



Murata Group

# CSR Report 2009

# CSR Report 2009

We aim for Murata's technologies and products to enrich various aspects of life in societies around the globe. The Company is always considering what further contributions it can make for people and for the planet.

## About This Report

### Purpose of This Report and Editorial Policies

The *Murata Group CSR Report* is issued to deepen the understanding of, and to enhance communications with, all stakeholders with regard to the Murata Group's corporate social responsibility (CSR), and its endeavors in this field. The main themes of this report are the basic policies for Murata's CSR activities, targets and principal initiatives for FY2008, performance in response to these targets, and future plans. For more detailed information, case studies, environmental performance and other data, please refer to the Murata website. Environmental data by business site and the initiatives unique to each site are available in the CSR Report by business site, as posted on the Murata website. For more detailed financial data, please refer to the Investor Information section.



←Click to access data on the Murata website.

### Target Period

This document covers the Murata Group's activities and accomplishments for fiscal 2008, spanning the period from April 1, 2008 to March 31, 2009. However, some portions of this document address initiatives outside this defined period.

### Scope of This Report

This report encompasses the activities of the Murata Group, which comprises Murata Manufacturing Co., Ltd., and its 75 subsidiaries and affiliates inside and outside Japan.

### Reference Guidelines

Environmental Reporting Guidelines, 2003 Edition and 2007 Edition, of the Ministry of the Environment, Japan Sustainability Reporting Guidelines 2002 (2nd Edition) and 3rd Edition of the Global Reporting Initiative (GRI)

### Publication History and Future Issue Plans

The Murata Group began publishing its CSR Report in 2005. The next CSR Report is slated for publication around June 2010.

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## Future Forecasts, Plans and Targets

In addition to past and current performance, this report includes future forecasts, predictions, plans and other information. Such forecasts, plans and targets are made on assumptions and judgments based on information available at the time of publication. Accordingly, the results of future operating activities and future phenomena may differ from forecasts, predictions and plans in this report. The understanding of readers regarding such disparities is greatly appreciated.

## Company Outline

Trade Name	Murata Manufacturing Co., Ltd.
Date of Incorporation	December 23, 1950 (Established October 1944)
Paid-in Capital	¥69,377 million (as of March 31, 2009)
Stock Exchange Listings	Japan: Tokyo, Osaka Overseas: Singapore
Headquarters	10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto 617-8555, Japan
Branch	Tokyo Branch (Shibuya-ku, Tokyo) Yokaichi Plant (Higashiomi-shi, Shiga) Yasu Plant (Yasu-shi, Shiga) Yokohama Technical Center (Midori-ku, Yokohama-shi, Kanagawa) Nagaoka Plant (Nagaokakyo-shi, Kyoto)
URL	http://www.murata.co.jp



# Murata in Daily Life

## We Work to Support Electronics in Society from Behind the Scenes

The electronic components made from Murata's creative technologies are embedded in the unseen parts of electronic products. But these small products play a big role, making life more comfortable, convenient, and secure. Murata electronic components are working hard behind the scenes.

Murata's electronic components are packed tightly into various types of electronic products. For example, monolithic ceramic capacitors are installed in practically every electronic device, storing power, interrupting DC power and conducting AC power. A mobile phone has over 200 of these components, and a computer more than 700. In this way, Murata electronic components enhance the

performance, features, miniaturization, and safety of products used around the world, such as mobile phones, computers, automobiles, and digital home electronics. Murata's revolutionary technology and stable supply of electronic components play a supporting role for electronics companies and for people in their daily lives.

## Major Products by Application

### Automotive electronics

Ceramic Capacitors for Medium Voltage, Ultrasonic Sensors, Ceramic Discriminators, SAW Resonators, Ceramic Filters (CERAFIL®) for TPMS, Ceramic Resonators (CERALOCK®) for CAN-BUS

### Mobile communications

Chip Dielectric Antennas, Boundary Acoustic Wave Filter, SAW Filters, SAW Duplexers, SWITCHPLEXER®, Bluetooth® Modules, GPS Modules

### Computers

Chip Ferrite Beads, EMIFIL®, Chip Inductors (Chip Coils), Chip Common Mode Choke Coils, Chip Monolithic Ceramic Capacitors, POSISTOR® for overcurrent protection, POSISTOR® for overheat sensing, Shock Sensors

### Digital Home Electronics

Piezoelectric Vibrating Gyroscopes (GYROSTAR®), Terrestrial Digital Tuners for Mobile Phones, DC-DC Converters, Wi-Fi Modules

### Automobiles

Ultrasonic Sensors increase drivability, environmental performance, and safety, working as resonators for LAN systems—a car's "nervous system"—and as obstacle detectors in rear sonar systems.



Ultrasonic Sensors

### Mobile Phones

We provide key technology for mobile phones, including internal antennas, filters that extract only the desired input/output signals, transmission/reception switches, and communications modules.



Filters



Communications Modules

### Computers

Chip Monolithic Ceramic Capacitors, which deliver stable power supply to the micro processing unit at the heart of a computer, electromagnetic noise suppression filters for circuits, and cards for wireless communications contribute to computer compactness, performance, and multifunctionality.



Chip Monolithic Ceramic Capacitors

### Digital Cameras

No more blurry pictures caused by camera shake when the shutter release button is pressed. Gyro Sensors make this technological advance possible.



Gyro Sensors

### Flat-screen TVs

Murata's power supply design technology has made possible ultra-slim power supplies, contributing to the compactness of flat-screen TVs.



Switching Power Supply for Flat-Panel TVs

# Murata Global Network

## Operating 75 Sites in 18 Countries

Some 75% of Murata's electronic components are sold outside of Japan.

Murata has operation centers worldwide in order to respond appropriately and swiftly to the global manufacturers who depend on Murata.

### Europe

**Net Sales: 580 Billion**  
**15 Affiliated Companies:**  
**541 Employees:**



*affronter avec MURATA les nouveaux défis qui se présentent à notre civilisation.*

Murata Electronique SAS has gradually shifted its focus from the telecom to automobile-related business in recent years. In response to the expected trend toward eco-friendly vehicles, we are working closely with automobile manufacturers to develop auto-emissions control technologies, including piezo stack injectors for diesel engines. We all intend to do our best to stay at the cutting-edge of technological development.

**Remy Subreboast**

Sales Manager, Direct Sales  
 Murata Electronique SAS

*For a dynamic and vibrant organisation*

Murata Electronics Singapore has provided sales support in ASEAN countries, as well as in India. We are committed to reforming our corporate culture, incorporating reform subjects in our management policy. I believe that, by working enthusiastically to reform and improve the corporate culture, we can enhance business performance and also grow ourselves in non-business terms.

**Laang Jhe Mean**

General Manager, Quality Control Department  
 Murata Electronics Singapore (Pte.) Ltd.

### Asia

**Net Sales: 3,051 Billion**  
**21 Affiliated Companies:**  
**10,135 Employees:**



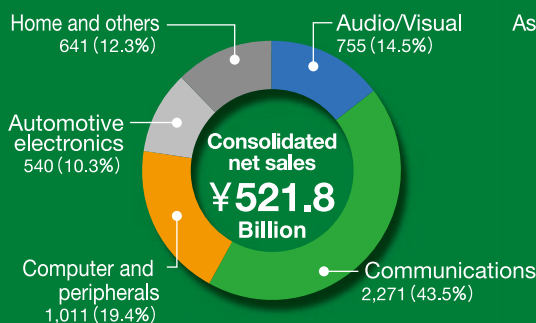
*one world one dream*

With sales in greater China accounting for a considerable portion of Murata's total sales, Murata (China) Investment serves as an engine of the Group-wide growth in business related to mobile devices and PCs. In 2006, we launched a field application engineering (FAE) team, which is working on technical support for equipment manufacturers, and promotional activities targeting IC manufacturers and design houses. I earnestly hope that our activities in China will open up a path to a new age of world business.

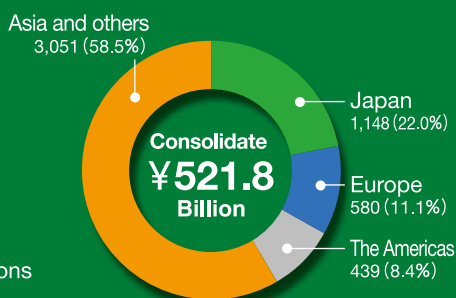
**Wilson Lee**

Sr. Manager, Field Application Engineering,  
 Greater China Marketing Group,  
 Murata (China) Investment Co., Ltd.

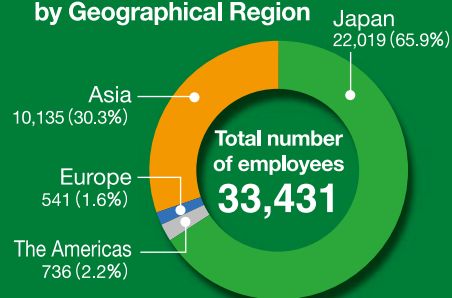
#### ■ Sales by Application



#### ■ Sales by Area



#### ■ Number of Employees by Geographical Region



\*Sales by application and area represent net sales of electronic components and related products.

# Japan

**Net Sales: 1,148 Billion**  
**25 Affiliated Companies:**  
**22,019 Employees:**



## 新しい付加価値を!

At the Head Office of Murata Manufacturing, we develop new products to always offer new value to our customers. The Head Office also serves as the base for development of new materials and processes as well as new production technologies, all of which are required for creating new products. In cooperation with sales offices around the world, we gather global market information, so as to produce useful products for our customers.

**Kazuhiro Iida**

Products Dept. 1,  
 Communication Module Division  
 Murata Manufacturing Co., Ltd.

# America

**Net Sales: 439 Billion**  
**14 Affiliated Companies:**  
**736 Employees:**



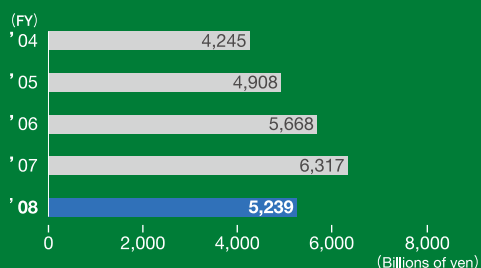
## Expand our technical design in support to increase our value to the customer.

Recently, many customers have come to require suppliers not only to improve components, but also to provide engineering support. To offer services that exceed customer expectations, Murata Electronics North America has continuously reinforced local engineering support, with particular focus on total application solutions. Our company's highly-skilled team has continued efforts to produce what is truly valuable for customers, so that we can clearly differentiate ourselves from our competitors.

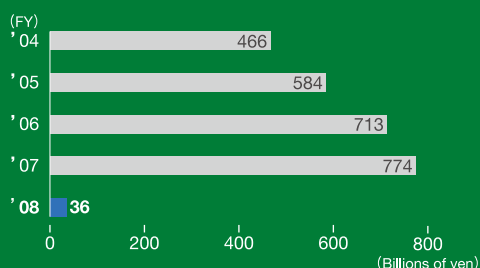
**Peter N. Tiller, Jr.**

Sr. Group Product Manager, Device Products Group  
 Murata Electronics North America, Inc.

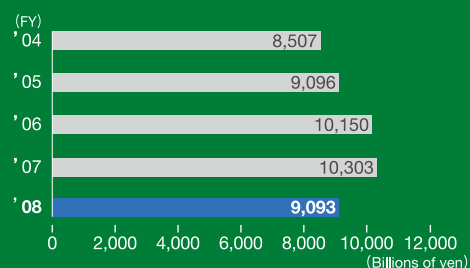
### ■ Net Sales



### ■ Net Income



### ■ Total Assets



# Message from Top Management

Conducting Business Inspiring Wonder and Excitement in Our Customers,  
and Inspiring Satisfaction and Growth in Our Employees, by Applying our Company Philosophy

## Contributing to Society through Business by Practicing Our Company Philosophy

In 2009, Murata celebrates its 65th anniversary. Since its founding, the Company has operated with a determination to contribute to social development through its business as an electronics component manufacturer. This determination is represented in Murata's Philosophy, which has provided all our employees with clear standards for thinking and behavior.

Murata's Philosophy includes the concepts of "contributing to cultural development," "promoting corporate development and the mutual prosperity of those working with us," and "managing with appreciative people." These concepts reflect today's principles of corporate social responsibility (CSR). At Murata, CSR means putting these philosophies into practice through our business operations.

## Placing the Highest Value on Customer Satisfaction and Employee Satisfaction

Murata aspires to be an "Innovator in Electronics®"—a company that always provides customers and society with new value so as to continue to be chosen by society. In fulfilling this vision, Murata has managed its business placing the highest value on customer satisfaction and employee satisfaction. By offering products and services that exceed expectations of our customers, we strive to be a company that inspires wonder and excitement among customers. Employee satisfaction is the driving force behind customer satisfaction. Murata strongly believes that employee satisfaction can be achieved by ensuring that each and every employee is well motivated to work and grow, and takes pride in working with the Company.

## Focusing on Preventing Global Warming

Murata has conducted its business focusing on environmental issues, including prevention of global warming, waste reduction, and chemical substance measures. In particular, we are committed to reducing CO<sub>2</sub> emissions to prevent global warming, which is on the top of the social agenda. Beginning in this fiscal year, the Global Warming Prevention Subcommittee of the Environmental Committee has been reorganized into the Special Committee on Global Warming. While further visualizing on CO<sub>2</sub> emissions in production processes, we will continue the Company-wide efforts to reduce CO<sub>2</sub> emissions and improve production processes, from the perspectives of experts in production, design, and development.

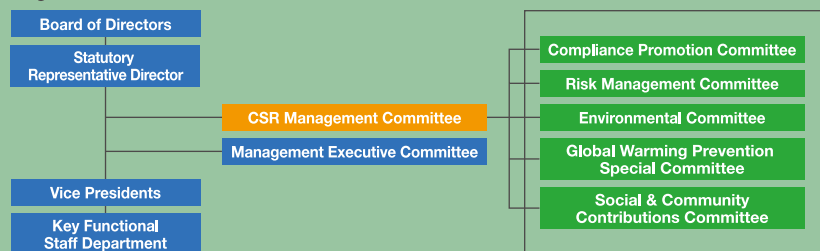
## Reorganizing and Integrating the CSR-related Committees

In fiscal 2008, we established our CSR Committee to discuss how to meet social requirements. In fiscal 2009, we have reorganized the Committee into the CSR Management Committee, which integrates relevant committees addressing separate CSR themes. Under the initiative of the newly established Committee, we will promote well-coordinated CSR management throughout the Company, in a continuous and systematic manner.

