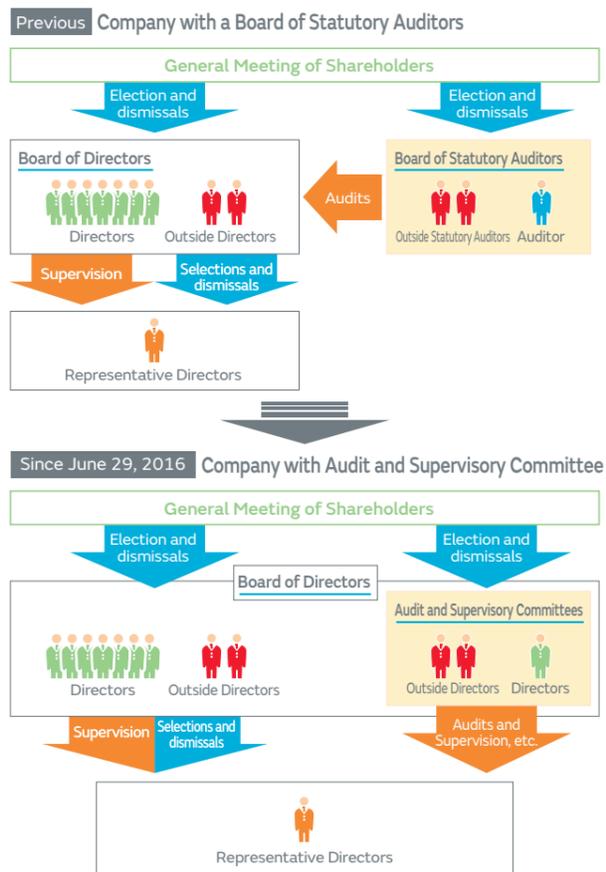


Further strengthening corporate governance and meeting the expectations of stakeholders

With the Ordinary General Meeting of Shareholders that was held in June 2016, Murata has transitioned from its previous “Company with a Board of Statutory Auditors” to a “Company with Audit and Supervisory Committee”. Historically, Murata positions corporate governance as one of our most important issues in management and, in giving due consideration to all of our stakeholders, we have been working to reinforce corporate governance by strengthening our supervisory and executive functions through the introduction of a system of Vice Presidents and by improving the transparency of management through the election of multiple independent Outside Directors.

This time, in order to further improve our corporate governance while also increasing the company's corporate value, we have transitioned to a Company with Audit and Supervisory Committee with the following purposes.

- ① Out of the 12 directors, 4 shall be independent Outside Directors, thus increasing the proportion of independent Outside Directors within the overall Board of Directors¹. This will further ensure that perspectives from outside the company are taken into account, and it can be expected to improve the transparency of management.
- ② By giving the Directors who are the Audit and Supervisory Committee Members voting rights on agendas at Board of Directors, it will be possible to strengthen the supervisory function in relation to executive officers.
- ③ In accordance with the provisions of the Articles of Incorporation and a resolution of the Board of Directors, it will promote decisions on important business operations being delegated to the executive officers, management decisions being made more rapidly, and more agility will be available in the execution of business as the scope of the company's dealings expands.
- ④ A Company with Audit and Supervisory Committee is a system that is more easily accepted worldwide as a global standard. Murata has been developing our business globally², our ratio of foreign stockholders is high³, and it is our belief that this will also meet the expectations of our many stakeholders.



1: There were two independent Outside Directors out of the nine Directors in FY2015 (Percentage of independent Outside Directors: 22.2%)
 2: Overseas sales ratio: 93.5% (from the results of the full-year ending March 31, 2016)
 3: Ratio of stock held by foreign companies: 41.8% (as of March 31, 2016)

* What is a Company with an Audit and Supervisory Committee?
 With the revision of the Companies Act, which was entered into force on May 1, 2015, a Company with Audit and Supervisory Committee is an organizational structure for a newly formed corporation that facilitates the functions of Outside Directors. Without Auditors (nor a Board of Auditors), the establishment of an Audit and Supervisory Committee (consisting of three or more members from the Board of Directors, and with the majority being Outside Directors), this Committee is responsible for audits and has the right to state opinions at the General Meeting of Shareholders in regard to matters concerning Directors (nomination and remuneration). By adding specific provisions in the Articles of Incorporation, it is also possible to delegate decision-making on important individual business operations to the executive officers.

