

Innovator in Electronics

Murata Report 2011

Corporate Report
CSR Report

Innovator in Electronics

Many people are unaware of Murata’s electronic components.
However, Murata components are used by almost all of us.
Computers, mobile phones, home appliances, car electronics...
Inside our electronic equipment, which continues to evolve dramatically,
becoming ever smaller with more advanced functions,
Murata components are hard at work.

Innovator in Electronics

Electronic components keep on changing.
Murata wants to keep on changing, too.
We work to stay in step with the trends of the times,
keeping our focus on the customer,
carrying out our manufacturing with pride,
continually seeking out new challenges,
and striving to always remain
the tireless innovator that we are.
Under a philosophy that is unchanging,
we continue to make bold changes.
In any and every age,
Murata will always be an innovator.

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

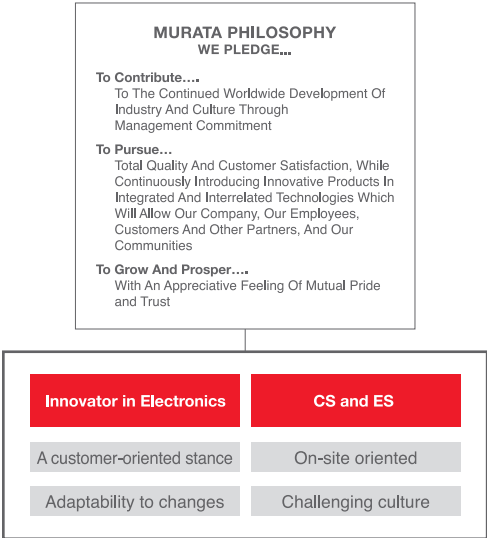


Unchanging values, a strategy of sustained effort

Does the work we do impress and astonish our customers?
Do the people we work with find their work challenging
and feel personal growth?
These are the questions that we must each ask ourselves,
and act upon.

Throughout the history of our company, the ideals embodied in the Murata Philosophy have consistently served as the foundation for the ideas and actions of our employees. Additionally, in the midst of the dramatically changing market environment of recent years, we have affirmed our determination to be a company that prioritizes CS*¹ and ES*². This is not merely a task for sales and marketing, or for our business departments, but is one that will involve our development, staff and other departments. Working as a cohesive whole towards a unified goal, we will strive to make Murata a company that is always ready to take action on behalf of its customers.

Last year, Murata initiated its Mid-Term Direction, which considers the market in the context of three segments. First, in emerging markets, our goal is to win over customers with our speed, low prices, and agility, and to achieve the No. 1 market share position. Secondly, in core markets, we are working to become the strategic suppliers to resolve customer issues not only with our individual components, but with the combined resources of our company. Thirdly, in new markets, we aim to become the exciting prospect capable of discovering business opportunities with our customers and partners. Although we employ different strategies to achieve these goals, one question that all of us at Murata consistently ask ourselves, irrespective of the market, is whether we are creating and providing value our customers can appreciate. As we evolve into a more tightly integrated organization under a unified strategy and with a short, sturdy value chain that enables swift decision-making, Murata will respond to the diverse needs of our customers and the constantly changing market environment. We will continue to step up the implementation of initiatives that will best serve us in our various markets, and we remain committed to being a company genuinely capable of enhancing customer value.



*1 CS: "Making the efforts to have our customers consistently recognize the value we offer"
*2 ES: "A workplace environment in which the employees find their work challenging and in which they can continue to grow"

President
Statutory Representative Director
Tsuneo Murata



With the Murata's value chain provide highest value to customers

Our desire to serve our customers links us together.

Providing customers with value is not solely the responsibility of the sales department. The production and planning & development departments of course share in this responsibility, and all of Murata, including staff departments such as administration, personnel and accounting, must work in close cooperation to keep our organization directly aligned towards the customer.

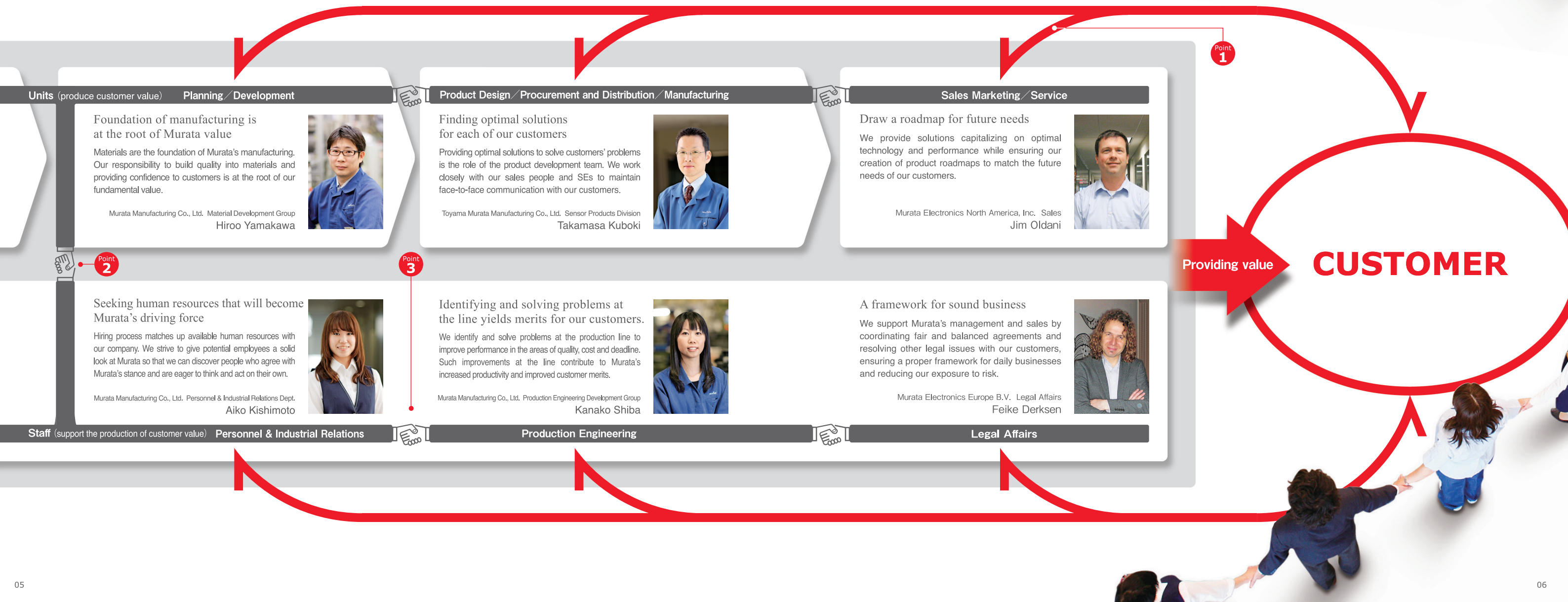
It is within this common purpose that we must each find and perform our individual role. Creating a strong and flexible organization is the motivation behind our value chain.

- Point 1

Recognizing one's own function and role
"What am I capable of? What is required of me?" Understanding how our work connects us to the customer helps us understand the part we play.
- Point 2

Coordination between the business units and functional staff
The business units deal directly with the customer, and functional staff lends support. A shared customer-oriented philosophy can foster an ideal cooperative relationship.
- Point 3

Coordination among functional staff
Beyond the business unit lies the customer. A team effort between functional staff members whose ideas are based on this understanding will generate a strategic strength.



Murata technology is playing a role
in an increasingly broad range of fields.

Electronic components are finding use in even more applications,
such as automotive electronics, environment/energy, and healthcare.
With its innovative technology, Murata opens up new possibilities in electronics.

From core electronics for mobile phones, computers, and audio-visual equipment to new applications
for automotive electronics, environment/energy and healthcare:
In an even broader range of fields, Murata is creating new value as an “Innovator in Electronics”,
Opening up a bright future.



Automotive Electronics

Creating automobiles that are both people-friendly and eco-friendly

In terms of safety, comfort, and environmental responsibility,
modern cars are expected to offer increasingly high functionality and performance.
Murata electronics helps make automotive dreams a reality.



Environment, Energy

For the realization of sustainable society

Electronics also plays a part in offering solutions for new,
more environmentally friendly lifestyles.
Murata’s electronic technology helps resolve energy issues.



Healthcare

High-tech healthcare

Our electronics also helps people lead healthy lives
by providing sensing technology that recognizes
and communicates human behavior and feelings as well as
networking for transmitting such information.



Audio and Visual, Communications, Computers, Home Appliances

Bringing comfort to people’s lives all around the world

Electronic equipment is now indispensable in our everyday lives.
Murata products allow these devices to provide even higher comfort
and functionality for ever more people.



Audio and Visual

TV plays an “ACTIVE” role
—Murata links TV to information technology—

Modern television sets do more than entertain by showing enjoyable programs. Thanks to increases in screen size and image quality, linkage to peripherals, and integration with communication services, they are now becoming the most accessible information terminals available. Murata electronic components not only enable the wireless transmission of high-definition TV signals, but also reduce power consumption.