President  
Statutory Representative Director



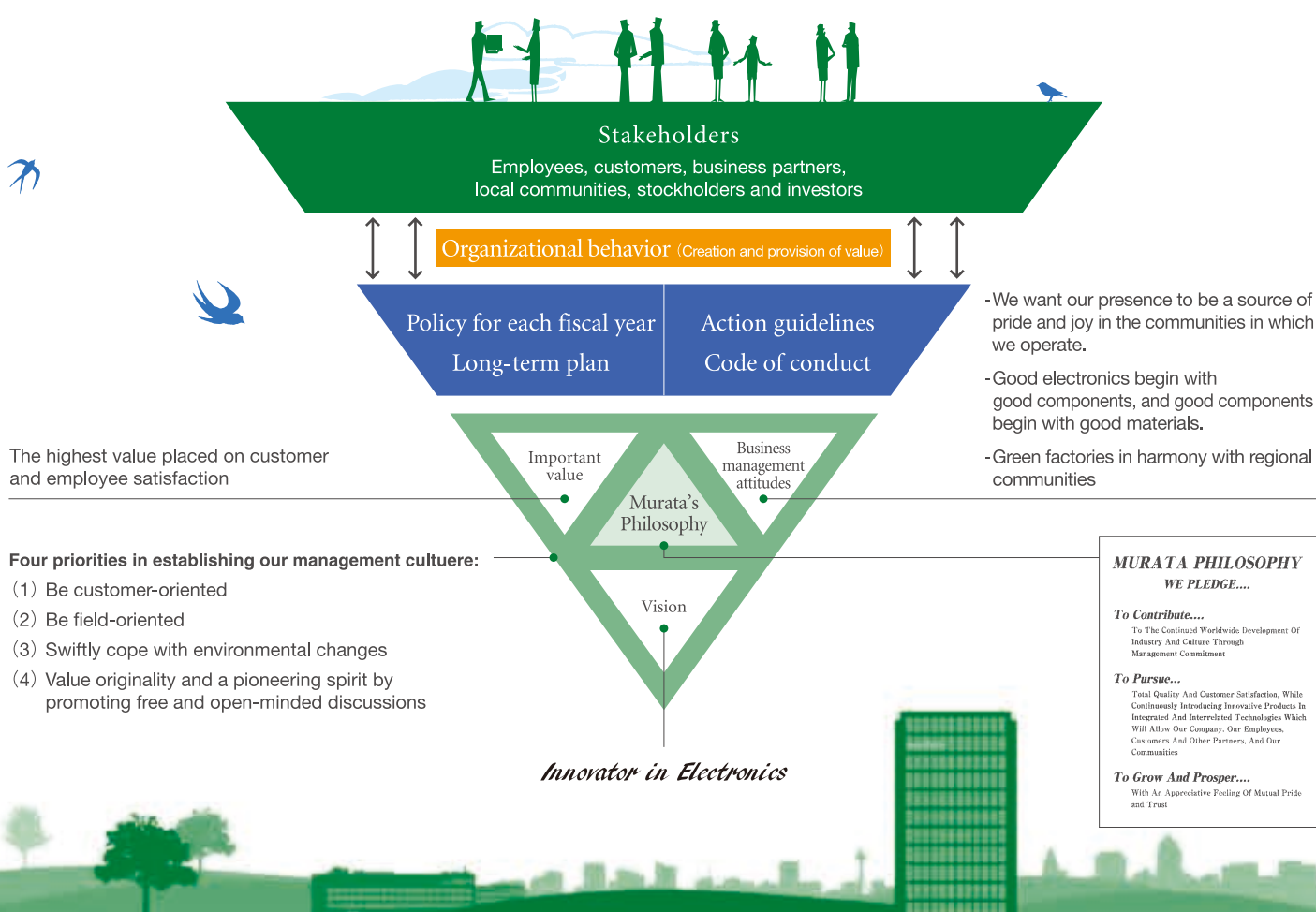
Organizational chart of CSR-related committees





## Murata's CSR Activities through Application of Its Philosophy

Since its inception, Murata has pursued the ambition of contributing to social development. We formulated the System of Management Philosophy to share this ambition across the Murata Group, accommodating the needs of today.



### CSR Charter (Outline)

In realizing its vision of being an "Innovator in Electronics®," Murata focuses on customer satisfaction and employee satisfaction, which are both important for the Company. Specifically, this means creating and delivering new values for customers so that we continue to be chosen by society and fill our ranks with employees who are proud to work with us.

In line with its management 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 the CSR Charter, as the norms to be observed by all those working at the Company.

(April, 2009)

- ◎ **Corporate governance** We will fulfill accountability and enhance management 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.

# Social and Environmental Targets and Results

To practice its management philosophy, Murata carries out various measures to address prioritized themes, and works for continuous improvements.

## Establishment of Social Targets for Fiscal 2009

Murata strives to obtain social trust, by fulfilling its social responsibilities through CSR activities. We have prioritized themes and clarified policies to work on social issues. As for the social aspect of CSR, we have reported on our activity results thus far. Since fiscal 2009, annual targets have been set up to promote such activities. These targets are subject to deliberation by the CSR Management Committee, and then Group-wide measures are taken to achieve these targets.

## Efforts to Achieve Goals of Environmental Action Plan

Murata has formulated its 4th Environmental Action Plan, in order to reduce environmental impact in stages, with 2010 as the target year. The Group carries our annual action plans to facilitate achievement of the 2010 goals.

### ■ Results for Fiscal 2008

In fiscal 2008, we strived to achieve targets set for 29 items. Generally we were able to make progress as planned, but we have not yet reached our targets for two items. One is the reduction of the water consumption per unit of net production in domestic sites. Although our target was at least 45% reduction compared with fiscal 2000 levels, the result was 33%. The other is the reduction of CO<sub>2</sub> emissions from distribution per unit of net production in Japan compared with fiscal 2000 levels. We reduced the CO<sub>2</sub> emissions by 29%, whereas our target was at least 36%.

### ■ Targets for Fiscal 2009

To achieve the goals of the 4th Environmental Action Plan with fiscal 2010 as the target year, we will redouble our Group-wide efforts. For fiscal 2009 we are planning to further strengthen our environmental initiatives, notably by setting up the targets of integrating the environmental management systems (EMSs) of Japan and China, and of reducing the total volume of CO<sub>2</sub> emissions.

### ■ Social Activity Targets for Fiscal 2009

Item	Activity Theme	Targets for FY2009
Developing Internal Control System	Promoting development of internal control system in compliance with corporation law	Develop internal control over financial reporting in compliance with the Financial Instruments and Exchange Law, as well as continuously promote operational standardization, visualization, improvement and reforms; and enforce compliance and risk management by establishing and running an internal control system aimed at ensuring appropriateness of operations.
	Enhancing monitoring functions	Improve monitoring functions through implementing internal audits by independent third parties and defining the audit scope based on risk approach, so as to increase transparency and effectiveness.
Promoting Compliance	Enhance the compliance system at all operating sites	Enhance the compliance system in accordance with internal control and increase the system's effectiveness at all operating sites.
	Re-establishing the compliance system	Further enhance the compliance system through its systematization and re-establishment in conformity with Murata's management characteristics.
Strengthening risk management	Establishing BCPs	Establish Business Continuity Plans (BCPs) (Ensure that each Group company establishes BCPs in preparation for earthquakes and influenza pandemic) .
	Strengthening information security	Strengthen information security (Implement Company-wide information leakage prevention measures focusing on IT) .
Shareholders and Investors	Strengthening social contribution activities	Promote social/regional contribution activities mainly in priority fields.
		Organize systems and develop in-house networks to promote social contribution activities.
Suppliers	Promoting CSR procurement	① Promote exchange of agreements with suppliers to obtain their understanding of and support for Murata's CSR procurement policies. ② Hold CSR workshops for suppliers (to understand Murata's CSR procurement policies) .
	Strengthening the procurement compliance system	Implement in-house training programs and operational diagnosis to strengthen the procurement compliance system Group-wide.
Employees	Personnel system and human resource development	Continue to implement the system to enable employees to select career paths according to aptitude.
	Equal opportunities and workplace diversity	Promote the reemployment program for retirees.
		Continue to expand career opportunities for women.
	Respect for human rights	Promote education and awareness-raising programs to prevent harassment.
	Creating a relaxing working environment	Enhance and establish a system to help employees strike a balance between work and family life (work-life balance) .
		Promote measures to reduce total working hours and promote diverse ways of working.
		Re-establish a benefit package.
	Promoting occupational health and safety	Establish an occupational health and safety management system.
	Disseminating and improving human resource development policies	Promote manufacturing education.
		Hold training to improve management skills and practice PDCA.

■ 4th Environmental Action Plan: Targets and Results for Fiscal 2008 and Plans for Fiscal 2009 (Quotation)

Major Activities		Targets for FY2008	Results for FY2008	Achievement	Targets for FY2009
Environmental Management	Environmental Management System	Established Eco-Factory evaluations for domestic plants, and implemented test evaluations	Established Eco-Factory evaluations for domestic plants, and implemented test evaluations.	○	<ul style="list-style-type: none"> <li>Implement Eco-Factory evaluations for overseas affiliate companies.</li> <li>Start operations of the environmental cost management system overseas.</li> </ul>
	Environmentally conscious design	Continue product assessments	<ul style="list-style-type: none"> <li>Moved ahead with eco-friendly design and development, including product miniaturization and low power consumption as well as resource- and energy-saving in manufacturing processes.</li> <li>Compiled data on environmental impact of each product during its manufacturing.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue product assessments.</li> <li>Prepare for introduction of product assessments taking into account environmental impact in each stage of product life-cycle.</li> </ul>
		Initiated life-cycle evaluation method training for developers			
		Comply with Europe's EuP Directive			
		Establish a system to conduct an LCA for each product			
	Reducing use of environmentally hazardous substances in products	Revise list of RoHS exemptions Conduct development and evaluations of alternative products	Technologies to replace lead contained in glass with its alternative component being developed, as a priority project.	○	Revise list of RoHS exemptions, and conduct development of alternative products and prepare for conversion to them.
		Polyvinyl chloride (PVC) Set reduction targets and conduct development and evaluations of alternative products in order of their priorities	Set reduction targets for polyvinyl chloride (PVC), and development of alternative products under way, in order of their priorities.	○	Conduct development and evaluations of alternatives to polyvinyl chloride (PVC), and prepare for conversion to them, in order of priorities.
		Brominated flame retardant Conduct development and evaluations of alternative products	Continued development of alternative products and achieved mass production of some alternative products.	○	Conduct development and evaluations of alternatives for brominated flame retardant, and prepare for conversion to them.
	Reducing use of packaging materials and conserving	Reduce amount of taped packaging used for chip monolithic ceramic capacitors and chip ferrite beads per unit of production amount at domestic sites by at least 45% relative to FY2000	Reduced the amount by 49% relative to FY2000.	○	Reduce amount of taped packaging used for chip monolithic ceramic capacitors and chip ferrite beads per unit of production amount at domestic sites by at least 47% relative to FY2000.
		Reduce CO <sub>2</sub> emissions from distribution per unit of net production in Japan by more than 36% relative to FY2000	Reduced CO <sub>2</sub> emissions by 29% relative to FY2000.	×	Reduce CO <sub>2</sub> emissions from distribution per unit of net production in Japan by at least 37% relative to FY2000.
Eco-Friendly Business Activities	Global warming prevention	Reduce CO <sub>2</sub> emissions per unit of net production in Japan by at least 35% relative to FY1990	Reduced 37% compared with FY1990	○	Reduce CO <sub>2</sub> emissions per unit of net production in Japan by at least 35% relative to FY1990 *A new target will be discussed by the Special Committee on Global Warming Prevention.
	Conserve resources and "Reduce, Reuse, Recycle" waste	Reduced total waste emissions per unit of net production in Japan by at least 45% relative to FY2000	Reduced total waste emissions by 48% relative to FY2000.	○	Reduce total waste emissions per unit of net production in Japan by at least 50% relative to FY2000.
		Attain a waste recycling rate of at least 80% at overseas plants	Attained a waste recycling rate of 82%. (Zero-emission targets attained at Beijing, Taiwan and Malaysia sites.)	○	Attain a waste recycling rate of at least 90% at overseas plants.
		Reduced water consumption per unit of net production in Japan by at least 45% relative to FY2000	Reduced water consumption by 33% relative to FY2000.	×	Reduce water consumption per unit of production in Japan by at least 50% relative to FY2000.
	Managing and reducing environmentally hazardous chemical substances used in production processes	Formulate policies to reduce atmospheric emissions of VOCs by at least 20% relative to FY2000	Reduced atmospheric emissions of VOCs by 12% relative to FY2000.	○	Reduce atmospheric emissions of VOCs in Japan by at least 20% relative to FY2000 by taking measures according to the guidelines for reducing VOCs.
		Reduce atmospheric emissions of PFCs in Japan by at least 45% relative to FY2002	Reduced atmospheric emissions of PFCs by 47% relative to FY2002.	○	Reduce atmospheric emissions of PFCs, which are greenhouse gases, in Japan by at least 53% relative to FY2002.
	Risk management	Maintain a system for remediation of soil and groundwater pollution and maintain a system with minimal environmental risk	Implemented remediation measures at applicable sites, as planned.	○	Maintain a system for remediation of soil and groundwater pollution and maintain a system with minimal environmental risk.
Social Activities	Community / social contribution activities	Begin Murata Forest conservation activities	Implemented Murata Forest conservation activities monthly. (Total of participants: 320)	○	Continue Murata Forest conservation activities.
		Continue implementing environmental education programs for elementary and junior high school children	Implemented environmental education programs by 21 plants/affiliate companies for about 4,300 children at 65 schools.	○	Continue implementing environmental education programs for elementary and junior high school children and participating in environmental fairs, etc.
		Continue developments under the Mid-Term Greening Plan	Continued developments under the Mid-Term Greening Plan.	○	Continue developments under the Mid-Term Greening Plan.
		Obtain the Social and Environmental Green Evaluation System (SEGES) certification	Obtained the SEGES certification for a total of 6 domestic sites, including Kanazawa Murata.	○	



# Future Applications

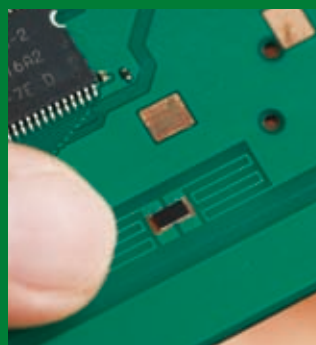
Murata concentrates its strength on technological development for a bright future under the slogan of “Innovator in Electronics®,” contributing to society through electronics and its innovations.



## Using high-frequency technology, MAGICSTRAP® expands the range of the possibilities of RFID

Radio-frequency identification (RFID) is used for identification of individuals and objects. This technology enables several sets of information to be transmitted and received simultaneously at a distance. RFID is being put into commercial use in various applications such as logistics and inventory management. It will also ensure traceability of electronic products from manufacture to disposal. In this area, however, the introduction of RFID is still at the beginning stage due to problems associated with mounting space and high-frequency circuits. Murata has met these challenges with our high-frequency technology and low-temperature firing of multilayer ceramics, and has successfully commercialized RFID under the trade name of MAGICSTRAP®.

In common RFID solutions, the antenna is designed to play four roles: ① radiation and reception of radio waves transmitted through space, ② efficient signal transmission between antenna and IC, ③ selection of a center frequency of radio waves for transmission to IC and ④ selection of a bandwidth of radio waves for transmission to IC. MAGICSTRAP® carries out three of these functions (②, ③ and ④). This solution makes it possible to use the ground plane of a PWB, or even a metal structure, as an antenna. This technology facilitates the introduction of RFID to various aspects of daily life.



The development staff of MAGICSTRAP® dream of realizing a ubiquitous computing society. For example, you could install an RFID reader at the entrance of your residence, which would warn you if you have forgotten your commuter rail pass. It is very exciting to think about such future possibilities.



**Ikuhei Kimura**  
Business Planning Dept.,  
Technology & Business  
Development Unit  
Murata Manufacturing Co., Ltd.

## Ranging from Lifecycle Management of Electronic Products to Overall Logistics Management

Today, electronic products need to be controlled through their entire lifecycle from manufacture to distribution and to disposal. By mounting MAGICSTRAP® tags on PWBs, management of individual units becomes easy. This technology is effective against illegal dumping and facilitates prompt and efficient recall processes. For example, it enables an operator to read information at once from several tens of electronic boards packed in a cardboard box, thereby reducing management time and labor. Furthermore, consistent information control made possible by MAGICSTRAP® in production and distribution processes will eliminate wasteful overproduction and over-distribution, thus contributing to resource savings throughout society.