Improving the transparency of management and the company's corporate value



Forest of the Future, now under construction

Creating and protecting the forest in cooperation with local citizens

Based on the fundamental policy of our social and community contributions, which is “Wanting the existence of Murata to be the pride of that area... for Murata to be a company that is a source of joy,” each plant promotes its own “Murata Forest” woodland preservation activities.

From 2007, our Head Office has participated in the “Kyoto Model Forest Movement” that is sponsored by Kyoto Prefecture, and has been actively cooperating with the people of Kameoka City in that prefecture. With our employees and their families participating as volunteers eight times a year, a total of about 500 people from Murata have now joined in this Movement. Activities are centered on thinning and weeding of forests, and the thinned wood is effectively used in making such items as benches, stairs, nameplates for trees, etc. Activities like tree inspection groups, forest activity classes for children with few opportunities to come in contact with Nature, actual rice planting experiences with the support of the local people, buckwheat noodle making, and classes on cooking with medicinal herbs, etc., are being offered as well.

Furthermore, from FY2014, we have held the “Murata Forest: Handmade Market” event in order to inform more people about the importance of forest conservation and about our specific activities. We have held such activities as displays and sales featuring handmade goods and farm-fresh local vegetables, woodworking classrooms, music performances, and panel exhibitions about our forest conservation activities, so that even those not particularly interested in the forest can easily enjoy taking part. Through the Murata Forest, we hope to have as many people as possible gain an interest in the forest, in Nature, and want to protect it.

FY2016 will be the 10-year milestone since we commenced Murata Forest activities. But, even after 10 years, there are still a lot more things for us to do. As we continue these activities from here on, we are currently constructing a “Future Forest”, a place that everyone can enjoy!

CSR activities: Targets and results

Murata commits itself to continual improvement in priority theme areas through the implementation of a broad range of measures.

■ Results for fiscal 2015 environmental targets, medium-term targets for fiscal 2016 to fiscal 2018, and targets for fiscal 2016