Electronic components that bring “Innovation” into equipment

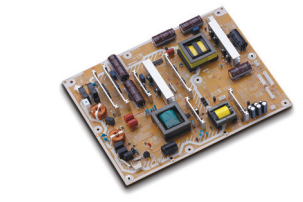
By downsizing electronic equipment and adding new functions,
Electronic components transform equipment from within.

Smaller size along with higher and multiple-functionality does more than just make electronic equipment more convenient. These advancements also create new value in our everyday lives. Small electronic components have a great impact on us by changing our communication, working style, lifestyle, and entertainment. If your life has changed from last year, you can be sure that Murata has played a part in it.

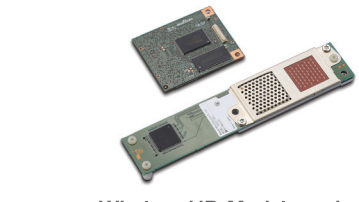
Key Murata products used in audio-visual equipment



Infrared Sensor
Infrared sensors serve as energy-saving units. They detect the presence of people nearby and switch off the LCD backlight when no one is around watching TV. Our surface mounting technology helps make TV sets even flatter.



Switching Power Supply
Featuring high efficiency, switching power supplies reduce power loss caused by heat generation. Murata offers small and low-profile units.



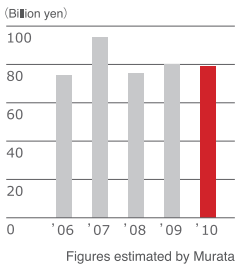
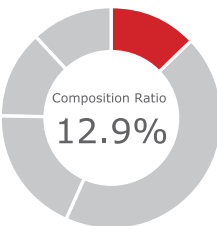
Wireless HD Module and IEEE 802.11n Module
These modules, which allow for the wireless transmission of large high-definition data, are used in home theater systems and feature the free layout of system components.



Flat-screen TV sets represent a core market for Murata.

Enjoying rapidly increasing demand in emerging economies, flat-screen TVs not only drive the growth in demand for components such as capacitors, but stimulate the need for infrared sensors for energy savings and power supply modules that contribute to energy savings and downsizing. Murata expects progress in AV equipment networking to lead to a substantial growth in wireless module sales, including WirelessHD modules that allow for the free-layout of TV systems.

■ Net sales share and net sales for the AV market



Communications

Mobile phones link you with your future, your security
—With Murata, connection takes up a brand new meaning—

People around the world now use mobile phones.
The launch of new higher-speed, higher-capacity communication services is accelerating the trend for more diversified and smarter products.
On the other hand, demand for simple low-end phones is also growing.
Microwave products, sensors, and functional modules contribute to the advancement and diffusion of innovative communication technology.

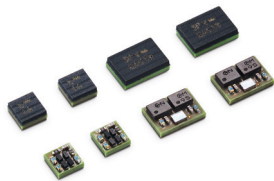


Key Murata products used in mobile phones



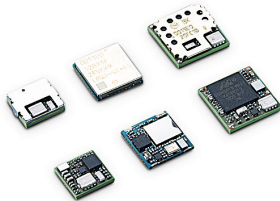
SAW Filter and Duplexer

SAW filters and duplexers, which separate the necessary signal from all radio frequency signals, are key devices in radio frequency circuits. With its unique miniaturization technology, Murata helps RF circuit downsizing.



SWITCHPLEXER®

SWITCHPLEXER® is used for noise filtering and switching between reception and transmission. Murata's innovative multilayer module technology allows the achievement of compact size and high reliability.



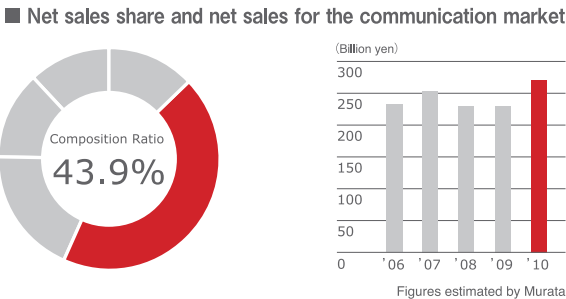
Communication Module

Enabling the mobile phone to access the Internet via wireless LAN, these modules lead the trend of increasing multifunctionality for mobile phones.



The spread of sophisticated mobile phones drives the growth of Murata components.

Components for mobile phones account for the largest portion of Murata's electronic component sales. In addition to the rapid increase in the number of handsets in use, the spread of sophisticated models such as 3G phones and smartphones has caused a sharp rise in the number of components used in a handsets, such as capacitors and SAW filters, permitting us to expect continued rapid growth in the market in the future.



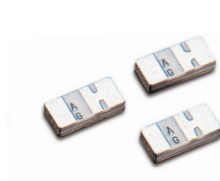
Computers

Ubiquitous computing in the true sense
—Murata makes things “simple” with not-so-simple technologies—

Easy to carry and connect to networks, highly mobile PCs are drawing enthusiastic attention with the spread of Internet connections and cloud computing services.
Murata downsizes its electronic components, permits them to accommodate higher-frequency signals, reduces loss to make them friendlier to the battery, and develops sensors that confer high reliability and operating comfort, thereby providing support for new-age computing.



Key Murata products used in computers



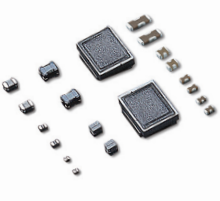
Shock Sensor

In addition to protecting hard disks from impact and vibration, shock sensors make it possible to operate computers by simply touching or shaking them without using the conventional mouse pointer.



Monolithic Ceramic Capacitor and Low-ESL Capacitor

These capacitors stabilize the power supply circuit to MPU, helping reduce size and thickness of mobile PCs.



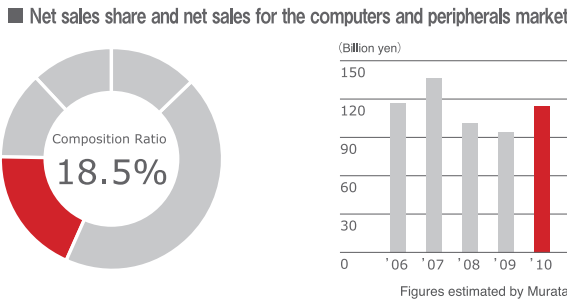
Chip Ferrite Beads and Chip EMIFIL®

Offering an increasing range of functions, modern PCs face an even worse noise environment on the inside. Murata's traditional noise suppression products can eliminate various noise problems.



Mobile computing now in a new phase of growth.

As personal computer CPUs become more powerful, market demand for capacitors and noise suppression devices is growing. Murata commands an unrivaled share in the shock sensor market for hard disk drives. As tablet PCs with wireless LAN capabilities emerge in the market, Murata can expect further growth in one of company's strongholds, microwave products.



Automotive Electronics

Automotive technology is going through transformation for our Earth and people
—Thus Murata’s missions abound—

The automotive industry is increasingly computerizing and electrifying their vehicles to improve their environmental compatibility as part of their responsibility for people and our planet. Murata’s highly reliable electronic components based on the heat resistance of ceramics prove their mettle under punishing driving conditions.
Power devices that accommodate high power accelerate advancements in hybrid and electric drive technology.



Key Murata products used in automobiles



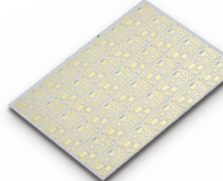
Monolithic Ceramic Capacitor
(for Power Electronics Applications)

Employed in the inverter that controls the hybrid / electric vehicle motor, monolithic ceramic capacitors for power electronics applications feature a space-saving design.



Ultrasonic Sensor

Ultrasonic sensors can detect the distance to obstacles during parking maneuvers. It realizes easy parking and enhance driver's comfort.

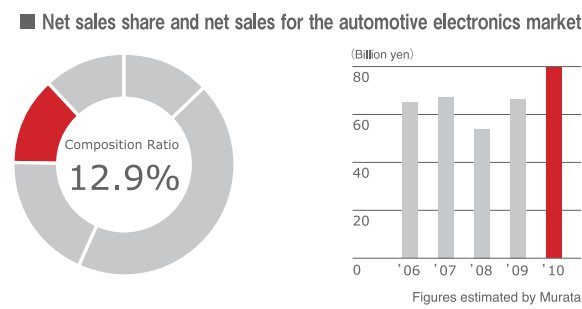


LTCC Multilayer Substrate

Co-fired at low temperatures, these ceramic substrates find use in the automotive ECU (electric control unit) of the powertrain control equipment, such as transmission control unit, which is required to be highly reliable.