## Change in Thinking: A Microblower has brought a change in cooling

Following the miniaturization and higher-density mounting of electronic products, notably PCs, heat generated inside units has become a serious problem, because heat damages IC and other principal sections of circuitry. The conventional measures in this regard include the installation of a heat sink and fan motors. Problems associated with these devices are that they require a large space in the unit and they are power hungry. First of all, heat sinks and fan motors go against the trend toward miniaturization. The piezoelectric microblower developed by Murata is a precise solution to these problems. A fan motor is an electric fan operating on the same principle, while the microblower operates on the same principle as that of a bellows. Using ultrasonic vibrations, this device generates a high discharge pressure at its precision-machined nozzle. With dimensions of 20 mm × 20 mm × 1.85 mm, substantially small and low-profile compared with motorized fans, the microblower delivers an air discharge pressure of 1.3 kPa or more, several hundred times higher than that of a motorized fan. Its power dissipation is only half or less than that compared to a common motorized fan, plus it produces no electromagnetic noise.



Most members involved in the development of the microblower are in charge of Murata's production equipment. They are excellent at grinding workpieces and molding objects to micrometer-based specifications. The shape of the microblower nozzle is a result of their expertise and pride.

Yasumichi Nakamura  
Business Planning Dept.,  
Technology & Business  
Development Unit  
Murata Manufacturing Co., Ltd.



## Contributions to Miniaturization and Long Life, plus to Commercialization of Fuel Cells

The microblower is based on the concept of blowing heat away with air pressure. The device's effectiveness increases with increasing miniaturization of units. Moreover, its simple structure, incorporating no blade, bearings or other parts subject to wear, contributes to extending the service life of electronic equipment. The microblower is promising in applications to small mobile devices as well as to digital video and still cameras. In its initial development stage, it was devised as auxiliary equipment to feed air to compact mobile fuel cells. When it becomes widely used in that area, the microblower will provide substantial benefits to next-generation energy supply.





# Creating a Forest for the Future

To protect the global environment, we need to realize a sustainable society and pass it on to future generations. As part of our efforts to achieve this, Murata strives for forest conservation.

## Murata Forest Activities

On April 18, we held fiscal 2009's first session of the forest conservation activities, in warm, sunny conditions, in the "Murata Forest" located in Miyazaki-cho, Kameoka City, Kyoto Prefecture. The Murata Forest program is aimed at forestation to contribute to global warming prevention. The program is also intended to help our employees and their families have a sense of accomplishment and satisfaction, by offering opportunities to engage in forest preservation and various other activities. To launch the program, an agreement was concluded in July 2007 among the Kyoto Modellforest Association, Kyoto Prefecture, Kameoka City and Murata. After due coordination with local conservation groups and other parties concerned, we have carried out the Murata Forest program almost monthly, since June 2008. The program held on April 18 involved 68 voluntary participants, comprising employees and their families. Under the guidance of members from local forestry cooperatives, Kyoto Prefecture and Kameoka City, participants enjoyed oyster mushroom fungus planting, after forest improvement activities, including tree thinning. They had a very good time

participating in forest conservation activities, as exemplified by their comments. These include: "I've participated in all the Murata Forest programs held so far, I'm happy to see that forest growing up more every time I come here." "I felt that I should join this program, as I'm working on environmental activities at the Company." "I came here because I hope for my child to have various experiences."

Toyama Murata Manufacturing also started its Murata Forest program in November 2008, at the entrance of the Tateyama Mountain Range, in Kamegai, Toyama City. Participants planted 100 seedlings of Siebold's beech in a forest that had suffered damage by ambrosia beetles (*platypus quercivorus Murayama*). Even if we plant 100 seedlings, only two or three will be able to grow into large trees. It takes 50 or 100 years to restore and grow a forest. Murata will continue to encourage employees to work on voluntary and sustainable activities, including forest conservation.



The area where the undergrowth and dead twigs were cleared away was used for mushroom cultivation.



Seedling planting by Toyama Murata Manufacturing employees and their families. Since their growth is a very gradual process, seedlings should be cared for on a long-term basis.

## Aiming at Activities in Which We Can Refresh Ourselves While Reviving Forests

To launch the Murata Forest program, we were first very careful in choosing the place for the activities, so that the program would attract as many participants as possible. We therefore looked around various places searching for an ideal location, and finally found the present location of "Murata Forest." Along with convenient access and facilities, this location features the warm hospitality of local residents, creating an atmosphere that makes us

feel like we're at our grandparent's country home. Since the Murata Forest program began just two years ago, participants have still struggle with handling unfamiliar tools. However, they have learned the importance of forest conservation and the pleasure of working while enjoying fresh forest air, also gaining many valuable lessons from this program. We will steadily continue the Murata Forest program, aiming to make it more enjoyable so that we can refresh ourselves while reviving the forest.

Environmental Management Dept.  
Murata Manufacturing Co., Ltd.

From left to right  
in the back row:  
Hideo Kamino  
Masato Nishimura

From left to right  
in the front row:  
Kayo Nakata  
Keiko Hosomi



## Education to Raise Children's Environmental Awareness

Murata not only takes into account environmental needs in conducting business and supplying products, but also makes a positive environmental contribution through its social activities. One example is our environmental education programs for elementary and junior high school students. At Murata's Head Office as well as local business locations, we hold environmental lessons on such themes as "global warming" and "3R (reduce, reuse, and recycle) activities," in cooperation with elementary and junior high schools in respective regions.

Murata employees visit schools as lecturers to give these environmental lessons. In response to requests from local schools, we also invite children to our sites, where they observe first-hand how our energy-saving and waste separation measures are implemented. Taking Tome Murata Manufacturing as an example, up until 2008, the company has provided environmental lessons for about 200 pupils of six elementary schools. The immediate goal of Tome Murata is to invite children of all the 27 elementary schools located in Tome City.



Our environmental classes, held in the form of quizzes, are designed to promote children's active participation. These classes sound so lively and interesting that some employees working in nearby rooms come to see the classes.



# Imparting the Wonders of Science

Science makes us wonder and feel excited, helping us create a better future. With the help of our original robots, MURATA BOY and MURATA GIRL, we show children throughout Japan how wonderful science is.

## MURATA GIRL Made Her Debut!

MURATA BOY, the ever-popular original character of Murata, was unveiled in 2005. As a bicycling robot without parallel in the world, we have actively demonstrated MURATA BOY in education programs. In such events, we had been asked many questions, such as “Can he ride a unicycle?” and “Why is there a MURATA BOY but no MURATA GIRL?” In response, we have developed MURATA GIRL, a younger cousin of MURATA BOY. As Murata’s new character, MURATA GIRL made her debut in 2008.

While MURATA BOY is a bicycling-riding robot with one gyro sensor that enables postural control in the horizontal direction, MURATA GIRL is a unicycle-riding robot with two gyro sensors that enable postural control in all directions.

To incorporate ideas from women’s perspectives, three women employees working at our Yasu Plant were put in charge of character creation

and external design of MURATA GIRL, despite the fact that they were not professional designers, though they were graduates from art universities. Usually, component manufacturers have little opportunity to show their products to many people. MURATA BOY and MURATA GIRL are therefore important means of presenting Murata employees’ achievements.



Many discussions were held between designers, who wished to give MURATA GIRL the image of an active and cute girl, and engineers, who had to incorporate complex mechanisms in her body.

## A Robot That Looks Cute from Women’s Perspective

The three women employees are usually engaged in CAD for machine design. When they are asked to handle the external design of MURATA GIRL, they were so astonished that they thought it was some kind of joke. “MURATA GIRL is active but shy. To express such a personality, we asked engineers to incorporate a function that makes her appear flushed when she feels shy.” “We wanted MURATA GIRL to be appealing, to be a robot that everyone would want to cheer on.” “She wears a big dress, because it is full of dreams!”

Production Engineering  
Development Dept. 2,  
Production Engineering Unit  
Murata Manufacturing Co., Ltd.

From left:  
Miyako Kabumoto  
Mitsuko Hashizume  
Yukari Kimura



## Classes to Stimulate Children’s Interest in Science

MURATA BOY and MURATA GIRL play major roles in science classes held for schoolchildren to impart the wonders of science to them. In recent years, we have faced the problem of children moving away from science in Japan. In response to this problem, since 2006 Murata has offered such lessons at our Head Office, factories, subsidiaries, and in their neighborhoods. In fiscal 2008, the Murata Group held a total of 102 science lessons. Specifically, Tokyo Branch held electronic handicraft classes at CEATEC JAPAN 2007. In 2009, 40 children were invited to the Tokyo Branch office, where they worked on

manufacturing line trace cars using soldering irons. Employees of Izumo Murata Manufacturing take MURATA BOY and MURATA GIRL to local elementary schools to give science classes for children. We were pleased to hear children’s comments such as “I’m going to enjoy science” and “I’ve begun to find science classes at school more interesting.” A mother said “Although I’d thought my child was restless and lacked patience, I was happy to see my child working hard without giving up.” These comments are a source of excitement for Murata employees.



The centerpiece of the science class is the manufacturing of a line trace car. Children draw the lines along which the car runs. You would be surprised to see how artistically they draw these lines!



# CSR Management

## Aspiring to Be an “Innovator in Electronics®”

– Continuing and Developing CSR Management –

As an “Innovator in Electronics®,” Murata is committed to facilitating the development of electronics in society, while fulfilling its corporate social responsibilities through earth-friendly business operations that enable sustainable development.

We believe that these commitments are prerequisites for winning people’s trust and achieving further growth and development.

We promote CSR management to establish a system to formulate the rules for our CSR activities, and to assess and further improve such initiatives.

# Corporate Governance

Murata considers corporate governance one of the highest priorities in management, and its efforts include improved management transparency, more effective auditing and reinforced internal control systems.

## Reinforcing corporate governance

### Strengthening Supervisory and Operational Functions

Murata's Board of Directors comprises 10 directors, with two from outside the Company, and five statutory auditors (three from outside). Ensuring this outside viewpoint improves management transparency.

Murata has also introduced a system of vice presidents to separate making decisions on management policies and critical business operations and managing day-to-day business operations.

This system has strengthened supervisory and operational functions since it allows the Board of Directors to concentrate on making

decisions on management policies and critical business operations, and on the supervision of Board members' activities.

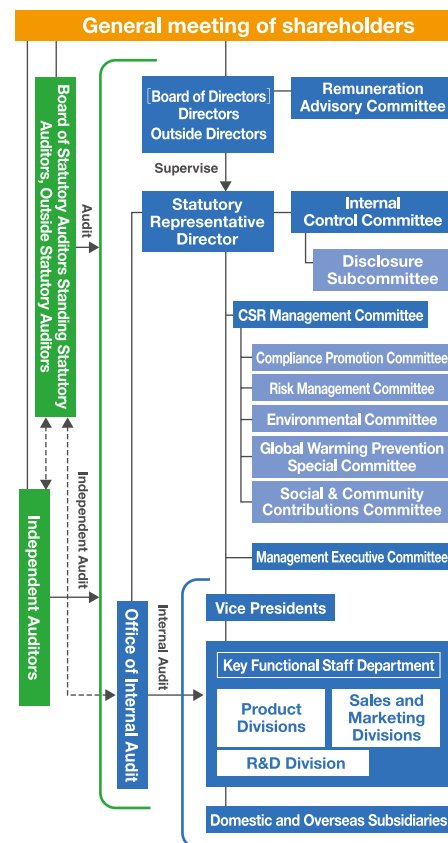
Murata has also established the Management Executive Committee, which is composed of statutory representative directors and other directors who occupy senior vice president positions or above. This is a deliberative body to assist the Board of Directors and statutory representative directors in their decision-making, and members discuss and receive reports regarding items specified by in-house regulations.

### Ensuring a Close Relationship with the Internal Audit System

The internal auditing department evaluates risks in coordination with each head office department (such as General Administration, Personnel and Accounting Departments). The department also evaluates and carries out monitoring to make sure that business within the Group is carried out in an efficient, appropriate manner in accordance with relevant laws, ordinances and internal regulations.

To ensure effective audits, statutory auditors and the Board of Statutory Auditors maintain a close relationship with the internal auditing department by periodically exchanging opinions and receiving reports from it regarding audit plans, its implementation status and matters relating to the internal auditing systems, and discussing the adequacy of these.

■ Corporate Governance System (as of March 31, 2009)



## Establishment of the Internal Control System

### Ensuring Suitable, Reasonable Business

Murata has established a number of committees, such as the Internal Control Committee, to advise the statutory representative directors. These committees promote the maintenance of, and ongoing improvements to, internal control systems aimed at assuring the appropriateness of operations throughout the Group. The committees promote the development of systems for the prevention of illegal conduct, and systems for appropriate responses, risk management and timely, pertinent, information disclosure in the event that such conduct occurs. They also specify frameworks, procedures and evaluation criteria for each business and offer appropriate guidance to affiliates as required.

In support for the Japan SOX Law regarding internal control reporting systems (referred to as J-SOX),

which is based on the Financial Instruments and Exchange Law, we have started developing internal control improvements and operating projects; these are aimed at preventing fraudulent entry in financial statements and assuring the reliability of financial reporting. We are also continuing with documentation of regulations and manuals throughout the Group, and are striving for standardization, visibility and improvements to business.

In fiscal 2008, we evaluated and audited internal controls concerning the reliability of financial reporting, and confirmed that these have no significant deficiencies or material weaknesses. For fiscal 2009, we are planning to develop and evaluate internal controls also regarding operational validity and effectiveness as well as compliance, in addition to financial reporting.

Message

### Establishment of the Internal Control System

Working on the development of internal controls provided me with a good opportunity to realize anew and more fully understand various in-house rules.

While I reaffirmed the in-house regulations in the process of self-assessment, I realized the necessity of reviewing business operations in our section and of properly understanding the context of our jobs. I appreciate the kind support of other members of my section who helped me in successfully completing this year's internal control evaluations and audits.

In the future, I will continue to do my work while confirming the objectives and meanings of each job, so as to achieve further operational improvements.



Etsuko Goto

Sales & Marketing Dept.,  
Central Japan,  
West Japan Sales Group,  
Sales & Marketing Unit  
Murata Manufacturing Co., Ltd.



# Compliance

To ensure that all Group corporate officers and employees comply with laws and regulations and act in an ethical manner, Murata is working to expand its Compliance Promotion System, making the best use of measures such as its Corporate Ethics Policy and Code of Conduct in Japan and overseas.

## Corporate Ethics Policy and Code of Conduct

### Revisions in Light of CSR, and Notifying Locations Worldwide

In July 2002, Murata established the Corporate Ethics Policy and Code of Conduct.

In April 2007, this was revised in light of CSR.

All Group corporate officers and employees pledged to work as one, in order that they could act in accordance with what needed to be done for stakeholders and society.

This revised edition of the Corporate Ethics Policy and Code of Conduct has been distributed to

officers and employees of Murata and its domestic affiliates. We have also created English and Chinese versions, which were distributed to our overseas locations in September 2007. These were adjusted to take into account laws and ordinances and social systems in our overseas locations. As of March 2009, local versions of the Corporate Ethics Policies and Codes of Conduct have almost been completed for each overseas location.