Item	Targets for FY2015	Results for FY2014	Achievement	FY2016 to FY2018 medium-term targets	Targets for FY2016	
1. Environmentally-considerate products	Continue to expand the lineup of environmentally-considerate products and environmentally-considerate technologies (production methods)	Goals were set for design and development that consider the environment, and development of environmentally-considerate technologies was continued. That led to an expanded lineup of environmentally-considerate products that support miniaturization and energy saving	○	Not set as a priority theme		
	Continue to reduce and replace environmentally hazardous chemical substances contained in products	The reduction and replacement of environmentally hazardous chemical substances contained in our products was carried out as planned.	○	Not set as a priority theme		
	Increase sales of environmentally-considerate products to help shape a society with a low environmental impact	Activities towards proposing, obtaining approval for, and increasing sales of environmentally-considerate products were advanced. Approval was obtained from many users and sequential replacement of existing products proceeded.	○	Establish evaluation methods for the amount of contribution to CO ₂ emission reduction at the usage stage of our products	Formulate and do trial computations for a calculation rule (draft) on the amount of contribution to CO ₂ emission reduction	
2. Global warming countermeasures	(1) Production sites	Grasp CO ₂ emissions and quantitative basic units by product at production sites	○			
		Reduce quantitative basic units of CO ₂ emissions from production by 15% over FY2012	○	Reduce total greenhouse gas emissions in FY2018 to 1.2 million ton CO ₂ or less	Set and implement FY2016 plan for medium-term targets	
	(2) Logistics	(In Japan) Reduce CO ₂ emissions from logistics per unit of real production by 60% over FY2007	CO ₂ emissions from logistics per unit of real production were reduced 72% over FY2007.	○	Not set as a priority theme	
		(Overseas) Implement measures to reduce CO ₂ emissions from logistics	Through improvements in the carrying efficiency of transport from the factory to the airport at overseas bases in the Greater China region, the number of truckloads was reduced by 30%.	○	Not set as a priority theme	
3. Chemicals	(In Japan) Reduce the in-process use of environmentally hazardous chemical substances per unit of net production by 5% over FY2007	(In Japan) The in-process use of environmentally hazardous chemical substances per unit of net production was reduced 46% over FY2007.	○	Not set as a priority theme		
	(Overseas) Reduce the in-process use of environmentally hazardous chemical substances per unit of net production by 1% over the previous fiscal year	(Overseas) The in-process use of environmentally hazardous chemical substances per unit of net production was reduced 1% over the previous fiscal year.	○	Not set as a priority theme		
4. Saving resources & recycling	(1) Waste	Reduce waste emissions per unit of net production by 28% over FY2007	Waste emissions per unit of net production were reduced 44% over FY2007.	○	Improve average waste emissions per unit of real production in FY2016 to FY2018 by 3% (compared to FY2011 to FY2015 average)	Improve waste emissions per unit of real production in FY2016 by 1% (compared to FY2011 to FY2015 average)
		(Overseas) Achieve zero emissions	Zero emissions were maintained at 5 sites: Wuxi, Shenzhen, Taiwan, Thailand and Malaysia.	○	Not set as a priority theme	
	(2) Containers and packaging	Reduce the environmental impact through improvements to packaging material	Improvements to packaging materials that lead to reducing the environmental impact were implemented.	○	Not set as a priority theme	
	(3) Production processes	Reduce raw material loss ratios	Measures for improvement (e.g., higher yields) were implemented in each individual process.	○	Not set as a priority theme	
(4) Water				<ul style="list-style-type: none"> Improve average water usage per unit of real production in FY2016 to FY2018 by 3% (compared to FY2011 to FY2015 average) Develop measures to establish assessment methods for and reduce water risks 	<ul style="list-style-type: none"> Improve average water usage per unit of real production in FY2016 by 1% (compared to FY2011 to FY2015 average) Investigate water risk assessment methods Strengthen rainwater discharge management toward reducing the risk of pollution 	
5. Biodiversity	Continue to provide employees with biodiversity education	Content on biodiversity was incorporated in the materials for new employee education and that education was implemented.	○	Not set as a priority theme		
	Provide environmental education in biodiversity for elementary and junior high school children	Education in regard to the relationship between trees and people was implemented within the "Murata Forest" activities.	○	Not set as a priority theme		
6. Environmental & social contribution activities	Continue environmental & social contribution activities	Towards business management that is in a close relationship with local communities and societies, environmental education for elementary and junior high school children was continually implemented, along with activities for the preservation of the domestic woodlands known as the "Murata Forest" and for the greening of our plants and offices.	○	Not set as a priority theme		

○: Achieved
△: Nearly achieved
×: Not achieved

■ Results for fiscal 2015 social targets, medium-term targets for fiscal 2016 to fiscal 2018, and targets for fiscal 2016