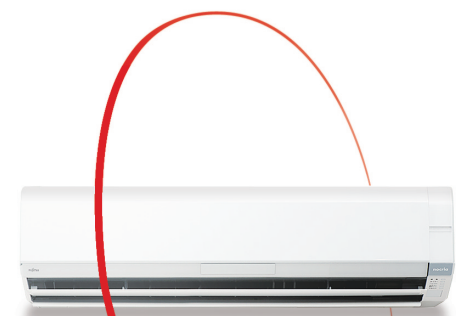
Murata enjoys a growing demand for various electronic components that ensure environmental friendliness, safety, and comfort in cars.
As environmentally friendly cars go mainstream, automobiles are fitted with more electronics, causing a rapid growth in demand for capacitors and other electronic components from Murata. Ultrasonic sensors used for safety equipment as well as gyroscopes and Bluetooth® modules for navigation systems are also successful. We expect to continue to achieve high growth in the sales of components for automobile applications.



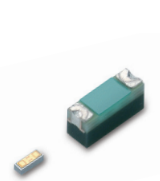
Home Appliances

Eco living is cool living
—Make it smart with Murata’s electronic components—

Even more energy savings and environmental compatibility are required for the home electric appliances we use in our everyday lives, such as lighting and air-conditioning. Murata offers low-loss and long-life ceramic capacitors, transformation-efficient power supply modules, and sensors/communication modules that control equipment by monitoring its operation to provide support for smart home electronics.



Key Murata products used in home appliances



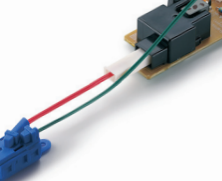
Anti Fuse Device

Used in LED lighting equipment, these protective elements increase energy-saving performance and service life.



POSISTOR® for Motor Starters

POSISTOR® controls the electric current generated when the refrigerator compressor is activated. By helping reduce power consumption, POSISTOR® contributes to the opening of a low-carbon society in future.

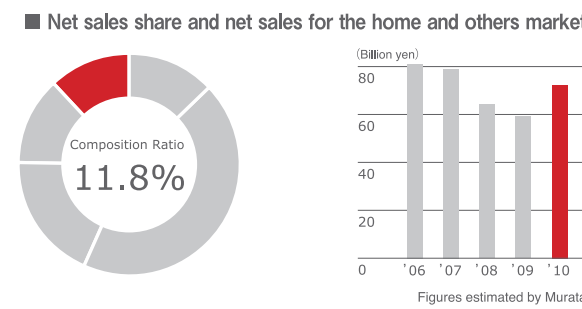


Ionizer (Ionissimo™)

Ion generators provide anti-mold, anti-virus, air cleansing and skin-moisturizing effects. We can now propose a new aspect to our lifestyle, the control of air quality.



Creating ecological value as a new form of affluence.
Home electric appliances are icons of a wealthy lifestyle. Emerging markets are seeing increasing demand for thermistors for refrigerators and air-conditioners. In advanced countries, home electric appliances represent a major target in the commitment to reducing energy consumption. Murata’s electronic components also find use in the control circuit of LED lighting equipment.

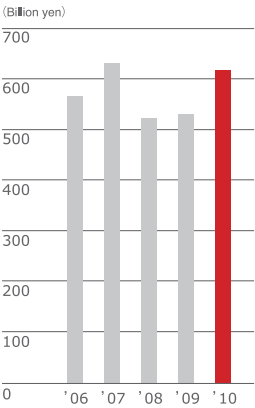


Financial Highlights

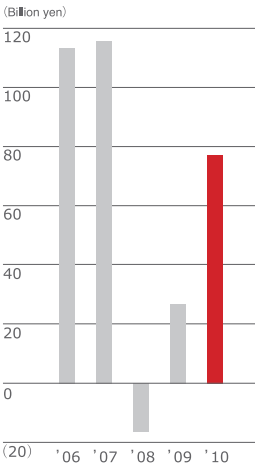
Electronics market continues to expand.
Murata’s electronic components are the leading factor in its growth.

During FY 2010, Murata enjoyed excellent growth of 16.4% in net sales due to the strong performance of major players in the market, such as mobile phones, PCs and digital AV equipment, as well as the advance in high-feature trends of electronic equipment in general.
We expect continued expansion in FY2011 for capacitors, noise suppression devices and microwave products due to increasing demand for high-featured electronic equipment such as smartphones and LED TVs, the full launch of tablet PC models, and market permeation of hybrid/electric vehicles.

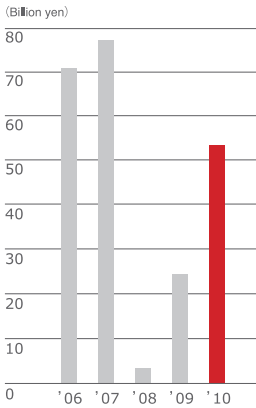
Net sales



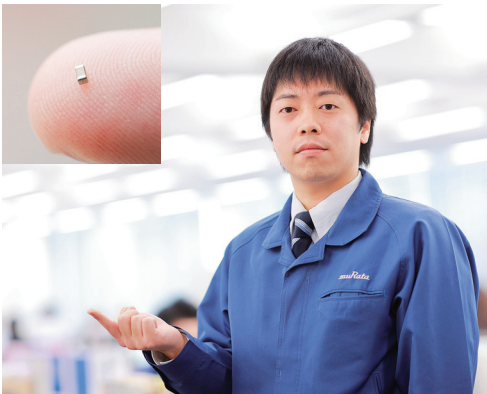
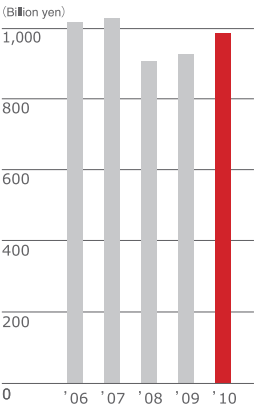
Operating income



Net income



Total assets

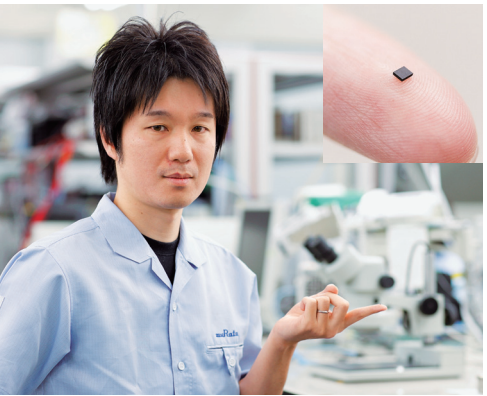
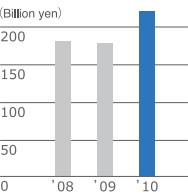
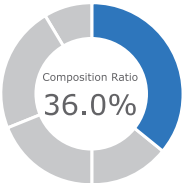


Capacitors

Pursuing further advancement in features to target new markets, including smartphones

Monolithic ceramic capacitor is a Murata mainstream product. Murata has the exceptional edge in small-size, large-capacity models, and we will continue to pursue high-feature capacitors in demand in new markets such as smartphones and tablet PCs.

Murata Manufacturing Co., Ltd.
Sales Engineering Group
Satoshi Yoshida

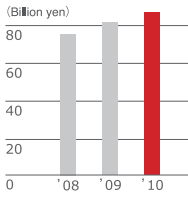
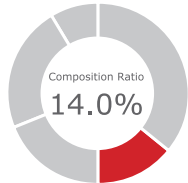


Piezoelectric products

Finding a new venue in the world of cloud technology through elevated capacity for design and availability

SAW filters and duplexers are devices to feed through selected frequencies in equipment such as mobile phones. Murata products are unrivaled in their design capability, which yields excellent frequency characteristics, and in the shipment capacity, which allows stable shipment of products worldwide. We are now endeavoring to expand into new realms of technology including cloud computing.

Kanazawa Murata Manufacturing Co., Ltd. Microwave Products Dept. 1
Tomohisa Komura

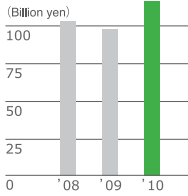
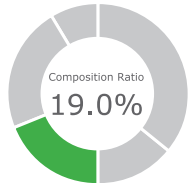
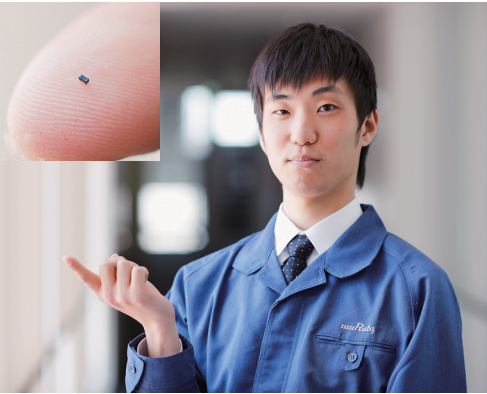


Other components

As a total electronic device manufacturer, we make total solutions available to our customers

Murata has accumulated a tremendous amount of technological know-how in the area of noise suppression (EMI) devices. We provide total solutions encompassing various noise suppression data and circuit design proposals in addition to the devices themselves. We are proud of our total strengths.