Corporate Ethics Policy and Code of Conduct

## Compliance Promotion

### Creating a Compliance Promotion System

Murata has created the Compliance Promotion Committee as an advisory body to report to the president. We are deliberating on, and making decisions regarding, the basic direction for revisions to the Corporate Ethics Policy and Code of Conduct, and the draft and implementation of publicity activities. The Compliance Promotion Committee met twice in fiscal 2008.



Compliance meeting

## Reporting and Consultation Channels

### Available not Only to Employees But Also to Their Families and Business Partners' Employees

Murata has established two types of reporting and consultation channels for concerns or problems relating to compliance, and these can be accessed by telephone and email: an internal channel using the Compliance Promotion Committee Secretariat; and the Corporate Ethics Hotline (external channel) using Dial Service Co., Ltd. All calls are handled by specialists. Both of these channels can be used anonymously and have procedures that protect the privacy of the consuler and the informer and are not prejudicial to either.

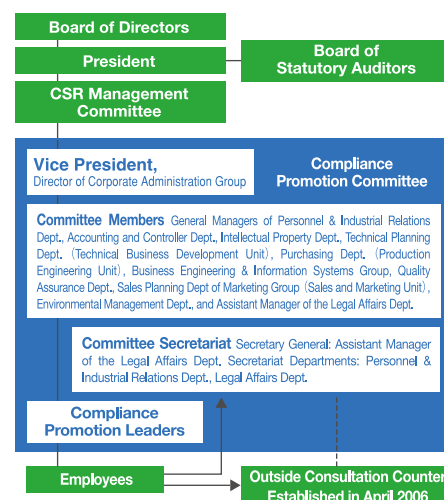
These channels can be used by Murata employees (corporate officers, employees, temporary employees, part-timers, and contractors, but not retired staff), employees

from temporary staffing companies that are working at Murata facilities, employees from contracted companies, employees from client and supplier companies, and familymembers of all aforementioned employees.



The compliance reporting and consultation channels are accessible on the website.

### ■ Compliance Promotion System (as of March 31, 2009)



### Putting Compliance into Practice on an Individual Level

More than being merely a collection of laws and ordinances, compliance also has the wider meaning of voluntarily acting on one's discretion. For Murata, compliance means that each and every employee must implement our corporate philosophy. To ensure that each and every employee can practice compliance, our compliance promotion leaders who have undergone training hold annual compliance meetings at the respective workplaces. Through such efforts, Murata seeks to enhance compliance awareness among employees.



Satochika Nagano  
Legal Sec.,  
Legal Affairs Dept.  
Murata Manufacturing Co., Ltd.

# Risk Management

Murata strives to anticipate the risks of accidents or disasters. This helps prevent their occurrence and avoids significant damage to the Company.

## Risk Management

### Company-wide Countermeasures against Risks

To deal with the various risks inherent in business, within the CSR Management Committee Murata has established the Risk Management Committee, which is an advisory body to the statutory representative directors. This committee has the vice president as committee chairperson and comprises directors from the departments of General Affairs, Personnel & Industrial Relations, Corporate Communications, Intellectual Property, Environmental Management, Information

Systems, Legal Affairs, and Production Technologies. This committee discusses and fixes Company-wide risk management systems and countermeasures.

In fiscal 2008, we adopted the Business Continuity Plan (BCP), Information Security Countermeasures, Fire Countermeasures and Countermeasure against New Strains of Influenza as important themes that require Company-wide attention. Section meetings were held on each of these themes, and action was taken.



Comprehensive disaster drill

### Information risk—strengthening of Information Security

In recent years, a large amount of important information has been converted into electronic form, and the risk of easy leakage is increasing. To continue sustainable growth, Murata needs to strengthen the management of technological expertise and other trade secrets. At the research and development division, personal computer operation logs are

recorded and monitored, and employees receive instructions regarding information handling. Moreover, we have introduced an encrypting file system to protect important information. In fiscal 2009, we will expand the scope of application of these measures to product divisions, sales and marketing divisions and administrative divisions.

Murata has issued a Data Security Guidebook aimed at promoting appropriate understanding and actions among employees. We also have self-check testing and education so employees can evaluate their comprehension of information security. In fiscal 2009, we will implement these measures also in overseas locations.

### Disaster Risks—Ensuring Business Continuation

Manufacturing lines may be halted due to earthquakes, typhoons, floods, and other natural disasters. Consequently, Murata has put in place a range of measures to enable it to provide a stable supply of products to customers. We have ensured earthquake resistance and safety for buildings and production facilities, constructed backup frameworks for our information systems and implemented stockpiling. In fiscal 2008, the Business Continuity Plans (BCPs) were formulated at our major factories in Japan, and our conventional countermeasures were reviewed from the BCP perspective. We also deployed the earthquake quick report system at all factories in Japan. The Head Office has started to introduce an emergency information service system that facilitates quick confirmation of

employees' safety in the event of a disaster. Murata recognizes fires as a major risk and has promoted measures to reduce the risk and minimize the damage of fires. In fiscal 2008, we emphasized the prevention of fires caused by static electricity in processes that use organic solvents. In such efforts, we invited experts from outside the Company to give guidance to shop-floor employees at domestic and overseas factories. At the same time, our factories were equipped with automatic fire extinguishing systems to prepare for a fire emergency. In cooperation with local governments, fire brigades and police, Murata implements wide-area disaster drills in response to anticipated large-scale natural disasters and fires.

### New Strains of Influenza—Giving Top Priority to Safety of Human Life

A mutation of the avian influenza virus (H5N1) has opened the possibility for transmission from person to person, causing a worldwide pandemic. Murata has formulated the Basic Policies for Countermeasure against New Strains of Influenza, to be applied to all Murata sites around the world. While promoting

knowledge-sharing about new strains of flu and disseminating the proactive measures against them, we are creating concrete action plans in accordance with the WHO phases of pandemic alert. Moreover, Murata has prepared a brochure on countermeasures against new strains of influenza for employees, to heighten

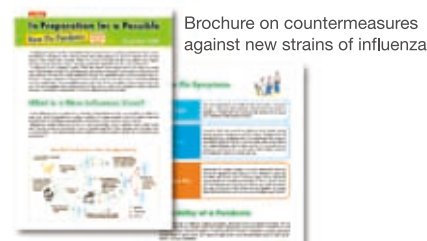
#### Efforts to Prevent Fire Risk at Production Sites

Many fire risks occur in production sites, and it is important for individual employees working there to raise their awareness and sensibility about disaster prevention. We therefore place emphasis on hazard prediction training, in addition to training to increase knowledge about disaster prevention, so as to develop our abilities to swiftly sense a fire risk occurring in the production site. It is difficult to identify fire risks if our production site is complex and disorderly. With this recognition, we have established the production site principles, to maintain our worksite in conditions that are simple, tidy and in order, focusing on "5S," which stands for five Japanese words that start with the letter 'S': Seiri (tidiness), Seiton (orderliness), Seiso (cleanliness), Seiketsu (standardization), and Shitsuke (discipline). We recognize that this measure will contribute not only to disaster prevention but also to reduction of risks in terms of quality control and occupational health/safety.



Yuichiro Nakagawa  
Production Sec.,  
Production Dept. 2,  
Okayama  
Murata Manufacturing Co., Ltd.

awareness of preventing infection and storing provisions among employees and their families.



Brochure on countermeasures against new strains of influenza

# Murata and People

## Responsibilities to and Actions for Our Stakeholders

– Together with customers, suppliers,  
stockholders and investors, local communities and employees –



Without people, machines and equipment cannot convert raw materials into products. If not used by people, products cannot serve to enrich society. Corporate activities are possible only when supported by people, and built on sharing the values produced through people-to-people relations.

We are responsible to all stakeholders of Murata, and will act to fulfill such responsibilities.







# Customers

To supply high-quality products that win the trust of all our customers, we will continuously improve the quality management system, to ensure rigorous quality management throughout the process cycle, from design, material selection, procurement, production and sales to servicing.



## Product Accountability Activities

### Design, Procurement and Production: Quality First at Every Stage

To supply high-quality products that satisfy our customers and win their trust, Murata has compiled a Quality Management Policy for integrated quality management in every product process from design, material selection, procurement, production, sales, and servicing. To ensure that this policy is fully understood

by all our employees, we provide continuous reminders of the importance of quality, putting up posters at workplaces and issuing cards that outline policy to employees. We are also preparing English-language versions of these posters and cards for distribution at our overseas units.

## Quality Management Policy

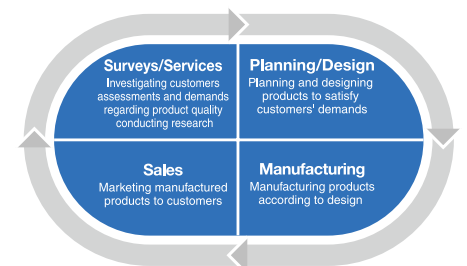
We remain committed to the continuous development of unique products and the cultivation of new areas of expertise. Our underlying approach is our belief that "better equipment is made from better parts and better design, and better parts are made from better materials and better processes." With this belief, we consistently manage every stage, including design, material selection, procurement, production, sales, and servicing in cooperation with all members who comprise the Murata Group—from top management to individual employees—by employing the Deming Cycle. In this way, we can economically produce quality products that meet market needs with full consideration for the natural environment.

### Continuously Improvement of the Quality Management System

Murata continuously improves the effectiveness and efficiency of the quality management system. And on the customer-oriented view point we have worked on the continuous quality improvement of our products and the services throughout the product realization

process such as project planning, manufacturing, sales, surveys and servicing. We have reflected customer's requirements all the time on our process and supplied satisfactory products to our customers.

#### ■ Deming Cycle



### Gaining International Standards Certification for Quality Management at All Plants

For a company with global business operations, it is important to meet a single global standard of product quality. All Murata Group plants inside and outside Japan have received certification under the international quality management standard ISO9001. Of these plants, 11 supplying the automotive industry have also been certified as meeting the ISO/TS16949 quality management standard, a stricter international standard specific to the automotive industry. Furthermore, our Yasu Plant, which researches and develops new materials, production technologies, semiconductors, and thin-film miniaturized processing technologies, has acquired international

ISO/IEC17025 certification for operations known as calibration. In these operations, accuracy checks and adjustments are conducted for various types of testing and measuring equipment used for quality inspection of products and components. The Yasu Plant has also acquired Japan Calibration Service System (JCSS) accreditation for its excellent gauge calibration competence. Such qualifications bolster the level of our quality evaluation technologies. Through these measures, we aim for continuous improvement of quality management systems.



# Customers

## Meeting Customer Needs

### Assisting Customers in Resolving Their Issues, from the Development and Design Stage through to Technology Exchange

To create products with new functionality, the necessary components must be developed. Murata uses “Design-in” methods under agreements with electronics manufacturers who are our major customers. In this process, technicians from both sides collaborate in

new product development from the design and development stages onward. “Design-in” activities enable us to get involved from the early stages of customers’ development of new-function products with additional functions and to exchange technology with

them. In this way, we can provide the optimal electronic components for customers’ needs. Murata rigorously protects and manages customers’ confidential information that it is privy to during the course of “Design-in” activities.



Global strategy meeting: Sales managers of Murata Group overseas units gather to share customer information.



Product exhibitions are also an important forum for understanding customer needs.

### Relocation to the New Head Office Building and Starting Construction of an Electromagnetic Anechoic Chamber Building in China

Murata (China) Investment Co., Ltd., which oversees the Company’s market research and marketing subsidiaries in China, is scheduled to move its office to a new building slated for completion at the end of May 2009. This relocation is intended to ensure stable business operation in a long-term basis in the Chinese market, which is expected to further increase in importance in the future.

The Chinese markets for mobile phones and other communications devices, and for digital audiovisual equipment have expanded, leading to the growth of Chinese equipment manufacturers in these fields. Under such

circumstance, it has become increasingly important to support customers through localized technological services. We are planning to construct an electromagnetic anechoic chamber building next to the new head office. The construction is under way to complete the building in 2010.

We aim to strengthen technological support for electronic component design and adjustment and noise countermeasures, offering rapid responses tailored to individual customers’ needs. This will pave the way for increased sales of Murata products within China.



New company building Murata (China) Investment Co., Ltd.



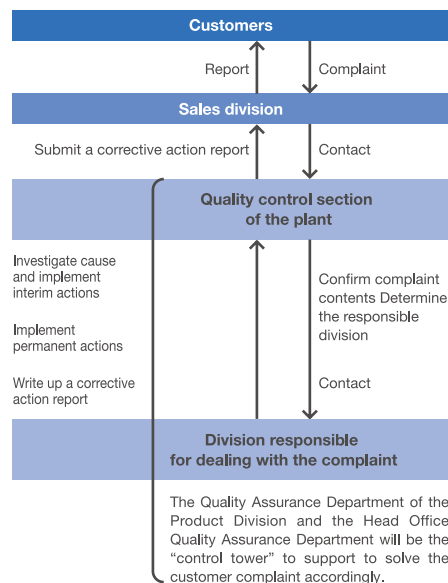
- Status of Quality Management System
- Certification

## Measures to Improve Product Quality

### Unified System for Managing Complaints Helps Prevent the Reoccurrence of Problems

The Company takes customer complaints about products very seriously. Not only does Murata respond swiftly to complaints as soon as they arise, but it has also created a system for preventing similar problems from happening again. All complaints from customers are stored in a database. After receiving a complaint, the person in charge in the related department enters the information in a database so it can be simultaneously accessed by all Murata offices and plants worldwide. This enables us to check the possibility of the same problem happening again. The Quality Assurance Department is responsible for finding the cause of problems and for analyzing complaints and implementing countermeasures. It reports to top management, while at the same time distributing related documents to the relevant departments. As further measures to prevent the reoccurrence of problems, the development and design departments receive a complaint checklist outlining areas where Murata recognizes that it has fallen short.

#### ■ Response to Quality Problems



MESSAGE

### We will realize Customer Satisfaction by enhancing human development through Quality Control Education

To provide our customers with high-quality, reliable products, we are implementing Company-wide initiatives. Specifically, in fiscal 2007 the quality innovation activities were launched, and in fiscal 2008 we innovated the quality management system and strengthened source control to ensure thorough quality built-in. In fiscal 2009, we will also focus on the development of human resources, which is the fundamental of our quality management, so as to realize the improvement of customer satisfaction and employee satisfaction. By conducting quality control training for our employees, we aim to pursue the concept of source control and its thorough implementation, so that we can supply reliable products to our customers.



**Emi Matsushita**  
Quality Assurance  
Planning & Strategy Sec.,  
Quality Assurance Dept.  
Murata Manufacturing Co., Ltd.







# Employees

Murata places great emphasis on employee satisfaction.

Based on a policy of respect for human rights and fair treatment of employees, we have created a workplace environment in which our employees can display their abilities in a safe and healthy environment.

## Respect for Human Rights

### Creating a Workplace Environment and Personnel System Free from Discrimination

Universal and individual human rights are valued and respected at Murata. While respecting the personality and individuality of every employee, we do not allow any violation of human rights by any employee. On that

basis, Murata has established a working environment and personnel system free from discriminatory treatment based on race, beliefs, gender, religion, nationality, disease, or other reasons. Moreover, to raise employee

awareness of these issues, our graded training programs include human rights education content. Throughout the Murata Group's offices and plants, both in Japan and overseas, child and forced labor are strictly prohibited.

