

Environmental Cost Management

Murata has long instituted and managed a budget for environmental preservation, pollution control, energy saving and prevention of soil and groundwater contamination. Moreover, we have allocated a reserve amount to cover the total cost of remediation efforts to correct soil and groundwater contamination, and we have enforced the management of costs related to the environment.

With the revision of the Murata Environmental Charter in May 2001, we further developed and refined our existing environmental cost management, clarified the cost of Murata's investment in environmental preservation, and highlighted its results in more detailed classifications according to objective. By using this information effectively, we are aiming to ensure efficient environmental management.

Currently, we are making progress with in-house surveys on several issues: how to apply the information in management decisions on the cost and effectiveness of environmental investments; how to determine environmental costs and effectiveness in business activities; and how to tabulate these environmental costs.

As part of the Murata Environmental Objectives and Targets, we have scheduled the design of a data compilation system for the entire group by the end of fiscal 2003.

The amount invested in environmental preservation and in remediation of soil and groundwater contamination is outlined in the chart below. Regarding the accounting of remediation costs for contaminated soil and groundwater in particular in terms of business accounting, we have made a trial calculation of all costs accruing through to completion of the contamination remediation strategy and have appropriated a security reserve amount as a liability.

Investment in Environmental Preservation (Millions of yen)

Classification of Investment Objective	Total Expenditures for Fiscal 1998-2001		Expenditure for Fiscal 2001	
	Nonconsolidated	Consolidated	Nonconsolidated	Consolidated
Pollution control	55	151	15	333
Global environmental preservation	587	653	3	17
Recycling of resources	451	724	0	62
Prevention of soil and groundwater contamination	226	431	0	122
Others	10	71	9	23
Total	1,329	2,030	27	557

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Remediation Cost of Soil and Groundwater Contamination (Millions of yen)

Total up to end of Fiscal 2001		Estimate for Fiscal 2002 and thereafter	
Nonconsolidated	Consolidated	Nonconsolidated	Consolidated
754	6,109	208	4,810

Total costs of pollution remediation (decontamination) until completion are calculated on a trial basis and appropriated as a liability.

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Environmental Training

Each Murata employee supports the promotion of business activities that consider the environment, as the contribution of everyone is required in this effort. We believe that all employees should understand and practice the environmental vision and objectives set forth by corporate management and the initiatives of the plants and divisions, as these represent the driving force for environmental preservation.

Therefore, we are implementing practical environmental training and raising awareness according to this objective.

Environmental Training

In addition to a general environmental training intended to impart an understanding of Murata's environmental vision and objectives, we also provide programs such as in-house courses that provide training for internal environmental auditors.

Training Item	Content
New recruit training	Lecture on environmental preservation held during initiation assembly for new recruits
Practical training in environmental management system at plants	Periodical practical environmental training in the environmental management system at production sites and production subsidiaries
In-company courses for training internal environmental auditors	To develop qualified personnel as internal environmental auditors in our plants, we periodically provide courses in-house. As of March 2002, we had trained 370 individuals with qualified official examiners as lecturers.

Awareness-raising and Promotion

In Journal Murata, our company newsletter, we present an annual feature for Environment Month. At the same time, we introduce the theme for a company-wide initiative, provide information on our state of progress and strategies, and provide examples of successes. In addition, we regularly provide a column for introducing and explaining key words related to environmental preservation in simple terms. In addition, we make plans to raise the awareness of our employees concerning environmental preservation.

Also, we have expanded our company award system with our Global Environmental Protection Promotion Award, an achievement award that recognizes employees who have made a significant contribution to environmental preservation. To date, four environmental initiatives have been recognized with this award.