Murata Manufacturing Co., Ltd. EMI Filter Division
Tetsuya Osato

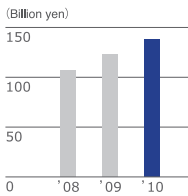
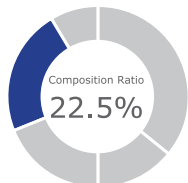


Communication modules

Seeking to support the new world of expanding technology through communication

Communication modules such as Bluetooth® and wireless LAN have gone beyond conventional applications such as mobile phones and PCs to find their way into the fields of home appliances and healthcare products such as TVs, digital cameras and refrigerators. Their presence contributes to convenience and safety in our daily lives. Murata is committed to finding ways to support technological challenges in new fields.

Murata Manufacturing Co., Ltd. Communication Module Division
Noriko Sano

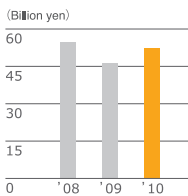
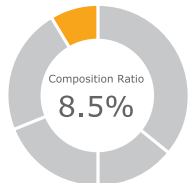


Power supplies and other modules

Delving into new business models based on value proposals

Ionizers feature disinfectant and air-cleaning effects based on high voltage power supply and element printing technologies. We strongly recommend this device to equipment manufacturers in various fields. Our business model for the promotion of this product is based on value proposals, a somewhat different approach from the conventional businesses at Murata. We are excited by this opportunity to offer the benefits made possible through our new approach.

Murata Manufacturing Co., Ltd. Power Device Products Division
Keisuke Nishimoto



Global Network

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

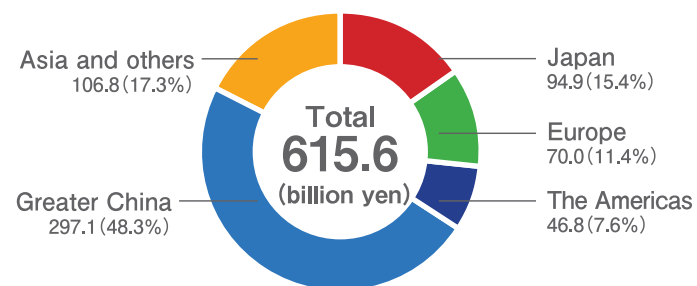
Approximately 85% of Murata products are sold overseas.

Japan, Asia, America, Europe.

Not only do we adhere to the same customer-oriented policy at each of our sites, we also strive to be a beloved corporate citizen and trusted presence in every region. Furthermore, each site recognizes itself as a member of the same Murata group, moving together towards a common goal.

Around the globe, Murata works as one.

Sales by Area



These figures reflect sales by area and subsidiary numbers as of March 31, 2011.
 These figures reflect electronic component and other product sales by area.

America



Net sales: 46.8 billion yen

Subsidiaries: 7

Murata Electronics North America, Inc.
 Marketing Manager
 Application Development Manager
Scott Klettke

*PROVIDING INNOVATIVE SOLUTIONS
 IS A TEAM EFFORT.*

Our businesses are no longer as simple as just selling products. We have now organized teams of sales and marketing members together that aggressively offer solutions to customers and their ecosystem to realize business partnerships. We are taking every opportunity to demonstrate our innovative solutions.



Europe



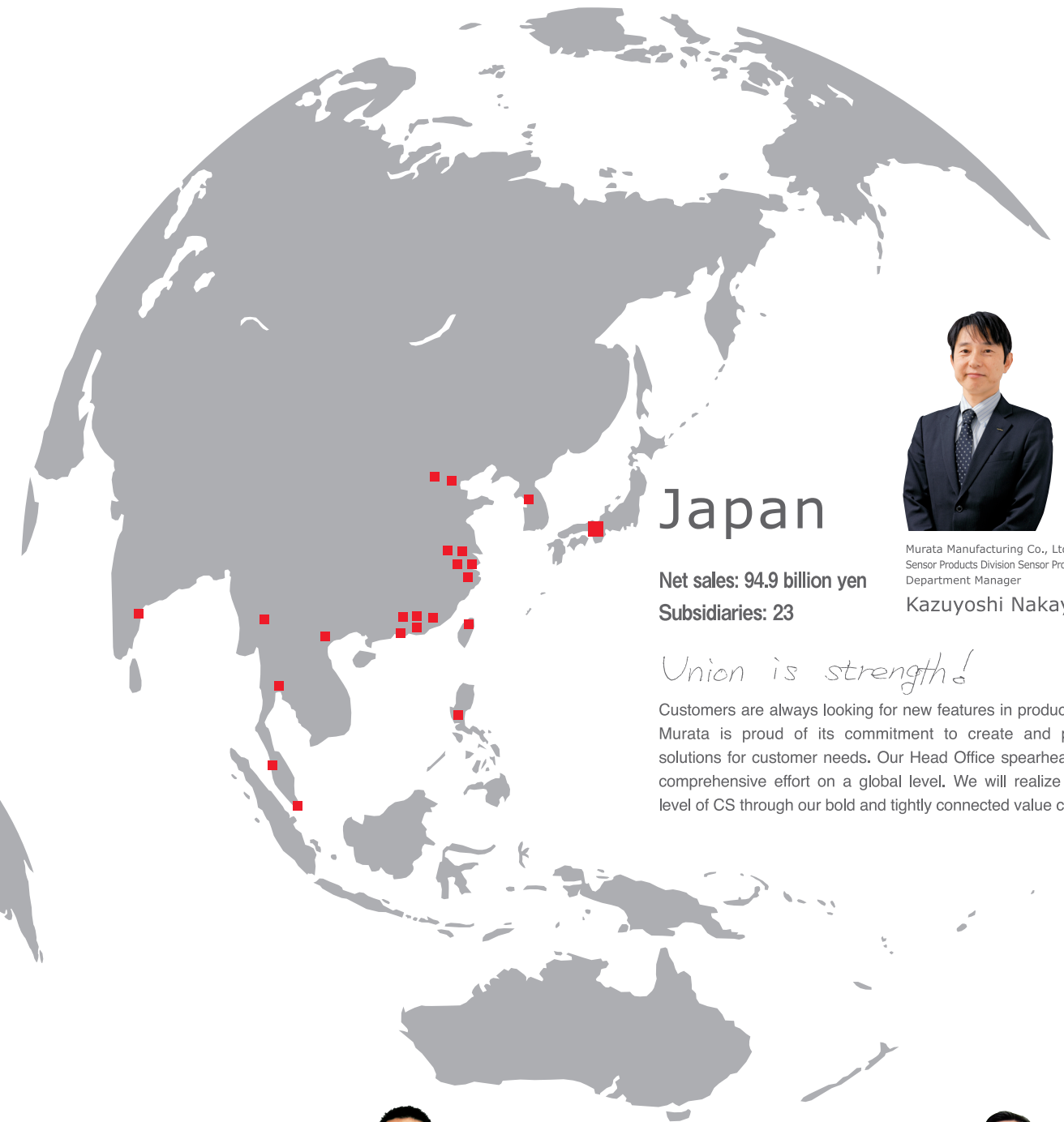
Net sales: 70 billion yen

Subsidiaries: 13

Murata Elektronik GmbH
 Senior Sales Manager
 Business unit National Accounts
Manfred Fischer

New markets - New Challenges

In addition to Eco car market (HEVs and EVs) which has the potential to become the most important market in Europe, the renewable energy market is also quickly becoming the center of attention. These are new markets for Murata which we should aggressively pursue. By strengthening our team effort, Murata Europe will discover customer needs before everybody else, and contribute to further growth of the Group as a whole by providing what our customers demand.



Japan



Net sales: 94.9 billion yen

Subsidiaries: 23

Murata Manufacturing Co., Ltd.
 Sensor Products Division Sensor Products Dept.
 Department Manager
Kazuyoshi Nakaya

Union is strength!

Customers are always looking for new features in products, and Murata is proud of its commitment to create and provide solutions for customer needs. Our Head Office spearheads this comprehensive effort on a global level. We will realize a high level of CS through our bold and tightly connected value chains.

Greater China



Net sales: 297.1 billion yen

Subsidiaries: 14

Murata Electronics Trading (Shenzhen) Co., Ltd.
 Senior Manager
 Sales & Marketing Department
Jesse Zhou

More seedsman Activity and challenge Now!

Pan China is the biggest harvest area for Murata. Since more and more companies are shifting their R&D functions into China, this will also be an important region for sowing seeds towards our future. We would like to cooperate with product divisions in Japan as well as other overseas affiliates to develop new markets and promote Murata's new products in China.

Asia and Others



Net sales: 106.8 billion yen

Subsidiaries: 9

Murata Electronics Singapore (Pte.) Ltd.
 Assistant General Manager
 General Administration and
 Information Services Department
Lam Pin Toh

Our Best is Yet to Be.

MES will continue to expand its sales focusing on ASEAN nations such as Vietnam, including India as well as other emerging markets. We will also focus on manufacturing low cost products targeting emerging markets. To further grow as a global company, we will aim at continuous innovation, value creation and with close collaboration within the Murata Group.