## Personnel System and Human Resource Development

### Under Our System of Emphasis on Ability and Performance, Employees Set their Business Targets

Under a working ethos of valuing independence and enabling employees to use their own initiative and abilities, we have incorporated a business target management system for our human resources, based on the principles of abilities and performance. Under this system, employees set their business targets and plans according to Company policy, in consultation with their line managers. They then carry out midterm

self-evaluations about progress and results. Their line managers evaluate these results and processes properly and reflect training and remunerations for each employee. The results and basis of employee evaluations, issues arising in the course of duties, and future directions are discussed three times a year at feedback meetings between employees and their line managers. We show the competence and

behaviors that we expect from our employees, the basis for the Company's evaluation process, and through which it aims to improve ways of working and motivate employees to develop themselves. We have also reformed our evaluation system so that it enables employees who have changed their mindsets and behaviors and have contributed to business growth to be positively evaluated.

### Self-selected Career Paths according to Aptitude

Murata provides employees with opportunities in their work that enable them to maximize their potential by using their personal skills. For younger employees, we offer a career development program featuring deployment in diverse roles at various locations, enabling them to plan their careers in

line with their personal skills. For those opting out of managerial channels, we have established a system to facilitate progression as highly specialized professionals, and a system for in-house staff recruitment in which employees select their own career track.

### Supporting Skills Advancement at Every Career Step

Murata aims to foster people who are self-starters, who value customer satisfaction, who display individuality and a pioneering spirit, and who are skilled at cooperating with fellow employees. Accordingly, we are building training systems that offer employees specialized training, from entry level to management, in order to provide powerful, effective support to employees in developing their capabilities. In fiscal 2008 we examined the human resource development policy, which was approved as part of our in-house rules. Currently, the policy is being disseminated mainly among managers in major

operating locations. As for our level-based training programs, we made a review on the entire framework, focusing on the reinforcement of management competence. With the aim of strengthening our manufacturing education, we revised the contents of a half-a-year factory workshop for new recruits. For fiscal 2009, we are planning to train eligible employees to become in-house instructors so as to build up personnel education expertise in the Company, while continuing to disseminate our human resource development policy across the Company.

#### Message

#### Opening the "Door to the Future"

Since I joined Murata, I have engaged in R&D, product commercialization and its discontinuance, spending the first half of my career life working as a chief engineer in development of a product. Hoping to contribute to the Company by making another success in the second half of my career life, I submitted a research theme to the "Door to the Future" project. The theme was adopted and currently I'm carrying on a singlehanded battle, putting it into practice. I had to begin with creating a system in a quite different field, but now I'm vigorously pursuing research thanks to help from many supporters inside and outside the Company. Passion is the primary source of energy for research. I believe that the "Door to the Future" is a wonderful project that enables us to embody our passion for research.



Masamichi Andoh

Functional Materials Research Unit  
Material Development  
Management Dept.  
Research & Development Center  
Murata Manufacturing Co., Ltd.



- **Career Development**  
(Job Rotation, Highly Specialized Professional System and In-house Staff Recruitment System)
- **Human Resource Development Strategy**  
(Managerial Education Programs, Cultivating World-class Engineers and Global Personnel Rotation)



## Equal Opportunities and Workplace Diversity

### An Open Attitude toward Diversity, in an Organization of Diversity

To creatively develop businesses in a changing global market, it is important to build an organizational culture in which the ability and individuality of staff of different backgrounds can be fully utilized. At Murata, we offer our people equal opportunities,

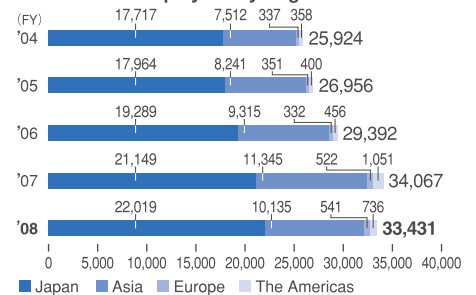
in hiring and after they take up their positions. Regardless of gender, race, or physical ability, employees enjoy an environment free from discrimination in treatment or training.

### Reemployment Program for Retirees

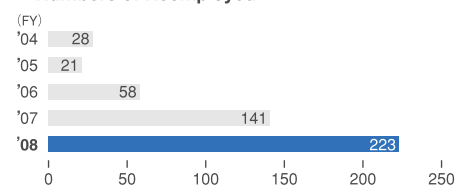
In April 2003, Murata introduced a system under which retired employees can rejoin the workforce. This system complies with recent legislation progressively pushing back the age at which initial state pension payments can be drawn, and it helps us better harness and hand down the know-how and skills of veteran employees. Under this reemployment program,

employees who have reached 60 may, if certain requirements are met, continue working at the Company for a maximum of four more years. In April 2006, this measure was extended to subsidiaries in Japan. As of March 31, 2008, 78 employees at Murata and another 145 at subsidiaries and affiliates of the Group had rejoined the workforce under the arrangement.

#### Number of Employees by Region



#### Numbers of Reemployed



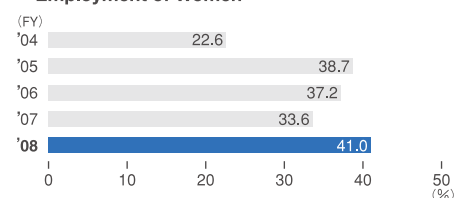
### Expansion of Opportunities for Women

At Murata, we seek out highly talented staff members who can function on a global stage, regardless of gender. We have actively recruited women and opened up more management positions for them under an initiative in recent years to increase female representation at the top. In fiscal 2008 hiring, approximately half of general administrative positions were filled by women.



Murata supports wider roles for women

#### Employment of Women



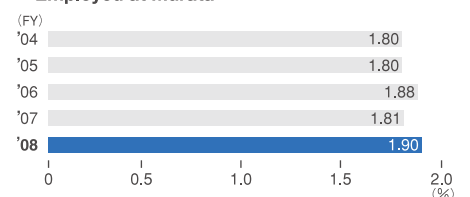
### Employment of disabled persons

Based on a philosophy of treating all members of society equally, Murata is committed to expanding employment opportunities and improving the workplace environment for the physically challenged.

In addition to taking on physically challenged new graduates, Murata has long had a proactive policy of accepting mid-career

hires. We have cleared the legal minimum for the percentage of disabled persons employed in the total workforce in each of the last five years. In fiscal 2008, the ratio was 1.90%.

#### Proportion of Disabled Persons Employed at Murata



# Employees



## Equal Opportunities and Workplace Diversity

### Localized Hiring and Employment at Overseas Units

We believe we play a role in the development of the electronics industries in, and contribute to, the economic growth of each of the 18 countries worldwide in which our offices and subsidiaries are located. Localized hiring and employment are part of that commitment. In fiscal 2007, in line with our expansion of overseas businesses, we have increased hiring of personnel in the China and wider Asia region. To encourage better deployment of local talent, we compiled a three-year localization

plan for overseas bases in 2007. We are systematically committed to localization, and have set numerical targets for management-level hires from the local talent pool in each overseas location. For all regular employees hired locally by overseas facilities, from young employees to senior management, we provide management training to ensure a shared commitment to Murata's principles and to foster the knowledge and skills needed for their realization.



Managers hired at overseas bases are sent to Japan for management training.

#### Foreign Employees at Murata Business Locations in Japan

Head office	9	Tokyo	3
Yasu	3	Kanagawa	1

## Creating a Relaxing Working Environment

### Support for Striking a Balance between Work and Family Life

Murata has a range of support mechanisms for highly-motivated employees who want to develop their career while striking a balance between work and family obligations such as maternity and care of children and elders. In response to the enactment of Japan's Law for Measures to Support the Development of the Next Generation\*, we formulated an action plan from April 2005 that includes improving maternity leave and short-time employment arrangements, introducing special leave for infertility treatment and providing support to encourage paternity leave. A considerable number of employees have used these support systems. Consequently, we have been recognized as a business that meets the basic requirements of the Law for Measures to Support the Development of the Next Generation, and were awarded the Second Kyoto Prefecture Award for Support for Child-rearing. In fiscal 2008, we launched a new three-year action

plan. We also held a "Children's Visiting Day" on which employees' children are invited to the workplace of their parents. Looking ahead, to promote the use of child-raising support and other systems to help employees strike an appropriate work-life balance, we will establish guidelines and further improve such systems.



A boy visiting his parent's workplace

### Introduction of Discretionary Work Plan for Technical Specialists

Murata operates a "discretionary plan" for technical specialists engaged in research and development of particularly promising products. Under this plan, creativity is encouraged by entrusting the individual technical specialists with decision-making regarding approaches and allocation of time to projects. This enables appraisal based not on the number of hours put in, but on results.

At the moment, this discretionary system covers 43 employees throughout the Group. Applicants for eligibility state their case to the Personnel & Industrial Relations Dept., which makes the final decision on whether they qualify, based on the perceived necessity of vesting in the applicant decision-making powers concerning the execution and duration of the work.

Memo

#### \*About the Law for Measures to Support the Development of the Next Generation

A law was formulated in July 2003 and enacted in April 2005 to promote healthy bearing and raising of children to support future societies. It obligates companies to have action plans to create environments and working conditions that enable employees to keep a balance between work and family life.

Message

#### To Grow as a Mother and Person

I took a one year of childcare leave. Although raising a child is tougher than I expected, I had a precious time feeling refreshed and fulfilled, since I learned a lot of valuable lessons that were different from these obtained in the workplace.

I was happy to be able to return to work after having dedicated myself to childcare for one year. I wish to grow as a mother and a person, valuing what I learn from meeting with many people while raising my child and pursuing my career.



Tomoko Hirohata  
Product Engineering Sec.,  
Sensor Products Div.,  
Murata Manufacturing Co., Ltd.



#### Number of Employees Taking Family-care and Childcare Leave

	FY2007	FY2008
Family-care leave	10	11
Maternity (pregnancy and childcare)	210	224
Childcare [(%) = those actually taking such leave compared with eligible total]	201 (96%)	220 (98%)





- Labor Relations
- Leave System
- Welcome Back System  
Utilizing the Expertise of Seniors
- Measures to Prevent  
Sexual Harassment



## Creating Workplaces Where Employees Feel Satisfied and Fulfilled

### Making Use of the Management's Awareness

For a company to grow, it is necessary to achieve certain standards of employee and customer satisfaction (ES\* and CS). In order for Murata to continue growing, it is essential that employees think and act by themselves and are well motivated to work. In fiscal 2005, Murata launched its biennial employment satisfaction surveys aimed at measuring variables such as organizational vitality and employee motivation. In fiscal 2008, we placed focus on making qualitative and quantitative improvements in communication between

management and regular employees. Aiming to create an organization that encourages cooperation and mutual support, and an organization that promotes consideration for others, we held programs to raise management's awareness designed for department directors and higher level officers. In future, we will conduct these programs at respective workplaces, and increase opportunities for employees of all departments to discuss their ambitions with superiors, and create workplaces where people really feel motivated and realize their growth.

Memorandum

#### \*About ES

ES refers to employee satisfaction, which is a complementary benefit to CS, or customer satisfaction. At Murata, we define employee satisfaction as employee motivation and personal development. We aim to be a company in which employees can really feel such development through their work while at the same time enjoy strong morale.

## Intellectual Property Rights of Employees

### Intellectual Property Rights of Employees

Murata materially makes reward and compensation to employees who have invented new technologies. Payments are made to the inventor under certain conditions, such as when applications for patents are

made or patents are registered or applied for in-house, or if patent is licensed to others and used the patent. In evaluating new technologies, a review is undertaken by an invention remuneration review committee. To

ensure fairness of the system, employees may lodge a complaint if they disagree with a committee decision. In fiscal 2008, payments were made to a total of 4,570 employees under the program.

## Occupational Health and Safety

### Creating Workplaces Free from Injury

#### Introduction of the Occupational Health and Safety Management System

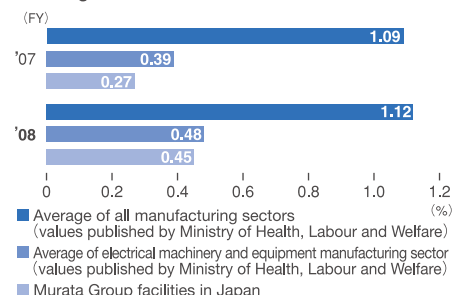
Murata has carried out equipment risk assessments and chemical substance management, to create safe workplaces where work-related disease and disaster risks are low. As a result, the rate of time lost due to work-related injuries was reduced. Of these injuries, 70% occurred while employees were walking and transporting certain objects.

Given such situations, we judged that, to reduce the number of work-related accidents, we need to improve the level of our health and safety activities, by continuing the ongoing measures and also by introducing the occupational health and safety management system, in which all employees are involved. We will therefore work to rebuild the scheme for our health and safety activities, aiming to introduce the occupational health and safety management system in fiscal 2010.

#### Occupational Accident Frequency Rate

In fiscal 2008, the rate of time lost due to work-related injuries (a figure which shows the accident frequency rate) was 0.45% at Murata Group facilities. The figure was higher than the previous fiscal year level. This was due to employees suffering a sprain, bruise, or fracture while they were walking or transporting certain objects.

#### Change in the Rate of Time Lost



Note: The ratio of time lost due to work-related injuries in FY2008 presented here is different from that presented in the Japanese version. This is because there was one case for which judgment was made after the Japanese version was issued, to the effect that workers' compensation benefits were not payable.

### Emergency Life Saving

Recently, it has become common to see automated external defibrillators (AEDs) installed around us. We have also installed AEDs in Murata Group facilities, and regularly hold workshops on AED handling, in an effort to cope with medical emergencies of employees and customers visiting our sites. In January 2009, we saved the life of a customer who visited Murata's affiliate located in Sabae City, Fukui Prefecture. During his visit, the customer suddenly fell ill and suffered

cardiopulmonary arrest. The employees of the affiliate used an AED to give resuscitative treatment to the patient, who was then transported to a hospital by ambulance. It was a valuable experience in saving precious human life.



We received a letter of appreciation and memento from the Fire Headquarters of the Sabae Nyu Fire Department, for our contribution to lifesaving using an AED.

# Shareholders and Investors

Murata strives for accurate disclosure of information to investors and shareholders in a timely and fair manner. Furthermore, we respect the rights of our shareholders, creating an environment that facilitates easy exercise of voting rights.

## Disclosure

### Accurate, Impartial and Timely Disclosure

The Company's basic information disclosure policy is to disclose accurate information to stakeholders, including shareholders and investors, in a timely and fair manner. In accordance with the timely disclosure regulations of the exchanges on which it is listed, the Company discloses information applicable to

these regulations via timely disclosure systems. The Company posts such publicly disclosed information on its website promptly to provide fair notice of this information fairly to general investors. The Company also discloses information other than that required by timely disclosure regulations through news media and

the Company's website, when deemed effective for understanding the Company.

Murata's Disclosure\* Policy can also be found on the website.

Memo

#### \*About Disclosure

Disclosure is the public presentation by a corporation of information on its business operations and other matters. In recent years, such problems as fraudulent accounting and concealed information have made corporate disclosure of vital importance.

## Dividend Policy

### Our Goal: Stable Dividend Increases

Our policy on distributing earnings to shareholders is to prioritize performance-based allocation via cash dividends. We are committed to increasing the dividend in a stable manner by increasing earnings per share while giving consideration to raising long-term corporate value and strengthening the

company's foundation. On the basis of this policy we distribute earnings to shareholders through cash dividends after comprehensively considering consolidated performance, the payout ratio, and the level of internal reserves necessary for reinvestment in the company's future. The annual dividend for

fiscal 2008 was ¥100 per share, the same amount as the dividend for fiscal 2007. In fiscal 2009, we plan to pay an annual dividend of ¥70 per share. Murata repurchases its stock when appropriate to improve capital efficiency. In fiscal 2008, we acquired 4.8 million shares for ¥15 billion.