Item	Targets for FY2015	Results for FY2014	Achievement	FY2016 to FY2018 medium-term targets	Targets for FY2016
1. Internal control systems	Continue to achieve "zero" serious problems, in compliance with laws and regulations, the Articles of Incorporation, internal regulations, etc., and by promoting the development of internal control	Promotion of internal control was continued, and "zero" serious problems was achieved in compliance with laws and regulations, the Articles of Incorporation, internal regulations, etc.	○		Continue to achieve "zero" serious problems, in compliance with laws and regulations, the Articles of Incorporation, internal regulations, etc., and by promoting the development of internal control
	Conduct efficient audits in response to globalization, and promote the expansion of internal control for new bases and M&A companies	The scope of internal control continued to be expanded, including making business units (2 departments) a new target of that. In regard to expanding internal control for new bases and M&A companies, follow-up audits were conducted at the two overseas bases that were added as targets last year.	△		Realize sustainable growth by improving the transparency of management and the effectiveness of auditing, in an aim at increasing Murata's corporate value
2. Promoting compliance	Permeate compliance awareness • Continue to regularly communicate information on compliance promotion activities (monthly) • Conduct compliance verification tests and surveys	Permeate compliance awareness • An email magazine on compliance awareness was published monthly (12 issues/year). • October was made Compliance Month at Murata and affiliated companies, and compliance verification tests and surveys were implemented.	○		Permeate compliance awareness • Disseminate information over the intranet, such as on the latest trends in regard to compliance and various laws and regulations, and continue to conduct comprehension tests and surveys, in an aim at raising employee awareness
	Implement compliance education • Hold group discussions using case methods, etc.	Implement compliance education • Group discussions were conducted in each workplace at Murata and domestic affiliated companies, using cases where determinations were difficult, including ethical dilemmas.	○		Implement compliance education • Plan and continue implementing education and enlightenment activities that aim at broadly raising the general level of knowledge and awareness in regard to compliance
3. Strengthening risk management	Strengthen the foundation of global compliance • Partially revise the Corporate Ethics Policy and Code of Conduct ("observance of the Anti-Monopoly Law" and "entertainment and gifts") • Continue to flexibly rebuild the ongoing system for implementing the "Basic Policy for Prevention of Cartels and Bribery" in accordance with the situation of each country and region	Strengthen the foundation of global compliance • The Corporate Ethics Policy and Code of Conduct ("observance of the Anti-Monopoly Law" and "entertainment and gifts") was partially revised. • A control process in order to prevent cartels was introduced at Murata and its domestic affiliates, and e-learning on cartels and bribery was implemented.	○		Strengthen the foundation of global compliance • Continue to supervise and guide the operation of ongoing systems for implementing the "Basic Policy for Prevention of Cartels and Bribery" in overseas subsidiaries through cooperation with overseas headquarters • Develop the PDCA cycle for more effective and highly transparent compliance promotion activities by including a process to verify and approve the annual plan and the results of global compliance education, monitoring, etc., which is reported by the Secretariat at the Compliance Promotion Committee that is held twice a year
	Verify the validity of existing risk measures and perform continuous improvement in order to accommodate a wide range of global risks • Recognize newly generated risks in a timely manner, and make the cycle - from risk evaluation to planning and implementation of measures - function quickly and reliably	Various risk factors and related measures in Japan and overseas were checked regularly, centered on the departments of the corporate members who are the risk owners, and the effectiveness of preventing the realization of those risks and the minimization of loss at the time of occurrence was verified.	○		Ensure that the PDCA for risk management at the corporate level functions effectively, and permeate the concept of risk management as a part of day-to-day operations
4. Society and community	Continue to offer science and environmental education for children • Continue local contribution activities rooted in the neighborhood community, such as greening of factories, forest preservation, etc.	Science and environmental education for children, greening of factories, and preservation of local forests were gradually expanded to overseas factories in addition to domestic sites, and social and local contribution activities at the global level were continued.	○		Realize the philosophy of our Founder, "Wanting the existence of Murata to be the pride of that area ... for Murata to be a company that is a source of joy" at a global level
	As responses to the conflict mineral problems, cooperate closely with industry organizations, investigate information on mineral resources in regions of conflict (smelter information) with suppliers, and continue efforts to use low risk materials	Information on smelters was investigated and, except for some products, investigation was completed.	○		Complete confirmation of the status of CSR compliance by major suppliers