CSR Report 2011

In harmony with the Earth, Society and People Innovator in Electronics



President
Statutory Representative Director
Tsuneo Murata

The Murata Philosophy, which has guided the activities of our company since Murata's inception, contains such phrases as "contribute to the development of culture", "pursue prosperity for our company, our employees, customers, other partners and our communities" and "grow and prosper with an appreciative feeling of mutual pride and trust", and these phrases represent the very spirit of our CSR policies today. It was in keeping with the principles of this philosophy that we established our CSR charter, in which Murata Group directors and employees undertake to fulfill their social responsibilities as good corporate citizens, and act on Murata's management principles with integrity and justice. We have identified CS*¹ and ES*² as important ideals, and we dedicate ourselves to serving our multi-stakeholders responsibly and well. Murata is also committed to fulfilling its responsibilities as a member of society and the community, whether with respect to environmental efforts such as the reduction

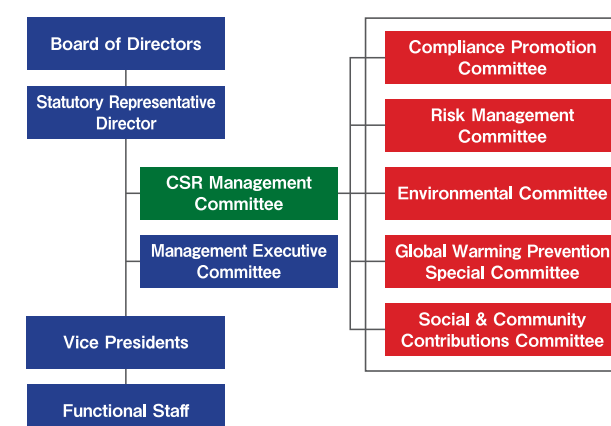
of CO₂ and protection of biodiversity, pressing global issues including the problem of mineral resources in strife-torn regions, or the unprecedented devastation brought about by The Eastern Japan earthquake. In our business activities, we have made the health and safety of our employees our highest management priority, and we are engaged in an organization-wide effort to create a safe and comfortable workplace, and to maintain and promote the physical and mental health of our workers. As part of this effort, we are currently working to obtain OHSMS (Occupational Health and Safety Management System) certification. We at Murata remain committed to maintaining the trust of society at large, and, driven by the CSR Management Committee we have organized to act upon the management principles embodied in our CSR charter, we will continue to serve the needs of society by promoting our fully-integrated, company-wide CSR management policies in a consistent and strategic manner.

CSR Charter (Outline)

In line with its Murata Philosophy, we strive to merit and maintain society's trust through its continued commitment to strict compliance with laws and regulations, as well as highly transparent governance, respect for human rights, health and safety, social contribution and environmental preservation based on the highest corporate ethical standards. To this end, Murata has established a CSR Charter to identify the behavior expected from all employees of the Company.

- **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.

[CSR-related committees organizational chart]



[Scope of reports and information disclosure system]

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


[Period of the report]

Between April 1, 2010 and March 31, 2011

※Some of the activities taking place before March 2009 or after April 2010 are covered in the report as well.

[Organizations reported]

Murata Manufacturing Group
(Murata Manufacturing Co., Ltd. and 66 subsidiaries in and out of Japan)

 For items marked with this icon, further information is available on the Murata website.

*1 CS: Making the efforts to have our customers consistently recognize the value we offer

*2 ES: A workplace environment in which the employees find their work challenging and in which they can continue to grow

Feature article [Global Warming Prevention]

Measures to control CO₂ emissions are the responsibility of every company and individual on the Earth.



In pursuit of optimal energy efficiency while aiming for further energy conservation and the reduction of CO₂ emissions

Murata Manufacturing Co., Ltd.
Vice President
Yuichi Kojima

We join together hand in hand all the way from design and development to manufacturing. That is our strength

Most of our products are made of ceramics. Ceramics is another word for pottery. Our kind of manufacturing involves processes requiring large amounts of energy such as sintering process. To us, it is essential that each one of our employees is aware of energy conservation and the reduction of CO₂ emissions as a natural part of living, and of each individual's responsibility to do his or her part. Murata is continuously involved in production innovation activities. We try to stress the fact to those who take up development and manufacturing responsibilities that these activities include energy conservation and reduction of CO₂ emissions. However, if we don't have good teamwork among the production facility departments that design and maintain facilities, the manufacturing departments that incorporate these facilities in work, and the environment departments that take charge of air-conditioning and infrastructure of plants, it would be impossible to achieve significant results no matter how hard each department works on conserving energy. I believe the role of Global Warming Prevention Special Committee,

on which I serve as vice chairman, is to join together hand in hand with these departments, and the material and product development departments to maximize energy conservation, and greatly reduce CO₂ emissions, and I will do my best to see that we continue our efforts into the future. We have already seen examples of joint technological innovations among associated departments to reduce energy consumption and lean energy usage, exemplified by efficient utilization of heat exhaust from air-conditioning for production. Our experience in the recent earthquake has reminded many of us of the fact that energy is an essential part of modern society. Because the planet's resources are limited, however, we need to use them as efficiently as possible. This is the ongoing challenge we face, and we will respond by continuously striving to conserve energy and pursue optimal energy efficiency in manufacturing. We regard this goal as our corporate responsibility, and will continue to move toward it in all of our corporate activities.

Heat from air-conditioning exhaust is used for production Together hand in hand, we overcome difficult challenges

The secret to successful activities is to boldly accept challenges and to never give up

Azumi Murata Manufacturing produces EMI Suppression Filters to remove noise generated from electronic equipment such as mobile phones and notebook PCs. We command a 35% share of the global market, and have a strong technological edge in manufacturing for printing and drying process during production. Further reductions in energy consumption and CO₂ emissions are being pushed forward at our plant through company-wide initiatives for the prevention of global warming. We, for example, took up the challenge of providing warm airflow during the drying process using heat pumps to make even more efficient use of air-conditioning energy through the introduction of an exhaust heat collecting turbo water heating/cooling system. Specifically, we elevate water temperature efficiently with a heat pump utilizing exhaust heat to create warm airflow. However, making such a change in this process was quite

risky since the drying process control is very delicate. This was our first attempt to combine the dryer and the heat pump, and there were several challenges such as stabilizing airflow temperature and airflow intensity. We had faith, however, that we would surely gain from this experience even if we did not succeed totally. We formed a team that included the engineering section, production engineering section, production section, environment section of the plant and the Head Office environment department, and pursued optimization without adhering to the existing system. Our efforts allowed us to achieve success in the end. This activity was very effective in reducing CO₂ emissions by 2,600 tons over FY2007 (over 20% of the total emissions from the plant) or tens of millions of yen. This activity also gave birth to ideas for new challenges, and we will continue our ceaseless efforts to reduce CO₂ emissions and cost.

Photo, from left to right
Murata Manufacturing Co., Ltd.
Environment Dept.
Keita Umeda
Azumi Murata Manufacturing Co., Ltd.
Administration Sec.
Ken Furihata
Azumi Murata Manufacturing Co., Ltd.
Production Engineering Sec.
Masashi Kobori
Azumi Murata Manufacturing Co., Ltd.
Production Sec.2
Fumiyoshi Takeuchi

[Promoting Environmental Management]

We at Murata strive to aim at reaching harmony with the environment in every stage of our corporate activities including development, design and production processes.

For environment, health and safety
By establishing a system to allow employee initiatives



Wuxi Murata Electronics Co., Ltd.
Administration Dept.
left / Lu Yingting
right / Zou Yi

Wuxi Murata conducts EHS (Environment, health and safety) management activities. However, it has been difficult to permeate these activities due to the transfer of production from other plants and the quickly expanding scale of the plant itself. To address this issue, we have identified EHS as a critical company-wide challenge, and have assigned an employee in charge of EHS at each department to allow departments to take initiative in promoting these activities. We have also extended our EHS activities to the regional community by providing lessons at neighboring primary schools.

Environmental management

Murata has completed consolidation of environmental management framework based on the environmental management concept at every plant in Japan as well as every production site overseas in FY2009. We will share information with regard to environmental management, and aim at the promotion of highly efficient and effective environmental activities and strengthening of the governance.

Controlling hazardous chemical substances to prevent in-house contamination in collaboration with suppliers



Fukui Murata Manufacturing Co., Ltd.
Purchasing Sec.
Left / Ayumi Matsuda
Right / Erika Yagi

We are in charge of sourcing raw materials and parts procurement from suppliers in and out of Japan at Fukui Murata. We strive to prevent the procurement of parts and raw materials containing hazardous chemicals by strictly surveying contained chemicals before purchase. We will continue to work hard to achieve prompt procurement of parts and raw materials with less environmental impact in collaboration with suppliers to meet our customer requests.

Green procurement/green purchase

We need to practice “green procurement” to procure more environmentally preferable parts and materials to reduce environmental burden of our products. To this end, we have been asking our suppliers for their understanding and cooperation to practice their own environmental management.

Product development to meet advancing ecological needs



Iwami Murata Manufacturing Co., Ltd.
Engineering Sec.
Hiroe Ogawa

The market share of energy-efficient and long-life LED lighting systems is quickly expanding as the market demand leans toward ecologically conscious products. LED lighting systems require more ecological features for their electronic devices used, such as smaller, thinner and longer-life. Our business unit succeeded in developing ceramic capacitors with higher capacitance during actual usage for LED lighting systems, and we will continue our efforts to develop products that contribute to the environment.

