



# Suppliers

Murata observes all laws and ordinances in its purchasing, and expects the same compliance, along with due consideration for the community and environment, by its suppliers as they conduct their corporate activities. We believe that CSR procurement helps to build mutual trust and prosperity.



- Purchasing Policies
- Audits into the Legality, Effectiveness and Propriety of Purchasing Operations, at Group Companies in Japan and Abroad
- Two Channels for Consultation on Improper Conduct
- Basic Attitudes that Murata Requires of Suppliers (Outline)



## Basic Approach to Purchasing

### A Purchasing Policy Based on Fairness, Impartiality and Sincerity

At Murata, we believe it is important to establish relations of mutual trust and prosperity with our suppliers. In our purchasing operations, we ensure a spirit of courtesy, fairness, impartiality and sincerity, respect for laws and ordinances, avoidance of private conflicts of interests, and conformity with social

ethics. Throughout the supply chain, we try to ensure that our corporate activities take into account community and environmental needs. Murata has compiled a business transaction guidebook summarizing basic approaches to purchasing and transaction methods, which we circulate among

suppliers. We have also established a dedicated website for suppliers, and provide detailed information essential to supplier dealings such as a quality management manual, a Green Procurement Standards sheet and consultation services.

## Legal Compliance in Purchasing

### Thorough Legal Compliance in Our Training, Operational Diagnoses and Systems

As a company with a compliance-oriented management, Murata insists on observance of laws and ordinances relating to purchasing. In particular, we organize annual briefing sessions to give employees a full understanding of the terms of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Law\*) to prevent violations due to lack of awareness. In fiscal 2008, we held a total of 24 briefing sessions on the Subcontract Law, with 278 attendees from purchasing-related departments. We also held one

session on legal and contract-related matters for persons in charge of purchasing, with 24 attendees. We aim to raise employee awareness of these issues through regular sessions in the future. We also aim to preempt legal violations by bringing all purchasing operations of the Company under a single, integrated management system. Internal operation diagnoses are also carried out to check whether purchasing operations conform with in-house regulations and rules, based on the relevant laws and ordinances.

Memo

#### \*About the Subcontract Law

The Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Law) prohibits the outsourcer from using its advantageous standpoint to the detriment of the legitimate interests of the subcontracted business operator.

Message

### Working with Suppliers to Fulfill Our Responsibilities to the Community

Sustainable CSR procurement is a priority for Murata. In this endeavor, the cooperation of suppliers is indispensable. We have required suppliers to comply with all items in Basic Attitudes that Murata Requires of Suppliers, with particular attention given to observance of laws, ordinances and social norms. We aim to work together with suppliers in fulfilling social responsibilities, with suppliers fully observing laws and social norms in countries and regions where business activities are carried out.



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## CSR Procurement

### Requiring CSR Procurement of Our Suppliers

As a company with global operations, we demand respect for CSR throughout the supply chain, including suppliers. In materials procurement, we require suppliers not only to give consideration to the environment through green purchasing, but, since 2005, have also

considered human rights and occupational health/safety records at suppliers as part of CSR procurement. We require suppliers to take positive measures with regard to CSR. In a selection of suppliers, decisions take account of candidates' CSR record, as provided

in the business transaction guidebook, which sets conditions for selection of suppliers. With regard to CSR procurement, we aim to extend unified standards to all our business bases including overseas units, only some of which are now covered.

### Working with Suppliers to Improve Product Quality

By providing guidance enabling suppliers to continuously improve quality themselves, Murata increases the quality of product procurement (raw materials and equipment), enabling it to keep up and improve its own product quality levels.

When the number of abnormalities discovered in products from a supplier reaches a certain level, Murata discusses the matter with the supplier and sets improvement topics and targets. Progress reports are compiled regularly. Murata also

performs annual or more frequent analyses and appraisals of quality management competence, responsiveness to cost, lead time and technology requests, and financial position. We pinpoint overall points for improvement and develop topics.