5. Suppliers	Promote the implementation of CSR procurement that corresponds to changing social situations and customer demands by constructing a system to regularly check CSR compliance by suppliers	Investigation in order to confirm the status of CSR compliance by suppliers was conducted.	○		Introduce and implement stable purchasing with lower risk by further expanding the targets of procurement risk management to matters other than disasters and accidents
	Respond to emergencies based on highly accurate information by timely updating information on material production sites that can be referenced in times of disaster or accidents, and aim at improving research efficiency and reducing the corresponding timeframe through systemization of the information collection mechanism	Research and updating of information on material production sites were continued, and preparation for the introduction of systemized information collection was completed.	○		
6. Employees	Implement a system to enable employees to select career paths according to their aptitude. Practice reshuffling through a career development program • Hold in-house lectures on the success and careers of women • Support active roles for senior-level employees: Hold 8 career management training sessions during FY2015	Lectures on career autonomy were held. • 8 career management training sessions were held.	○		<ul style="list-style-type: none"> Introduce measures toward the awareness of career autonomy for each job Implement efforts toward realizing diversity in ways of working and career training Implement efforts toward promoting the participation of men in childcare Aim at the proportion of women in management trainee positions for new graduates being 10% with technical jobs and 40% with clerical jobs, and implement measures to that end
	Continue awareness and education to prevent harassment: Hold 4 training sessions during FY2015 for those managers who have not undergone training on sexual and power harassment • Continue human rights education: Hold once a year as social class education	Two training sessions were held for those managers who have not undergone training on sexual and power harassment. • One class was held on human rights as social class education.	○		Firmly establish a "Management System on Human Rights and Labor", and effectively implement the PDCA cycle in setting goals, extracting and improving problem through risk assessment, measuring and evaluating performance in committees, conducting management reviews, etc. • Introduce company-wide education once a year from FY2016 in regard to harassment, human rights, and labor, in order to increase employee sensitivity to those issues
	Enhance and firmly establish a support system to help employees strike a balance between work and family life ("work-life balance"): Hold 1 visitation day for children of employees	"Murata Kids: Work Experience Corps", a visitation day for children of employees, was held.	○		Conduct investigation into and analysis of the conventional "work-life balance" support system, and consider a review of the system toward effective utilization once problems are identified • Aim further at fostering awareness of "work-life balance" support among employees and at the workplace • Continue to support the wholesome development of children, who will lead the next generation
	Promote permeation of the "Murata Philosophy" and the sharing of measures: Hold workshops on sharing the Philosophy: 30 times • Continue employing foreign workers: Hire 5 new university graduate employees • Promote increasing the number of foreign employees on loan: 20 in FY2015 • Provide education on globalization (strengthen ability in English and Chinese): Offer an English and a Chinese improvement course	Workshops were held on sharing the Philosophy: - Philosophy discussion groups for company officers were held 13 times. - Workshops for employees of overseas affiliated companies were held 4 times. - Training for new employees was held 3 times. - Other workshops were held at each site and department • Foreign workers continued to be employed: 4 new university graduate employees were hired. • The number of foreign employees accepted on loan was 20. The total number of foreign employees on loan at the end of FY2015 was 45. • Training to strengthen English ability was carried out in Japan. (The total attendance was 190 employees.)	○		Ensure that the score on items related to "sharing the Philosophy" in an FY2017 employee survey is better than that of FY2015 • Continue to hold workshops on sharing the Philosophy • Continued promoting the hiring of foreign employees and the acceptance of foreign employees on loan, and work toward further diversity in management • Aim at further strengthening the language skills of employees (English, Chinese), and develop personnel who can play an active role globally
Continue and promote measures to prevent the occurrence of industrial accidents • Construct an occupational health and safety management system: Acquire OHSAS18001 external certification at one plant and maintain it at 27 plants • Promote health and safety education: Risk assessment education: 30 times "KYT" (accident prediction training) education: 5 times	A new special committee was organized and measures were strengthened to prevent the occurrence of industrial accidents. • Construction of an occupational health and safety management system was promoted as noted below. OHSAS18001 external certification was acquired at 1 plant and maintained at 27 plants. • Health and safety education for employees was promoted as noted below. Risk assessment education was held 46 times and KYT education was held 18 times.	○		"Zero" incidence of serious work-related accidents	
				<ul style="list-style-type: none"> "Zero" incidence of serious work-related accidents Introduce a method of patrol that can identify unsafe behavior Promote the introduction of hands-on education 	