Eco design

At Murata, we manufacture environmentally preferable products thoroughly focusing on environmental burden throughout their entire lifecycle including parts and materials procurement, design and development, production, use, recycle and disposal.

Department-wide challenge for our CO₂ emissions reduction project



Kanazawa Murata Manufacturing Co., Ltd.
Production Dept. 1
Akihito Tamura

Kanazawa Murata has greatly reduced power consumption by making improvements over the cryo compressor (helium compressor) used for ultra-high vacuum pump as a part of our CO₂ emissions reduction project. We achieved this feat three months earlier than our initial schedule thanks to collaborative effort with associated departments. We were able to reduce the amount of CO₂ by 363 tons per year (1% of the total CO₂ emissions at our plant) . Our success has motivated us to continue our efforts to make even greater reductions in the future.

Global warming prevention

Under the guidance of Global Warming Prevention Special Committee, Murata promotes group-wide activities to establish new global warming prevention policies, and aims to reduce the total quantities of greenhouse gasses emitted through our business activities.

Undertaking a new waste reduction initiative in collaboration with neighboring plants



Komatsu Murata Manufacturing Co., Ltd.
Administration Dept.
Kanji Matsuda

At Komatsu Murata, we are actively working toward reducing waste emissions and waste processing costs. For example, we have not been marketing waste plastics because the volume / weight ratio did not allow us to cover costs. However, we have coordinated the timing of waste disposal with neighboring plants within the group to secure sufficient volume so that we can now cut costs by selling our plastic wastes. We will continue collaborating with neighboring plants to reduce waste emissions.

Waste reduction

Murata as a group has achieved zero emissions domestically in FY2003. Currently we are working on achieving zero emissions at overseas sites as well as reducing waste generation itself at the source.

Development of eco-conscious raw material containers contributes greatly to the reduction of CO₂ emissions from distribution



Murata Manufacturing Co., Ltd.
Materials Production Dept.
Takehiko Ishisaka

Until recently, returning Murata's reusable raw ceramics material containers after distribution required space equivalent to 50 full trucks each month. We set the target of reducing this by at least 65% and developed eco-friendly stackable containers to help us meet that goal. We are now projecting 68% space savings for returning containers. We are hoping to reduce CO₂ emissions from distribution further by expanding this approach to other containers as well.

Promoting eco-conscious distribution and packaging

We strive to reduce environmental burden at the distribution stage of products in addition to manufacturing stages. We reduce CO₂ emissions by promoting efficient transportation in addition to reducing waste through using less packaging materials.

Instilling awareness about Murata's environmental conservation in the community through heart-felt activities



Sabae Murata Manufacturing Co., Ltd.
Administration Sec.
Michiko Yabuuchi

Sabae Murata has been carrying out various “hand-making” activities to promote awareness about our environmental measures among the regional community members. For example, we have been offering compost materials from our food waste for gardening, and placing planters or seasonal decorations in our neighborhood as a part of our heart-felt communication with the community. We are also participating in municipal events and giving lessons at local elementary schools to strengthen our ties with local residents.

Environmental risk communication

Murata strives to minimize environmental risks of business activities affecting the local community and to be ready for handling any problems promptly when they happen. To this end, we do our best to disclose information pertaining to such efforts including inviting local residents to company tours so that they can understand Murata's environmental conservation activities.

Carrying out business activities that allow co-prosperity with the ecosystem



Anamizu Electronics Industries, Ltd.
Administration Sec.
Photo, from left to right
Hisao Miyaji
Hiromi Ikeshita
Tsunematsu Hama
Kenji Matsumoto

Anamizu Electronic Industries has kept track of environmental impact on the ecosystem through its business activities to promote conservation for biodiversity. In addition to conservation activities to protect wisteria and azalea that are designated as natural heritage by the prefecture, we participate in community-based mountain conservation. We also publish an in-house journal periodically to instill awareness about biodiversity in our employees.

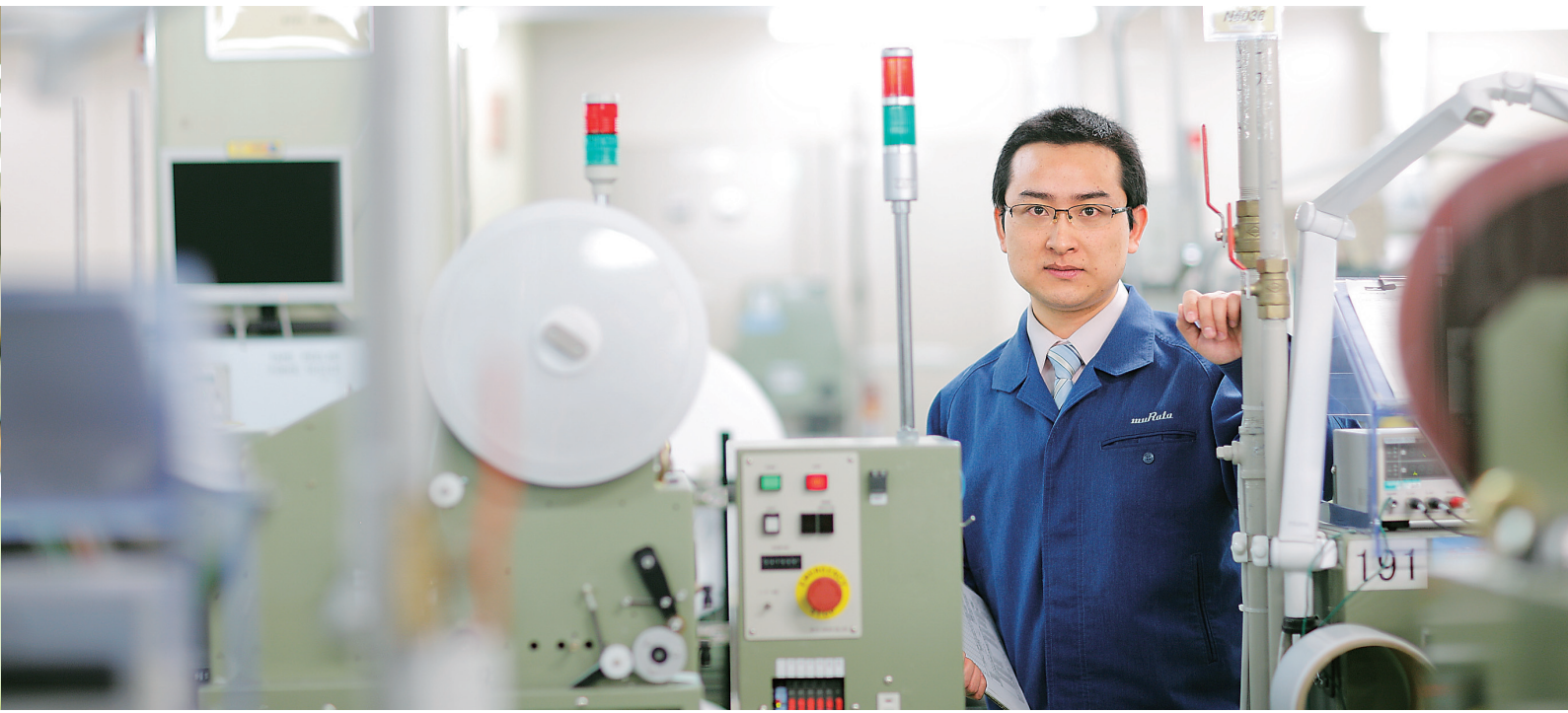
Conserving biodiversity

Murata has been working on conserving and restoring the ecosystem based on our philosophy about the association between business activities and biodiversity. On January 2011, we added an action plan for biodiversity conservation in our environmental policy to further accelerate our activities, and to promote awareness of the importance of biodiversity conservation in our employees.

[Employees]

With support systems for female employees, international personnel exchange programs and more, we support a diverse range of work styles to suit individual employee needs.

- Respect for Human Rights
- Fostering Human Resources
- Equal Opportunities and Workplace Diversity
- Creating a Relaxing Working Environment
- Intellectual Property Rights of Employees
- Employee Health and Safety (Occupational Health and Safety)



In pursuit of a workplace that lets women shine

Murata Manufacturing Co., Ltd.
Power Device Products Division
Kyoko Izaki

Remembering to feel grateful for the systems that support us

I have two children, and was granted maternity and childcare leave when each of them was born. When I had my first child, I was so happy to become a new mother that I hardly gave a second thought to taking the time off, but I was a bit more hesitant when I was pregnant with my second child. I knew that the system was there for me to take advantage of, but I worried that my absence would inconvenience my co-workers, and wondered if I could just easily return to work afterwards. When I emailed my supervisor with my worries, he sent me a message back. “We’ll be waiting for you to come back after your second child, or after your third one,” he wrote. “We all admire women who are able to balance work and family responsibilities.” These words set my mind at ease, and I took my time off with a clear conscience. When we take advantage of the programs available to us, we should remember all those whose silent support makes it possible for us to do so. Programs that help us strike a balance between work and family life and employee benefit packages are likely to become increasingly generous, and this should make us all the more grateful to those around us. Though I have been on the receiving end so far, in the future I look forward to myself being able to do my part to support my fellow workers.