## Promoting Attendance at Shareholders' Meetings and Exercise of Voting Rights

### Increasing Voting Turnout through Early Issue of Convocation Notices, etc.

Murata has devised various means to enable individual, foreign and institutional shareholders to exercise voting rights easily and ensure that their opinions are reflected by Company management. We issue convocation notices some four weeks before our General Meeting of Shareholders, well in advance of the statutory minimum of two weeks, allowing ample time for discussion and

preparation of the exercise of voting rights. Convocation notices are prepared in English, as well as Japanese, and are posted on the Company's website. We have also launched a special website accessible online from a PC or mobile telephone, to make exercising voting rights more convenient. In addition, the Company participates in an electronic voting platform for institutional investors

to make it easier for them to discuss motions on the agenda and to allow them to exercise their voting rights accurately. At the General Meeting of Shareholders, we take various measures to create a relaxed atmosphere, such as easily comprehensible explanations using charts and photographs, and demonstrations using our MURATA BOY robot.

## Other Channels of Communications with Shareholders and Investors

### Regular Meetings in Japan and Overseas

Murata holds regular briefing sessions so that analysts and institutional investors understand the Company's financial status and business strategies. Once a year, the chairman or president conducts presentation meetings in Tokyo, and the release of

quarterly results is supported by a briefing session by the corporate senior executive vice president. The president also holds annual briefings in Europe and the United States for overseas investors. Murata's website offers an Investor Relations

section to ensure impartial, timely disclosure of information to shareholders and investors. Flash reports, materials from briefing sessions, annual reports, IR releases and other disclosure information are posted on this website.







# 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.



**Akiko Nakamura**  
Administration Sec.,  
Purchasing Dept.,  
Production Engineering Unit  
Murata Manufacturing Co., Ltd.

## 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.



# Society and Local Communities



Under its slogan, “Innovator in Electronics®,” Murata aims to contribute to the development of society by supplying products of value, and to help enrich local communities through extramural support activities.

## Social Contribution Activities: Approaches

### Murata’s Basic Policies for Activities to Contribute to Society and Local Communities

Murata aims to continue being a company that is open to society and local communities, and that wins their trust. Making effective use of its resources (employees, expertise, facilities and fund), Murata constantly makes contributions to society and local communities.

Commitment to Society	Commitment to Local Communities	Commitment to Employees
We will pay attention to social challenges and practice corporate philanthropy taking advantage of Murata’s characteristics.	To make our presence a source of pride in the communities in which we operate, we will fulfill our roles and responsibilities according to the regional needs and characteristics.	We will value employees’ ideas and participation, encourage and support individual employees to actively seek connections with society and local communities.

### Murata’s Prioritized Fields of Activities to Contribute to Society and Local Communities

As a manufacturing company, Murata promotes activities attaching importance to passing its manufacturing expertise on to future generations, fusion of traditional craft and science, and environmental protection. As a local community member, we also stress contribution to local communities. Special focus is placed on support for fostering young “innovators” who will play the leading role in the future.



Handing on manufacturing expertise	Under its slogan “Innovator in Electronics®,” Murata has produced various electronic components. Based on the manufacturing spirit and technologies we have developed thus far, we will impart the wonders and mysteries of science to the next generations, and thereby help nurture human resources who will play the leading role in the future.
Environmental protection	Aiming to contribute toward the realization of a truly rich human society, we develop and produce products. However, we cannot deny that our production activities and our products themselves are unintentionally affecting the global environment. Through our business activities, we will not only seek to reduce environmental impact, but also take proactive measures to protect the richness of the natural environment.
Fusion of traditional craft and science	Murata has produced its original products, applying the most advanced technologies while making use of the wisdom derived from traditional ceramics. We will explore unlimited possibilities of the fusion between traditional craft and technologies, and support the activities to open up a new frontier.
Contribution to Local Communities	Under our philosophy that “we want our presence to be a source of pride and joy in the communities in which we operate”, we aim to be a company that wins trust and respect from local residents and that reassures them.

## Promoting Educational, Cultural and Sports Activities

### Regional Community Culture Promotion Events

Murata continues to sponsor the Wakaba Cup (All Japan School Children’s Badminton Tournament), as it has done every year since 1992, the Lake Biwa University Ekiden relay race, and other sporting events held in the local communities. In 2008, we staged the third Murata Innovator

Cup (Children’s Go Championship), which was launched at the initiative of a Murata employee. Some 130 children and their parents took part in this event, and approximately 55 employees volunteered to help out with organization.

### Greening Activities Harmonized with Local Culture and Nature

Murata’s 10-point Green Basic Policy, deriving from the legacy of our founder, Akira Murata, who loved nature, goes back over 20 years. Based on a policy of enrichment and sustainable development of regional cultural life as a matter of social responsibility for the Company, we encourage greening activities in harmony with regional communities at our facilities across Japan. We also organize blossom-viewing for

local residents when the flowering season arrives. In fiscal 2008, six of our factories, including Kanazawa and Okayama Murata, were newly certified under the Social and Environmental Green Evaluation System (SEGES)\* for their achievements in creating and using green spaces in an environment-friendly way.

\* The Head Office, and the Yokohama, Yokaichi, and Yasu facilities have already been certified under this system.



Camellias in bloom were made available for public viewing at Izumo Murata Manufacturing.





## Communications with Local Communities

### Opportunities for Workplace Experience at Murata Group Companies

Himi Murata Manufacturing held a program titled "14-year-old Challengers" to offer opportunities for one-week workplace experience to second-year junior high school students, who have become more active in a wider field. The company also accepted second-year high school students and gave them valuable work experience prior to their job search, under an

internship program. Fukui Murata Manufacturing participates in a program held annually in August by local junior high-schools to have students visit companies and learn through work experience, as part of their integrated studies. In 2008, 28 students visited Fukui Murata, where they enjoyed first-hand experience in working at actual workplaces.

## Academic Support Activities

### Grants for Academic Research Centered on Electronics

The Murata Science Foundation was established in February 1985, to contribute to development of scientific study through academic promotion. The Foundation provides financial aid for research that contributes to the improvement and development of science and technology mainly in the electronics field, and for research in the humanities and social sciences

that contributes to the resolution of problems that accompany globalization. It also encourages international exchange among researchers. In fiscal 2008, the Murata Science Foundation provided financial aid totaling ¥130.0 million for 83 research projects, 23 study groups, and 43 overseas dispatch programs.

## Donations

### Donations to Causes in Japan and Overseas

In fiscal 2008, Murata donated ¥2 million to victims of the Iwate-Miyagi Nairiku Earthquake. Also, we gave a matching gift of approximately ¥11 million in total for victims of the Great Sichuan Earthquake. The gift was made by combining voluntary donations from Murata Group employees with the donation from the Company. Murata Electronics (UK) Limited has joined the charity activities conducted by a British charity organization called "Comic Relief." Participants of the campaign wear plastic/foam red noses or red clothes which are available in exchange for a donation. Part of the charity proceeds will be

donated to causes in the U.K. as well as in Africa and other regions.



Employees who participated in a Comic Relief charity activity.

### Promoting Eco Activities to Contribute to Local Communities

At Hakui Murata Manufacturing, we have pushed forward with its Eco Activities, aimed at environmental preservation and social contribution. In the course of such activities, we began to enjoy exchange with preschools in the neighborhood. At Christmas, we collected the picture books, videos and other materials for infants that remained no longer used in our households, and gave them to these preschools. In return for our presents, preschool children sang songs for us, creating really heartwarming moments. Though our Eco Activities are still in their infancy and small in scale, we will steadily continue doing what we can do for the local communities.

Hakui Murata Manufacturing Co., Ltd.

From left to right in the back row:

Yukie Tanbo  
Yuko Kousaka  
Yoko Kaji

From left to right in the front row:

Masami Miyata  
Kaori Nakahashi  
Mayumi Yonezawa



### Activities to Support Reconstruction following the 2008 Great Sichuan Earthquake

Immediately after the occurrence of the Great Sichuan Earthquake, Murata Group companies in China started to come up with measures to support the disaster victims. Employees voluntarily raised funds in their companies. Combined with the relief money from the companies and the donations from employees, we donated approximately 496 thousand yuan in total. Moreover, to support victims, Murata Group companies in China counted up the number of our employees originally from Sichuan Province, and made inquiries about earthquake damage suffered by their families, to whom we sent relief money. We also kept close contact with our customers in the disaster-affected areas, and made the utmost efforts to help them resolve problems.

As a member of Chinese society, we are working actively to fulfill our social responsibilities. I believe that such philanthropic spirit and activities will surely continue.



Xia Haiyan

Legal Affair & PR Section  
Administration Department  
Murata (China)  
Investment Co., Ltd.







# Murata and the Environment

## Continuing Our Quest for Harmony with the Environment

– In All Our Corporate Activities, Including Development, Design and Production –

### Murata Group Environmental Policy



#### Concept

In the desire to contribute toward the realization of a truly rich human society, we develop superior materials and products, devise and maintain production activities, and supply products worldwide. However, we cannot deny that our production activities as well as our products themselves are unintentionally affecting the global environment. We fully acknowledge this impact at the global environment and are taking actions to reduce our environmental impacts as one of the important initiatives being put into practice as part of our Murata Philosophy and establishment vision. We will unite the efforts of our management organization, repeatedly work toward reducing our environmental impacts, and through management efficiency determine the points at which business and environmental interests converge.

#### Action Guidelines

**1. Not restricting ourselves merely to the observance of environmental laws and regulations, we will establish a voluntary management standard and strive to improve our management standards for environmental protection.**

**2. We will strive to reduce the environmental impacts of our products.**

- 1 In our R&D and design activities, we will consider approaches that will minimize the environmental impact of our products.
- 2 In cases where a product contains an environmentally hazardous substance, we will seek ways to reduce the amount used or incorporate a more benign substitute.
- 3 In an effort to minimize the amount of packaging materials used with our products, we will adopt a “reduce, reuse and recycle” policy.
- 4 We will develop procurement activities through which we will select materials that have minimal direct or indirect environmental impacts.

**3. We will strive to reduce the environmental impacts of our business operations.**

- 1 To help prevent global warming, we will implement energy conservation and reduce greenhouse gas emissions.
- 2 Where production processes make use of environmentally hazardous substances, we will seek ways to reduce the amounts used or incorporate more benign substitutes.
- 3 We will aggressively seek to reduce, reuse and recycle wastes, and seek to minimize the amount of waste produced and conserve resources.

**4. Through aggressive social initiatives, we will adopt environmental preservation activities in close contact with the local community and promote afforestation of corporate land according to a systematic long-term plan while working to improve the local environment.**

**5. While making all employees aware of the environmental policy, we will strive to raise employee awareness of higher environmental ethics. Moreover, we will develop timely and appropriate educational as well as public relations activities.**

**6. We will strive to become a corporation focused on environmental management and active public disclosure of our achievements in this area.**

**7. To implement each of the above action guidelines, we will establish and adopt our environmental action plan while continuously striving to improve our environmental performance.**





# Links between Business Activities and Environmental Considerations

Murata strives to quantitatively ascertain the environmental impact associated with its business activities and analyzes that information to reduce the environmental impact.



## Murata's Environmental Impact

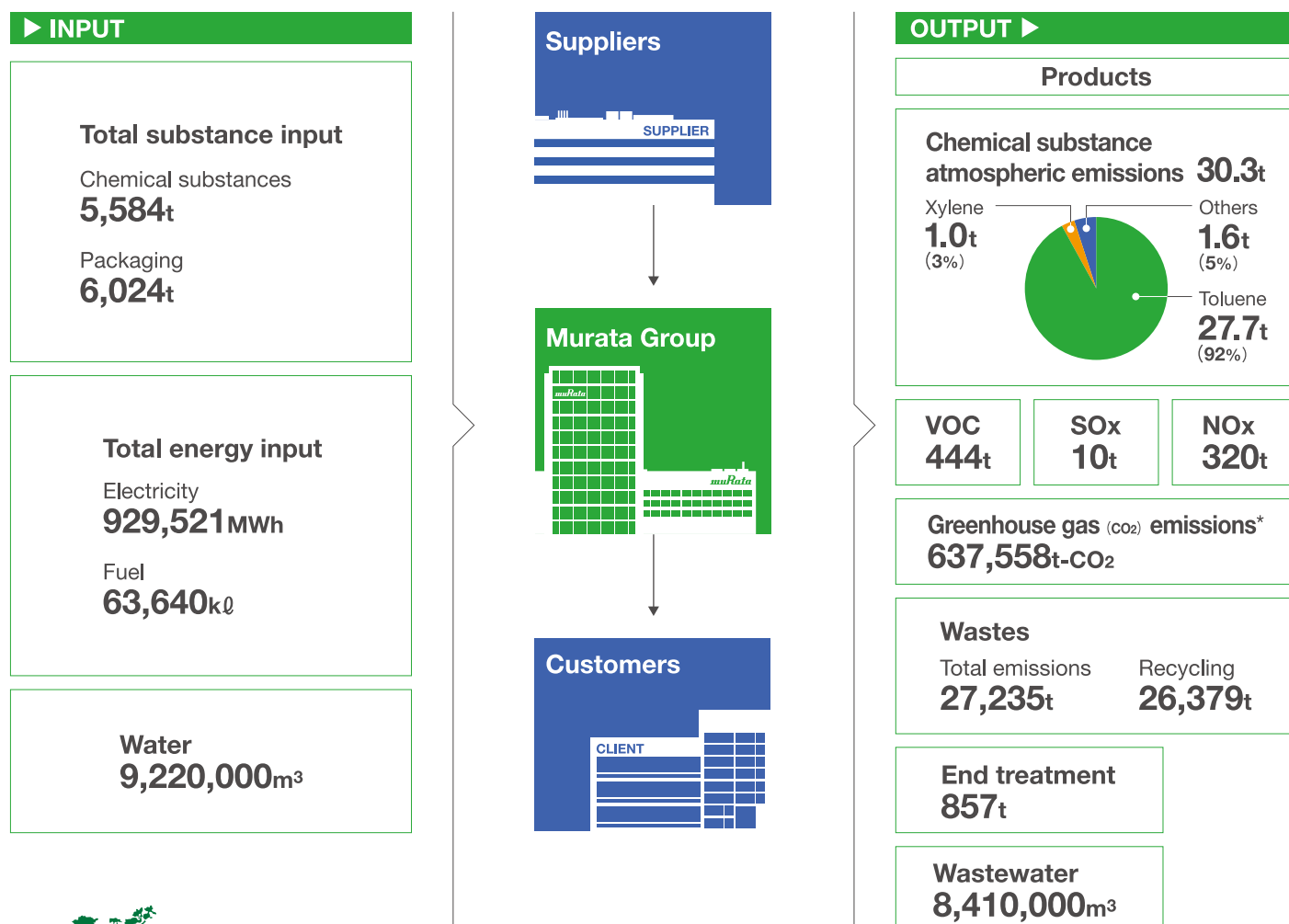
### Reduction of Use of Chemical Substances and Energy during Production Is a Priority

The materials that make up Murata products contain many chemical substances, and Murata is therefore working to reduce the volume of these substances used through strict and proper management. Although the electronic components manufactured by Murata are small, the types of chemical

substances used during production are numerous and their volume, as well as that of energy used, is not small. We therefore prioritize the reduction of emissions of CO<sub>2</sub> and chemical substances used in production into the atmosphere or water.