○: Achieved
△: Nearly achieved
×: Not achieved

Taking a close look at CSR at Murata

In line with their medium-term management plan, Murata has formulated medium-term targets for CSR starting from the current fiscal year. A three-year CSR plan in relation to the environment has also been established in conjunction with that. I think that this is very important, in the sense that company management will be more closely linked to CSR and environmental activities. Because the ultimate goal of CSR is the sustainable development of both business and society, linking CSR and environmental activities with the central issues of corporate management is absolutely essential.

Implementing CSR contains many challenges but, among them, making it easy to work in a company that incorporates diversity is particularly important. Since it seems that Murata is actively involved in promoting active roles for women, I think that setting some specific targets there will be a subject for future discussion. Global rotation is also a very important system, so communicating technology worldwide is also a major responsibility for a global company. If such actions as dialogue with stakeholders can also be incorporated overseas, I feel like Murata's activities will be conveyed even more concretely.

The "Murata Report" combines an introduction of the company's business with its CSR Report, while the preparation of "Integrated Reports", containing both an Annual Report and CSR Report, is on the rise around the globe. So what if Murata, whose volume of sales is increasing rapidly and whose global presence is growing significantly, considered taking this opportunity to develop their Report into just such an "Integrated Report"? If they were to adopt such a style, it would enable them to demonstrate the kind of value that the use of their business model can actually create for society, so I think that not only would it hold merit as a means of disclosing information on CSR, but it would also exert a positive impact on the Company's management strategy.

In the world of CSR, the setting of priorities based on specific "materiality" (importance) has been attracting worldwide attention. This means not only thoroughly dealing with a wide range of matters, it also emphasizes taking specialized approaches to certain issues. In order to accomplish this, I believe that it is necessary to maintain a balance between a benchmark type of management and an "Action Plan" style of management. Japanese companies tend to strongly prefer the use of action plans, but it is not always practical to aim at having all content continue to improve each and every year. I think that utilizing a benchmark type of management in an aim at improving quality is also important.



Graduate School of
Business Administration,
Kobe University

Professor

Katsuhiko Kokubu

Profile

Murata sites worldwide

Sites in Japan

Murata Manufacturing/ Head Office•Branch•Plant and Division•Sales Office	
Head Office	Murata Manufacturing Co., Ltd.
Branch	Tokyo Branch
Plants and Division	Yokohama Technical Center / Yasu Division / Yokaichi Plant / Nagaoka Plant
Sales Office	Sendai / Mito / Saitama / Tokyo / Tachikawa / Hamamatsu / Nagoya / Azumino / Kyoto / Kobe / Okayama / Fukuoka

Domestic subsidiaries

Fukui Murata Manufacturing Co., Ltd.	Wakura Murata Manufacturing Co., Ltd.
Izumo Murata Manufacturing Co., Ltd.	Tome Murata Manufacturing Co., Ltd.
Toyama Murata Manufacturing Co., Ltd.	Ogaki Murata Manufacturing Co., Ltd.
Komatsu Murata Manufacturing Co., Ltd.	Asuwa Murata Manufacturing Co., Ltd.
Kanazawa Murata Manufacturing Co., Ltd.	Anamizu Murata Manufacturing Co., Ltd.
Okayama Murata Manufacturing Co., Ltd.	Murata Land & Building Co., Ltd.
Kanazu Murata Manufacturing Co., Ltd.	Murata Eiko Co., Ltd.
Sabae Murata Manufacturing Co., Ltd.	Murata Active Partner Co., Ltd.
Iwami Murata Manufacturing Co., Ltd.	Murata Electronics Co., Ltd.
Hakui Murata Manufacturing Co., Ltd.	Murata Software Co., Ltd.
Himi Murata Manufacturing Co., Ltd.	Murata BUNSEKI Partner Co., Ltd.
Azumi Murata Manufacturing Co., Ltd.	Tokyo Denpa Co., Ltd.
Komoro Murata Manufacturing Co., Ltd.	TOKO, Inc.

Others

TOKO Inc. Group consists of 3 domestic companies (including TOKO Inc. itself) and 22 companies abroad.

Sites outside of Japan

North & South America	
U.S.A.	Murata Electronics North America, Inc. Murata Power Solutions, Inc. Peregrine Semiconductor Corp.
Canada	Murata Power Solutions (Toronto) ULC
Mexico	Murata Electronics Trading Mexico, S.A. de C.V.
Brazil	Murata World Comercial Ltda.

Others

Europe	
Netherlands	Murata Electronics Europe B.V.
Germany	Murata Elektronik GmbH
U.K.	Murata Power Solutions (Milton Keynes) Limited Murata Power Solutions (Celab) Limited Peregrine Semiconductor UK Ltd
France	Murata Electronique SAS Peregrine Semiconductor Europe
Finland	Murata Electronics Oy

Others

We also have sales offices in the United Kingdom, Italy, Spain, Hungary and Switzerland.