Comment _____

Izaki is someone who knows how to use her time well. By taking advantage of a system that allows her to shorten her working hours, she is skillfully managing to balance work and family. She completes her work quickly and efficiently during her scheduled work hours, and her energetic work style is an inspiration to her colleagues.

Murata Manufacturing Co., Ltd. Power Device Products Division
(photo, left) Tadashi Takai

Murata is a company that specializes in manufacturing, the development of products, but if you look more closely, you can see that it is also a company that specializes in the development of people. As the needs and priorities of our employees diversify, it is important that they are able to find a work style that fits their needs and circumstances. Izaki’s work style is a good illustration of one of these possibilities.

Murata Manufacturing Co., Ltd. Power Device Products Division
(photo, right) Hitoshi Kudo

International human resource development through global rotation

Murata Manufacturing Co., Ltd.
Production Engineering Unit
Manufacturing System Design Dept.
Wu Zhiming

Understanding the deep-rooted habits that drive Japanese manufacturing and developing the same instincts in China

At my university in China, I was enrolled in the foreign language department where I studied Japanese. I was interested in finding foreign employment, and when I talked to an alumnus about looking for a job, he told me about Wuxi Murata Electronics. At Wuxi Murata, I first dealt with equipment, and I was later involved in site improvement efforts. In addition to Murata, there are many other Japanese companies located in Wuxi city, and they are a driving force behind the local economy. Interested in what makes Japanese companies so successful, I requested a work rotation in Japan so I could look into the matter for myself.

In Japan, I have been involved with production innovation activities at the Izumo Murata for about a year. Production innovation activities are measures that significantly raise levels of manufacturing, leading to increased competitiveness. By expanding our perspective to include the entire supply chain process, from the receipt of an order to final delivery to the customer, we create a system to ensure a smooth and uninterrupted flow of products and information through

the entire process. In addition, we reject conventional wisdom and redefine our limits, eliminating waste wherever we find it, and it is the consistent application of such practices that is the key to this effort. At Wuxi Murata, we have implemented production innovation activities that are, in theory, the same as those in Japan, but there is a gap between the results obtained at Japanese plants and overseas sites. I believe that the reason behind this lies in the work practices that come naturally to the Japanese staff. 95 percent of human behavior is said to be habitual, and if Wuxi Murata hopes to raise the level of its manufacturing to equal that of the Japanese plants, the staff there will need to accumulate experiences and skills until their work practices come instinctively to them. This is not to say that Wuxi Murata should strive to become an imitation of a Japanese plant. I believe that it will now be my duty to convey production innovation objectives and methods to Wuxi Murata members to demonstrate the manufacturing strengths of Murata, and continue to push forward and show all that we are capable of.

- Social Contribution Activities: Approaches
- Promoting Educational, Cultural and Sports Activities
- Academic Support Activities

[Society and the Community]

Murata contributes to society and the community through education, cultural activities and sports, and here we introduce a few examples.



A desire to be of service to others — it's a feeling we all share

Taking pleasure in the happiness of others –
this is the motivation behind our efforts

Ever since the establishment of Izumo Murata Manufacturing in 1984, we have continued to plant cherry and camellia trees as part of our “Plant in the Green Woods” initiative. Since 1994, we have opened our grounds to the public when the trees are in blossom, and we also organize science and environmental lessons featuring MURATA BOY, Murata’s original bicycle-riding robot, and the unicycle-riding MURATA GIRL for elementary school students. We at Izumo Murata do not consider these events acts of “contribution to the local community” as much as opportunities for “interaction with the local community”. Whether we are contributing to our region is a question to be answered by local citizens, but the motivation behind our efforts lies in our simple desire to get to know the people in our community. When we have visitors at our plant, we have a staff of volunteers – all of whom have brushed up on their knowledge of cherry and camellia trees – ready to talk with them. This staff of volunteers grows steadily from year to year, and

now numbers over 200. Visitors to our plant tell us that they enjoy their visits, and that they appreciate our efforts, and we are always glad to receive these positive comments – for what could be more natural than to feel pleased when you have made someone happy? We will continue to work hard to organize efforts that will help us to be accepted by members of our community and society, and will make us all proud to be a part of Izumo Murata.



Camellia and cherry trees
open to the public

Photo, from left to right
Izumo Murata Manufacturing Co., Ltd.
Administration Dept.
Toshikazu Hino / Tadashi Kaneda /
Megumi Yamamoto / Kaoru Tai
Aya Wakatsuki / Tamotsu Katsube /
Toru Katsube / Yasunori Ohara

MURATA BOY and MURATA GIRL travel abroad to spread the love of science around the globe

Murata Electronics (Malaysia) Sdn. Bhd. hosted MURATA BOY and MURATA GIRL Road Worldwide Tour in 2011 to conduct events at a high school, a university, a shopping mall and etc. The main objective of this week-long event was to introduce Murata’s technology to Malaysian people and stimulate their interest in science. We received positive responses from the target audience ranging from small children, primary school students, high school students, university students, businessmen as well as the general public. Additionally, we were awarded with the Silver Medal for the Invention & Innovation Award at the Malaysia Technology Expo 2011. MURATA BOY and MURATA GIRL will continue to promote interest and value in science at various countries and regions in the vicinity of Murata sites around the world.



MURATA BOY demonstrates his bicycle-riding skills in front of large crowds

The Eastern Japan earthquake relief efforts

To aid victims of the Eastern Japan earthquake occurred on 11 March 2011, and to contribute to the reconstruction of the affected areas, Murata Manufacturing Co., Ltd. has made a 100 million yen donation through the Japanese Red Cross Society. In the week following the earthquake, we also initiated an effort to supply food and other daily necessities to victims of the disaster while providing support to our plant in Miyagi prefecture.

Additionally, employee-sponsored fundraising drives and other fundraising events have been carried out at Murata in Japan and abroad. Through matching gift programs at our overseas sites, Murata has also made contributions matching the amount of money raised through fundraising efforts. These funds have been donated to disaster victims via Red Cross Societies or Japanese consulates, or have been used to provide support to Murata employees in the affected regions.



Photographer: Mr. Anestis Aslanidis Informer: Nürnberger Zeitung (Germany)



(Thailand)

[Suppliers]

- Basic Approach to Purchasing 
- Legal Compliance in Purchasing
- Supplier Consultation Channels
- CSR Procurement

Murata's legal compliance in purchasing is a matter of course.

We request legal compliance and consideration of society and environment to suppliers for our mutual prosperity.



We promote fair and sincere purchasing

Toyama Murata Manufacturing Co., Ltd.
Administration Dept.
Rie Sugimoto

Education on fair purchasing helps us win supplier confidence

Compliance with laws and regulations is indispensable for fair and equitable purchasing. Here, the most important rules are stipulated in the Subcontract Act*. Like all legal text, however, the content of the law is difficult to understand. Despite its significance, therefore, it is understandable that very few people have the patience or fortitude to read through it with the attention it deserves. A possible consequence of this is, unfortunately, that insufficient knowledge may lead to unintended violations of the law. To address this potential problem, employee education is essential. It is also indispensable to provide relevant information for suppliers so that they share our understanding of the legal requirements. In September 2010, the purchasing departments of the Head Office conducted an "operational diagnosis" of our company, which identified certain areas of concern such as, for example, problems with items indicated by suppliers on their quotations. In view of these findings, we are currently reviewing our purchasing rules and further developing our education activity. Since procurement is managed under Murata's own "procurement system," it is entirely possible to ensure complete

compliance with laws and regulations as long as we perform purchasing operations on that system. Regardless of the best intentions, however, it is dangerous to depend entirely on any system. I believe effective compliance requires that we continually raise our awareness. Abstruse legal text can be understood more easily when it is accompanied by specific cases as examples. This is why we have introduced new ideas to our education activities, such as including a collection of FAQs and answers. But frankly, I myself still have much to learn. Every day, I study relevant material to respond to queries from internal departments and suppliers that are striving to comply with laws and regulations, and I have committed myself to daily self-improvement with the clear goal of establishing even stronger mutual trust between Murata and its suppliers.