#### Data Calculation Method

"Total substance input" and "Chemical substance atmospheric emissions" represent totals for manufacturing plants and subsidiaries in Japan. Other figures represent totals for manufacturing plants and subsidiaries in Japan and overseas.



\*Beginning this fiscal year, GHG Protocol (2005) coefficients for each country are used for CO<sub>2</sub> emissions from electricity purchased at overseas plants.

- Environmental Management Promotion System
- Environmental Education and Promotion
- Environmental Audits
- Preserving Biodiversity
- Environmental Accounting – Results and Analysis for Fiscal 2008

# Environmental Management

Murata has obtained ISO14001 certification for the Group's domestic sites and overseas production plants. With this certification, we are moving ahead with environmental management through environmental audits and education and reorganization of the management system.

## Environmental Management Promotion System

### Creating a System to Reduce Environmental Impact from the Design Stage

At Murata, the executive in charge of environmental affairs is responsible for environmental activities throughout the Group, and the Environmental Management Department supports and promotes environmental activities across business sites. The Murata Environmental Committee, a consultative body to the president, discusses and examines the implementation status of environmental activities at each business site, as well as companywide environmental issues. Rather than limiting our effort to “end-of-pipe measures,” intended to cut hazardous substance emissions at the exit points, we have striven to

dramatically reduce environmental impact from the design stage. As part of such efforts, in fiscal 2007 we incorporated several division staff members into the Environmental Committee and created a system to strengthen environmental strategies relating to raw materials and production methods. With a view to further reducing CO2 emissions, Special Committee on Global Warming Prevention was established in fiscal 2008 to separate the global warming prevention issues from the Environmental Committee. We will step up our efforts to reduce CO2 emissions in the design, development and production stages.

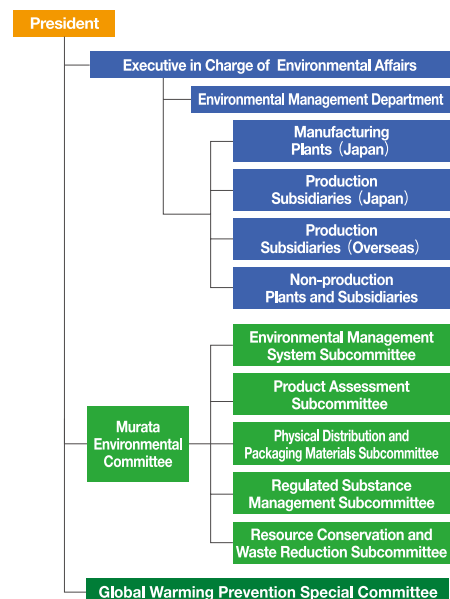
## ISO 14001 Certification

### Grobal multi-site

Murata had acquired ISO14001 certification for all its production plants in Japan and overseas, and all non-manufacturing sites in Japan (Murata Head Office, Tokyo branch and sales offices) by the end of fiscal 2006. We had concentrated on integrating systems, and in March 2007, we completed switching individual certification of the 34 domestic Group business sites to ISO14001 multi-site certification. Since then, we have implemented an

integrated environmental management system from design and development to production and sales, and also applied improvements that proved successful in one plant or office to other plants or offices, so as to improve the environmental performance of the entire Murata Group. Since fiscal 2007 we have also promoted multi-site integration of overseas production plants. In fiscal 2008, Wuxi Murata Electronics Co., Ltd., China

## ■ Environmental Management Promotion System



## Environmental Cost Management

### Plans for International System Expansion

In 2003, Murata created an environmental cost management system incorporating an environmental accounting approach. This system allows the Group within Japan to calculate the expenses required for environmental activities and the results obtained in order to conduct more effective

activities to reduce environmental impact. In fiscal 2007, we revised our environmental cost calculation method. We replaced the previous system, which required personnel at each plant to input and total data, with one in which related information is taken directly from the administrative accounting system at

the Head Office, thereby increasing accuracy and streamlining work processes. Now, with the calculation method improvements in place, we plan to begin operation of the environmental cost management system at our overseas production plants in fiscal 2009.

# Environmentally Conscious Design

Murata designs products with reduced environmental impact throughout their life cycle, from material procurement, design & development and production to use, disposal and recycling.

## Eco-Friendly Product

### Implementation of Product Assessment

Murata is implementing environmentally-conscious design, in which it promotes reduction of the use of environmentally hazardous substance and effective use of resources by designing compact, energy-saving products. To ensure environmentally-conscious design, in November 2004 we began product assessment

throughout the Group in which we evaluate environmental impacts in advance and incorporate changes to reduce these impacts. Product assessment takes place prior to Design Review, which takes place in the development stage. The evaluation is then repeated during the prototype stage and at market launch.

## Product Assessment Category

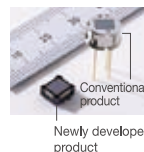
Classification	Category
Product	Environmentally hazardous substance
	Downsizing
	Reduction of main raw materials
	Electricity saving
Production process	Environmentally hazardous substance
	Energy saving
	Resource saving and waste reduction
Packaging	Environmentally hazardous chemical substances
	Resource saving (reuse, recycling)

## Life Cycle Assessment (LCA)\*

Murata conducts product assessment to reduce the environmental impact of its products throughout their life cycle. Murata's representative products, such as monolithic ceramic capacitors and chip ferrite beads, are assessed using the Life Cycle Assessment (LCA) methodology. Not only products, but also production machines are subjected to LCA at their design stage.

### Surface-mount pyroelectric infrared (PIR) sensor IRS-A200ST01

[Features] Contributes to reducing wasteful power consumption by detecting the presence of people and automatically switching on and off of lighting equipment or liquid crystal displays, or automatically switching into energy-saving mode of air conditioners.



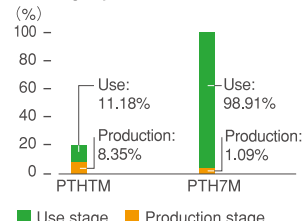
#### Life Cycle Stage

Parts and materials procurement	Reduced weight by 80% by decreasing the number of parts from 6 to 4.
Production	Reduced energy consumption on production stage, by reducing man-hours.
Packaging & transport	The downsizing of products has reduced the use of packaging materials and increased transport loading, resulting in reduced CO2 emissions.
Use	Contributed to energy saving of LCD televisions, photo frames and air-conditioners (with automated energy-saving control with presence detection).

### Positive-coefficient thermistor for motor start-up circuit

[Features] An electronic component for assisting start-up of a motor in a refrigerator, etc. Although the conventional product consumed little power after start-up, the new product has cut this wasteful power consumption.

#### Comparison of Global Warming Impacts (CO2 emissions) (%)



■ Use stage ■ Production stage

\*Calculations are based on the assumption of using the thermistor to start up the motor in a refrigerator over a period of 10 years.



## \*What is Life Cycle Assessment (LCA)?

Life Cycle Assessment (LCA) is a method for quantitatively evaluating the environmental impact of a product at each stage of its life cycle. Murata evaluates mainly the environmental impact of products in terms of global warming.

## Managing of Chemical Substances and Environmentally Hazardous Substances

### Promoting a New Chemical Management System through Industry Alliances

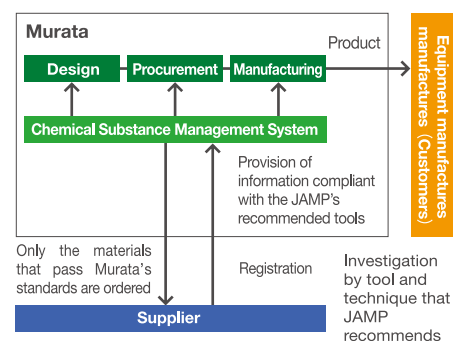
The European Union REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation, which came into effect in June 2007, requires the registration of several tens of thousands of types of chemical substances. In addition to efforts by individual companies to properly manage chemical substances, creating an industry-wide standardized management system is also an effective way to maintain strict compliance with this regulation. Based on this recognition, Murata has participated in the Joint Article Management Promotion-consortium (JAMP\*) to establish a standardized mechanism to facilitate the smooth transmission of information on chemical

substances contained in parts and materials, from upstream industries that produce chemical materials to downstream industries that produce end products. We are also working on establishing a chemical substance management system that employs JAMP-compliant tools and techniques.

## \*What Is JAMP?

An active cross-industrial organization to formulate and spread concrete measures to facilitate proper management and smooth disclosure and communications throughout the supply chain of data on chemical substances contained in articles.

## Chemical Substance Management System





# Green Procurement and Purchasing

Green procurement of part materials with low environmental impact is essential for decreasing the environmental impact of products. That is why Murata asks its suppliers for their understanding and cooperation regarding environmental management.

## Promotion of Green Procurement

### Evaluating Suppliers' "Green Level"

Murata has distributed a Green Procurement Standards pamphlet describing the Group's green procurement philosophy and supplier requirements in order to promote green procurement with the understanding and cooperation of its suppliers. When dealing with a new supplier, whether in Japan or overseas, we investigate the company's environmental management system (ISO or other management systems) and certification that parts and materials delivered do not contain certain hazardous chemical substances, and, in particular, we inspect the appropriateness of the company's chemical substance management system before making a decision regarding the supplier. As for existing suppliers, we conduct evaluations,

and materials with high environmental risk. We provide low-scoring suppliers with guidance in the form of improvement requirements and audits; however, we take a tough stance toward those failing to demonstrate improvement and we may even terminate the relationship. To strengthen green procurement at overseas sites, from fiscal 2009 we plan to introduce in stages the same system as used in Japan into overseas plants, beginning with those with higher needs.

#### Criteria for the Green Level of suppliers

- Environmental management system
- Management system for chemical substances
- Submission of certification concerning the six RoHS-designated substances

### Scheme for Green Procurement of Materials

Before adopting new materials, Murata conducts a greenness survey for every one. The standards for those surveys are Murata's own technical standards prohibiting or limiting the use of materials according to legal regulations and customer requirements. Specialized personnel investigate chemical materials that require particular care, recording accepted materials in a database to enable the

Group to procure only those approved materials. Beginning in December 2006, Murata standardized the greenness surveys conducted at overseas locations. Using the standard surveys, the Group is able to reliably determine acceptable materials based on technical standards. In fiscal 2009, we will conduct Green Level Surveys in compliance with the REACH regulation.

## Total Green Purchasing

### Prioritizing the Purchase of Compliant Products

The 2001 Law on Promoting Green Purchasing requires national and regional public institutions as well as corporations to purchase products and services conducive to the reduction of environmental impacts. Murata makes it a top priority to purchase green products, which it defines as those complying

with the standards set by this law or goods endorsed with recognized environmental labels. At the end of March 2009, the green purchasing ratio at our domestic plants was 89% on an itemized basis. We are increasing awareness in all divisions to achieve a 100% green purchasing ratio.

#### Message

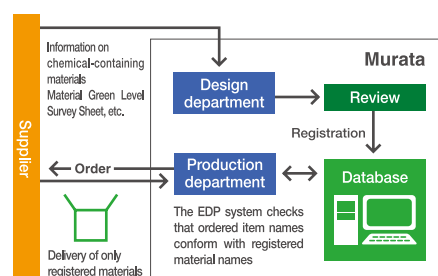
### We Are Working Hard to Further Enhance an Environmental Quality Assurance System for Parts and Materials.

To prevent parts and materials containing hazardous chemicals from being supplied to our company, the Purchasing Department obtains information from suppliers regarding chemical substances contained in their products and stores such information in a database. In fiscal 2008, we established a materials database in conformity with new standards, so that we can respond in a timely manner to inquiries from customers about chemicals contained in our products. In fiscal 2009, we plan to establish a system that does not allow the purchase of articles not registered on our database, so as to further enhance the quality of our environmental quality assurance system with respect to chemical substances contained in products.



Miyoko Matsumoto  
Quality & Environment Sec.,  
Purchasing Dept.,  
Production Engineering Unit,  
Murata Manufacturing Co., Ltd.

#### ■ Scheme for Green Procurement of Materials



Material Green  
Level Survey Sheet



Scene of Green Level Survey





# Prevention of Global Warming

The reduction of greenhouse gases is becoming increasingly urgent. Murata places priority on the reduction of total emissions and per unit of net production emissions of greenhouse gases, and the Group is involved in efforts to prevent global warming.

## Reduction of CO<sub>2</sub> Emissions

### Results of fiscal 2008

In fiscal 2008, greenhouse gas emissions of the Group business sites in Japan decreased by approximately 7,800 tons from the previous year. This is attributable to continuous group-wide energy-saving efforts as well as reduced production due to economic slowdown. As for greenhouse gas emissions per unit of net production\*, the result for fiscal 2008 was a 37% reduction relative to the fiscal

1990 level. This figure (37%) is above the fiscal 2008 target of 35% or more, but has dropped from the previous year (49%). This is considered largely due to a significant increase in emissions coefficient\* of Hokuriku Electric Power Company (which is the power supplier for the Hokuriku region, where many of our production plants are located), from 0.457kg-CO<sub>2</sub>/kWh in the previous year to 0.555kg-CO<sub>2</sub>/kWh.

### Conducting Energy Conservation Inspections in Collaboration with Outside Experts

Murata conducted energy conservation inspections by sending the internal energy conservation teams to its plants. In fiscal 2008, plant energy conservation inspections were conducted in cooperation with outside energy experts,

including staff from electric companies and air-conditioner manufacturers. We intend to vigorously promote energy-saving and global warming prevention measures that incorporate new perspectives and ideas from outside experts.

### Efforts to Reduce Greenhouse Gas Emissions

In fiscal 2008, Murata achieved a reduction in greenhouse gas emissions. To continue the reduction of greenhouse gas emissions in the future, the top management holds discussions on emissions reduction

strategies and measures. We plan to set emissions reduction targets for fiscal 2009, to determine specific measures and activities to meet those targets, and to vigorously implement those measures and activities.

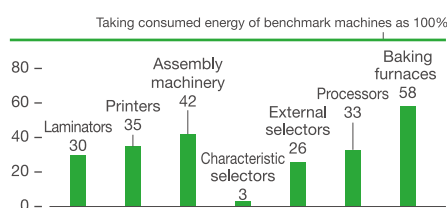
### Development of Energy-Saving Production Equipment

In fiscal 2008, we developed five new types of equipment, installing 160 new energy-saving machines in our plants. This resulted in a reduction of approximately 2,800 tons of CO<sub>2</sub> emissions. We also conducted energy-saving production equipment design training at two top-ranking plants among Murata's domestic plants in terms of CO<sub>2</sub> emissions performance. Beginning in fiscal 2009, we are moving ahead with the development of energy-saving equipment, focusing on five targets: ① increased baking furnace efficiency; ② major restructuring of key product production equipment (laminators; 75% energy savings over current equipment); ③ use of waste heat for drying equipment (50% energy savings over current equipment);

④ an enhanced system of energy savings checks during equipment design audits; and ⑤ energy-saving design training at domestic plants.

#### Energy Conservation Performance

Benchmark ratio for consumed energy (comparison of consumed energy per unit with existing benchmark machines)



Memo

#### \*About Emissions per Unit of Net Production

The emissions ratio is the value of CO<sub>2</sub> emissions against real production, which is calculated by adjusting production (monetary value) for deflation using the domestic corporate goods price index (for electronic components and devices) announced by the Bank of Japan. This figure indicates the quantity of greenhouse gases emitted in the process of producing a given product quantity (monetary value).

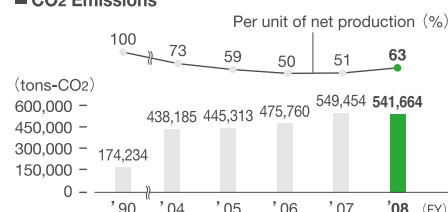
#### \*What is the power company emissions coefficient?