Asia	
China	Murata (China) Investment Co., Ltd. Wuxi Murata Electronics Co., Ltd. Shenzhen Murata Technology Co., Ltd. Murata Electronics Trading (Tianjin) Co., Ltd. Murata Electronics Trading (Shanghai) Co., Ltd. Murata Electronics Trading (Shenzhen) Co., Ltd. SyChip Electronic Technology (Shanghai) Ltd. Murata Power Solutions (Shanghai) Co., Ltd. Foshan Murata Minmetals Materials Co., Ltd. Dongguan Murata Electronics Co., Ltd.
Hong Kong	Murata Company Limited Murata Power Solutions (Hong Kong) Limited
Taiwan	Taiwan Murata Electronics Co., Ltd.
Korea	Korea Murata Electronics Company, Limited
Singapore	Murata Electronics Singapore (Pte.) Ltd.
Thailand	Murata Electronics (Thailand), Ltd. Thai Murata Electronics Trading, Ltd.
Malaysia	Murata Electronics (Malaysia) Sdn. Bhd.
Philippines	Murata Electronics Philippines Inc. Philippine Manufacturing Co. of Murata, Inc.
India	Murata Electronics (India) Private Limited
Vietnam	Murata Electronics (Vietnam) Co., Ltd.

Others

Executives As of July 1, 2016

Board of Directors

President	Tsuneo Murata
Executive Deputy President, Representative Director	Yoshitaka Fujita
Directors	Toru Inoue
	Norio Nakajima
	Hiroshi Iwatsubo
	Yoshito Takemura
	Satoshi Ishino
	Takashi Shigematsu (Outside Director)

Audit and Supervisory Committee Member, Board Members

Junichi Tanaka
Hiroaki Yoshihara (Outside Director)
Masakazu Toyoda (Outside Director)
Hiroshi Ueno (Outside Director)

Vice Presidents

Executive Vice Presidents

Toru Inoue
Norio Nakajima
Yuichi Kojima
Satoshi Sonoda
Hiroshi Iwatsubo

Senior Vice Presidents

Yoshito Takemura
Satoshi Ishino
Masahiro Ishitani
Kenichi Mizuno

Vice Presidents

Takehiro Konoike
Hideki Maruyama
Yutaka Tada

Fellow

Norio Sakai

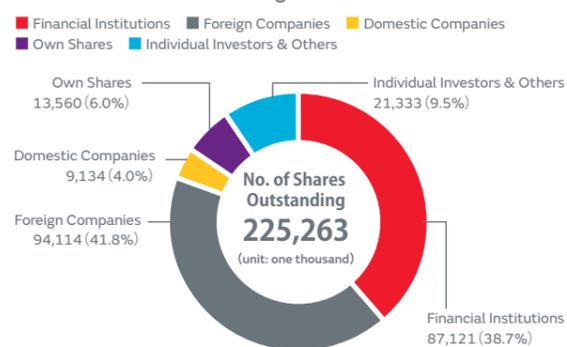
Vice Presidents

Ryuji Miyamoto
Yoshikazu Namasuya
Kiyoshi Iwai
Toshikazu Sasaki
Etsuo Hayakawa
Nagato Omori
Ken Tonegawa

Stock information As of March 31, 2016

 Number of shares outstanding at the end of current term
225,263 thousands of shares

 Number of shareholders at the end of current term
55,589

Number of shares outstanding (unit: one thousand)

Stock exchange listing

[Domestic]	Tokyo Stock Exchange First Section
[Overseas]	Singapore Exchange

Major shareholders As of March 31, 2016

Name	Number of shares (unit: one thousand)	Ownership (%)
JP MORGAN CHASE BANK 380055	15,526	7.3
Japan Trustee Services Bank, Ltd. (Trust Account)	12,082	5.7
Nippon Life Insurance Company	7,361	3.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,801	3.2
STATE STREET BANK AND TRUST COMPANY	6,710	3.2
The Bank of Kyoto, Ltd.	5,260	2.5
Meiji Yasuda Life Insurance Company	5,240	2.5
The Shiga Bank, Ltd.	3,551	1.7
CBNY-GOVERNMENT OF NORWAY	3,350	1.6
STATE STREET BANK WEST CLIENT - TREATY 505234	3,014	1.4

(Note)

The company holds 13,560 thousand shares of its own stock. As these shares do not confer voting rights, they are excluded from the above table.

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INNOVATOR IN ELECTRONICS



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