In accordance with the Calculation, Reporting and Publication System for Greenhouse Gas Emissions, calculations of greenhouse gas emissions are performed using emissions coefficients per unit of electric power for each electric power company, disclosed by the Ministry of the Environment.



Energy Conservation Inspections

#### CO<sub>2</sub> Emissions



Message

#### We Are Vigorously Striving to Reduce Greenhouse Gas Emissions.

Komatsu Murata Manufacturing achieved a 11% reduction in CO<sub>2</sub> emissions per unit of net production from the previous year through introduction of energy-saving equipment and facilities, fuel conversion and waste heat utilization. As a result of converting boiler fuel from heavy oil A to electricity to reduce CO<sub>2</sub> emissions from boiler combustion, CO<sub>2</sub> emissions are expected to decrease by 63% compared with the conventional fuel-based heat source system. In future, we will continue making a steady and concerted effort to reduce CO<sub>2</sub> emissions, so as to continue meeting our reduction targets. We are committed to further intensifying our efforts to reduce greenhouse gas emissions.



Yoshiaki Sakata  
Environmental Management Sec.,  
Administration Dept.,  
Komatsu Murata Manufacturing Co., Ltd.



## [ Murata and the Environment ]

# Reduction of Waste

The Murata Group achieved its goal of zero emissions nationwide in 2003. We are now working toward zero emissions and a reduction in the total amount of waste internationally.

### “Reduce, Reuse, Recycle” Promotion

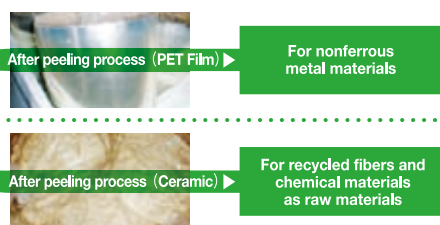
#### Unit Reduction Ratio of 48% against Fiscal 2000

We place priority on the reduction of the waste plastic and waste liquids that make up 70% of all waste matter. By separating ceramics from waste plastic, we are able to reuse those resources. We also use a liquid

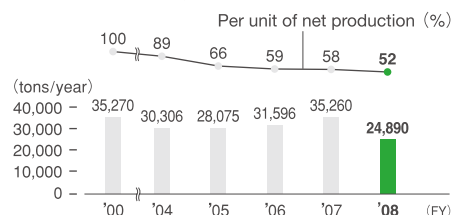
concentrator that reduces waste liquids to approximately 1/20th of their original volume. As a result, in fiscal 2008 we reduced waste emissions per unit of net production by 48% compared to fiscal 2000.



Recycling of Ceramic-Coated PET Film\*



#### ■ Amount of Waste Generation



Memo

#### \*Recycling of Ceramic-Coated PET Film

Ceramic is peeled from ceramic-coated PET Film. PET Film is recycled as raw material for PET production. The ceramic sludge (peeled ceramic) is refined to recover precious and nonferrous metals.

#### \*What is JWNET?

JWNET is a government-led system to convert and manage data of the industrial waste control manifest (paper manifest) into electronic form, and thereby help generators of industrial waste confirm that their waste has been disposed of appropriately, after having commissioned the disposal of such waste to their disposal contractors.

### Completing Introduction of Electronic Manifest System in Japan

Murata has been working on waste management, with “compliance,” “zero emission” and “waste reduction” as its basic policies.

We are currently implementing various measures to reduce the amount of waste generation, in accordance with the 4th Environmental Action Plan, whose target year is set for fiscal 2010.

In addition to waste reduction efforts, we have vigorously promoted introduction of the electronic manifest system (JWNET\*). In fiscal 2008, we completed the introduction of the system into all of our Group business sites in Japan. In conjunction with the introduction of

the electronic manifest system, we also developed and commenced operation of our own Compliance Management System for Industrial Waste Disposal. This system enables integrated waste management for the entire Group, leading to improved compliance and increased operational efficiency. For fiscal 2009, we have set the target of achieving the ratio of the number of electronic manifests to the total manifests at 85% or higher. In the future, we will continue striving to increase the ratio to as close to 100% as possible and to further strengthen compliance and improve operational efficiency.

Message

### We Are Endeavoring to Reduce Environmental Impact through Awareness Raising.

To contribute to the realization of recycling-oriented economy and society, we are striving to reduce environmental impact by raising employee awareness of waste reduction and separation. The production and development departments are working hard on developing production processes that do not generate waste, as well as developing and designing products that are easy to recycle. In April 2009, the operation of the waste management system commenced, with the aim of facilitating information-sharing throughout the Murata Group. Toward achieving the goal of zero waste emissions from our business activities, we at Murata Manufacturing will continue making concerted efforts to reduce waste and increase recycling rates through close cooperation among business sites, thereby contributing to realizing a recycling-oriented economy and society.



Masafumi Aramaki

Environmental Maintenance Sec., Administration Dept., Yasu Division, Murata Manufacturing Co., Ltd.

### Achievement of Zero Emissions at Malaysia and Taiwan

Murata achieved its goal of zero emissions of waste throughout Japan in fiscal 2003, and has since maintained that record. Murata defines zero emissions as the complete elimination of landfill waste, including directly or indirectly treated waste, and a recycling rate of 100%\*. In fiscal 2006, Murata also set a goal of zero emissions at its international sites by fiscal 2010, and is

working steadily toward that goal. Because circumstances differ in each country and region, reaching a goal of zero emissions is not easy, but we did attain that target at Beijing Murata Electronics Co., Ltd. in fiscal 2007, and at Murata Electronics (Malaysia) Sdn. Bhd., and Taiwan Murata Electronics Co., Ltd. in fiscal 2008.

\*Murata's zero emissions target excludes waste matter that the Group is unable to process on its own, such as excess sludge in remediation tanks.



- Management and Emissions Reduction for Chemical Substances
- Reducing Environmentally Hazardous Chemical Substances
- Soil and Groundwater Contamination Surveys

# Managing Chemical Substances and Environmental Risk

Because we handle chemical substances, we have a responsibility to prevent environmental pollution.

We consider the management of hazardous chemical substances emitted during the production process and the reduction of emissions to be important issues, and we are working to resolve them.



## Avoiding Environmental Risk

### Preventing Environmental Accidents and Pollution

We are aware of the significant environmental risk accompanying the use of chemical substances, and we are taking steps to avoid pollution. We take into particular consideration the degree and duration of environmental impacts when storing and transporting chemical substances within our facilities, applying four voluntary standards for proactive prevention.

We contract legally certified waste disposal specialists for the disposal of industrial waste in Japan and overseas, and we visit their processing facilities regularly to ensure proper treatment. We also conduct surveys to minimize the risk of soil pollution caused by ground deformations when constructing plants. No environmental accidents or other violations of environmental standards occurred in fiscal 2008.

#### Voluntary Standards for Prevention of Environmental Accidents and Pollution

##### 1. Prohibition against Underground Storage Tanks

In principle, storage tanks for fuels, organic solvents, acids, alkalis and waste liquids and wastewater tanks for treating wastewater will be located above ground. If it is unavoidable that a tank be placed underground, it will be a double-walled tank.

##### 2. Permeation Barrier Coating

Locations where such fluids as fuels, organic solvents, acids, and alkalis, as well as waste oil, are handled will be provided with a bed made of a permeation barrier coating or stainless steel.

##### 3. Prohibition of Underground Piping

Pipes for transporting such fluids as fuels, organic solvents, acids and alkalis, as well as waste liquids, will be located above ground.

##### 4. Emergency Containment Structure

Workplaces where liquids are received or where waste liquids are discharged to or from tank trucks or the like will have a structure for immediately containing any leakage if an accident occurs.



Overhead pipes at Yasu Plant



Emergency shutdown valve at Anamizu Electronics Industries

### Communications with Local Residents about Environmental Risk

We consider minimizing the impact of our business activities on local communities to be one of the most important aspects of our corporate social responsibility, and we work hard to respond swiftly if a problem occurs. In fiscal 2008, the Murata Group's plants received 4 complaints regarding noise, night-time lighting, and tree planting, and we quickly resolved these issues in consultation with local residents.

We also strive to promote information disclosure, by such means as inviting local residents to tour around our operating sites, so that they can better understand our active environmental efforts.



Community tour of Toyama Murata Manufacturing



Community tour of Kanazu Murata Manufacturing

#### Message

### We Are Promoting Effective and Efficient Soil and Groundwater Purification through Self-Management.

Since 1995, Iwami Murata Manufacturing has been implementing soil and groundwater pollution control measures. We conduct soil and groundwater purification in cooperation with specialist companies, using pump-and-treatment method in the plant boundary area, and pump-and-treatment and vacuum extraction methods inside the plant site. Recently we have introduced the latest purification technologies to shorten purification period. Recognizing the importance of proper maintenance of wells and purification equipment, we regularly check the operational status of wells and purification equipment and perform proper maintenance in a timely manner, on our own, without relying solely on outside agencies. We are striving to promote efficient soil and groundwater purification.



Mitsuoki Nishimoto  
Administration Sec.,  
Iwami Murata  
Manufacturing Co., Ltd.

Reuse  
Reduce  
Recycle



# Promoting Eco-Friendly Physical Distribution and Packaging

Murata is reducing its environmental impact during not only production stages but also the product distribution stage. We are reducing CO<sub>2</sub> by making transport more efficient, and we are reducing waste by cutting down on packaging materials.

## Reduction of Environmental Impact Arising from Distribution

### Promoting New Measures such as Modal Shifts and Joint Shipping

Each year, Murata sets a target for reducing CO<sub>2</sub> emissions during distribution and strives vigorously to achieve it. For fiscal 2008, we planned ① to reduce total travel distance by reorganizing our distribution network in the Kansai and Hokuriku areas, ② to install Eco-drive Management System (EMS) devices in trucks to support drivers' fuel-efficient and safe driving, and ③ to introduce energy-efficient hybrid vehicles. The installation of EMS devices and introduction of hybrid vehicles were completed as planned. Currently, a plan for reorganization of distribution network is under development. In fiscal 2008, although we worked hard to achieve the target

of reducing CO<sub>2</sub> emissions per unit of net production from domestic physical distribution by at least 36% from the fiscal 2000 level, the target was not achieved (the result was a 29% reduction). This is attributable to a rapid decrease in cargo volume in the second half of fiscal 2008; although we could reduce the total amount of CO<sub>2</sub> emissions, we failed to achieve the unit reduction target. In fiscal 2009, we will step up our efforts to reduce CO<sub>2</sub> emissions during distribution; as part of such efforts, we plan to introduce systems that provide accurate and real-time information regarding the amount of load being carried by trucks, to increase their average loading ratio.

We continue to study the possibility of a modal shift from truck transport to relatively low CO<sub>2</sub> emission railroad or ocean transport.



Truck loaded with freight

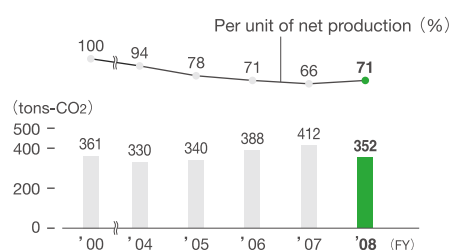


EMS device



Hybrid truck

### ■ Reductions of CO<sub>2</sub> Emissions during Domestic Distribution

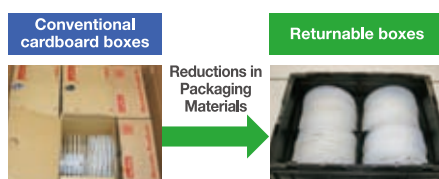


### Reduction in Packaging

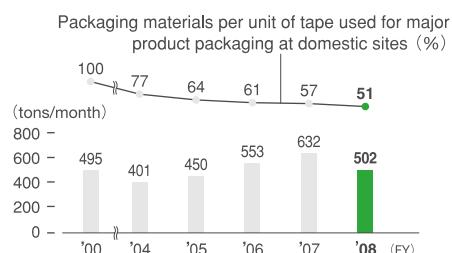
Our approach to reducing packaging materials is to use technological innovations to make our products smaller. In addition, in recent years we have promoted the use of returnable boxes for exterior packaging to reduce the use of cardboard boxes. In fiscal 2006, we adopted this practice for the shipment of all products between operating sites within Japan. In fiscal 2007, we began using returnable boxes for some customers, and we plan to continue to expand their use.

As a result of these activities, in fiscal 2008 we attained our goal of reducing the use of packaging materials per unit of tape used for major product packaging at domestic sites by at least 45% from the fiscal 2000 level (the result was a 49% reduction). We will strive to promote further reduction of packaging material consumption through the increased use of returnable boxes and simplified packaging.

### ■ the use of returnable boxes for exterior packaging



### ■ Reductions in Packaging Materials





# On Reading “Murata Group CSR Report 2009”



Professor  
**Katsuhiko Kokubu**

Graduate School of  
Business Administration,  
Kobe University

## Evolution of CSR Commitments

Murata's CSR management is evolving steadily. In fiscal 2008, the Company stipulated its CSR Charter and set up the CSR Management Committee with the president as its chairman, putting in place a system for overseeing relevant committees on such subjects as governance, the environment, contribution to society and local communities. Murata also established social targets to be achieved as part of operational goals, and formulated various policies, including the Basic Policies for Activities to Contribute to Society and Local Communities, enabling employees to understand more clearly what they should do. I highly appreciate these achievements, which indicate the evolution of Murata's CSR activities. However, these activities have thus far been based on what the Company considers to be of importance, or “materiality.” In addition to such materiality based on its own perspective, henceforth Murata will need to analyze the materiality required by society, through seeking opinions from a wider scope of stakeholders, and quantify the social targets wherever possible and effective.

## Customer and Employee Satisfaction Upon Which Murata Places Highest Value

As stated in the message from top management, Murata places its highest value on customer satisfaction and employee satisfaction. I was able to form a clear idea of Murata's highest value, which is also well represented by substantial contents of the sections of Features (pages 8 to 12), Customer (pages 17 to 19), and Employees (pages 20 to 23). Moreover, I am impressed that the Company has started efforts to introduce employee satisfaction surveys and an occupational health and safety management system aimed at creating workplaces free from work-related injuries. Looking ahead, I recommend that the Company should establish systems for performance evaluations of customer and employee satisfaction, and systems for disclosing the evaluation results to stakeholders.

## Active Measures to Prevent Global Warming

Currently, Murata has set CO<sub>2</sub> emissions reduction targets per unit of production, and has already achieved the Company's ambitious target of 35% reductions compared with the fiscal 1990 levels. Nowadays, however, companies are coming under increasing social pressure to reduce the total volumes of CO<sub>2</sub> emissions. Murata's message from top management expresses a strong determination to continue Company-wide initiatives to further reduce CO<sub>2</sub> emissions by promoting “visualization” of the amounts of CO<sub>2</sub> emitted in production processes. Henceforth I expect Murata to set long-term targets for reduction of total volumes of CO<sub>2</sub> emissions to be actively pursued across the Group, taking the lead in the industry's efforts.

## CSR as a Global Company

With overseas customers accounting for 78% of its total sales, Murata has become highly global. For fiscal 2009, the Company plans to target integrating its environmental management system of plants in China with that in Japan. I believe that such CSR activities based on a global perspective will assume even greater importance for Murata. In the future, it will become essential to establish and implement a system to identify the needs of stakeholders not only in Japan but also around the world. I sincerely hope that Murata will further step up its CSR commitments.