*Subcontract Act:

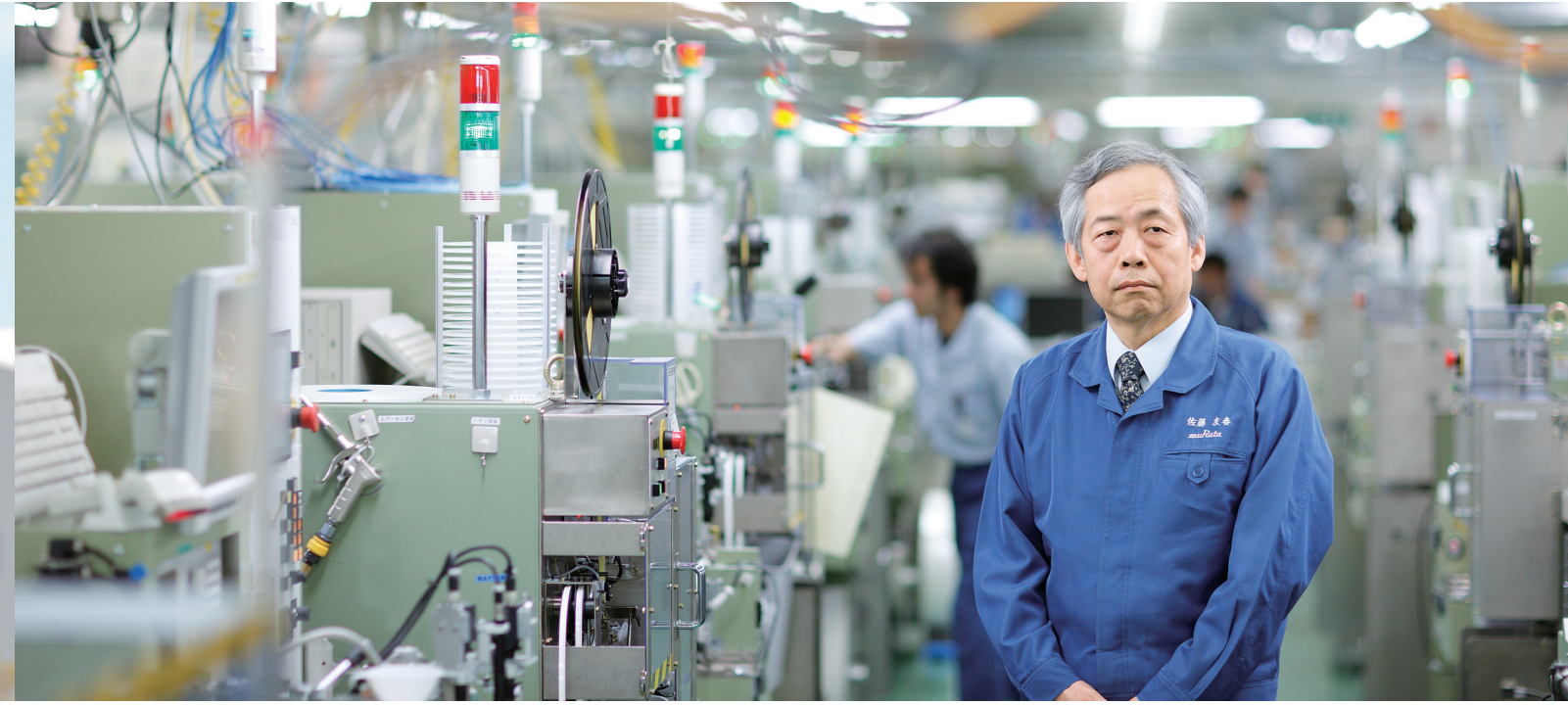
This is the abbreviated name for the "Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors," which has been established to prevent main subcontracting entrepreneurs from using their advantageous position to impede subcontractors from gaining fair profit.

[Risk Management]

When accidents and disasters happen, our top priority is saving lives.

Next most important thing is "business continuity."

- Reinforcing corporate governance 
- Establishment of the Internal Control System
- Corporate Ethics Policy and Code of Conduct
- Compliance Promotion
- Company-wide Risk Management Initiative
- Risk Management



Business continuity is a corporate social responsibility It also conveys our willingness to assume that responsibility

Tome Murata Manufacturing Co., Ltd.
Member of the Board of Directors
Plant Manager
Tomoharu Sato

Preventive anti-quake measures at Tome Murata Manufacturing helped reduce damage

On March 11, 2011, the Eastern Japan earthquake measured intensity levels of up to 7 on the Japanese scale in Kurihara City, Miyagi Pref. Adjacent Tome City, home to Tome Murata Manufacturing, registered up to an upper 6, which caused local plants to shut down.

Learning from its experience in the 1995 Great Hanshin-Awaji Earthquake and the 2007 Noto Peninsula Earthquake, Murata set internal quake-resistant standards for protection against earthquakes of intensity levels of up to an upper 6. According to these standards, quake-resistant measures were implemented for the buildings and facilities at all Murata sites in Japan in 2007. The Eastern Japan earthquake did not affect the buildings and facilities at Tome Murata Manufacturing seriously. Damage to utility facilities, piping and wiring, which are indispensable for production, was successfully minimized.

The production equipment also survived this major natural disaster with no serious damage, as it was fixed to the ground in

accordance with the internal quake-resistant standards. To protect employees from such earthquakes, Tome Murata Manufacturing also introduced an Earthquake Early Warning System in 2008. Since then this system has been utilized in periodical drills.

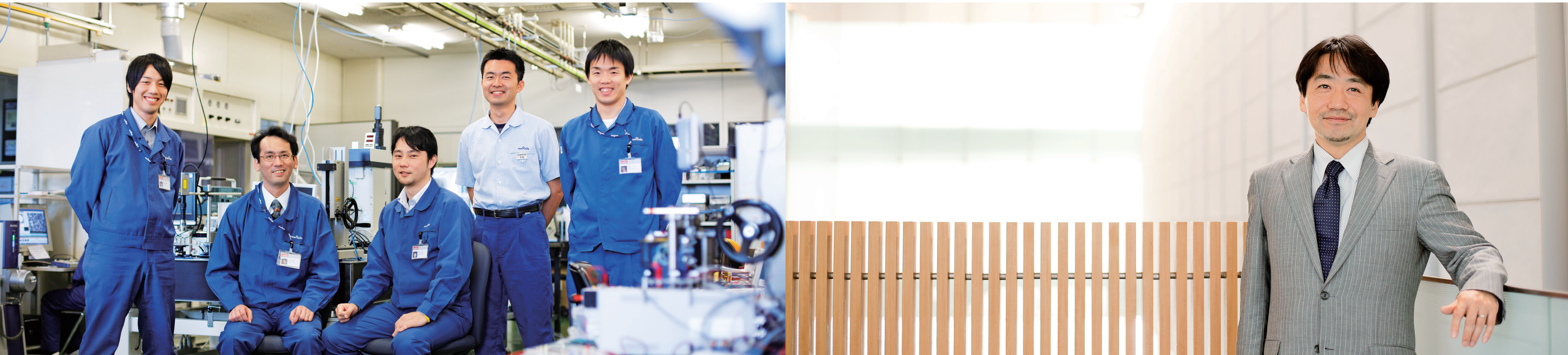
When the massive earthquake occurred in March, this system was activated to broadcast an alert within the company 5 seconds before the actual quake hit, helping employees to evacuate calmly. After the earthquake, we faced extreme difficulties, including the interruption of utilities. However, the staff of partner construction companies, Tome Murata employees and assistant staff from the head office work together for restoration, allowing the company to resume part of its production in late March. In addition, relief materials transported from the head office were donated to Tome City to provide for local communities.

Following this recent natural disaster, Murata will continue to upgrade the traditional measures it has implemented in order to ensure business continuity against major earthquakes in the future.

Feature article [New Businesses and CSR]

We strive to create business domains that contribute to society, such as new energy and health.

- Activities to Fulfill Product Responsibility
- Meeting Customer Needs
- Measures to Improve Product Quality



Small amounts of energy hold big possibilities Our challenges for energy harvesting

The new future is ours to create!
Employees willing to take on a challenge join the project

“Energy harvesting” is a technology used to generate a small amount of electric energy from vibration or heat. MIRAI* project team members are developing four types of devices to make this possible.

The first device utilizes piezoelectric material and the second device use electret material. The third device is a thermoelectric conversion element based on multilayer technology developed by Murata, and the fourth device is a photovoltaic cell capable of efficiently generating electricity from room light. Energy around us exists in minute quantities, usually less than 1 milliwatt; but by effectively managing it, we can operate equipment without the need for wires or batteries. In addition to our current target of wireless sensor networks, this technology has potential for a vast range of applications.

MIRAI* project team members are volunteers that have gathered from diverse departments with the hope of contributing to

businesses and society through ideas that reach beyond the mere implementation of technologies at hand. Although the amount of energy generated by energy harvesting technology is very small, we have the big dream of making new energy available to the world.

*MIRAI means “future” in Japanese

Photo, from left to right

Murata Manufacturing Co., Ltd.
Technology & Business Development Unit
New Technology & Products Development Group
Kouhei Takahashi

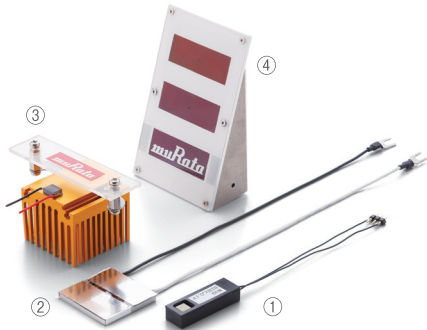
Murata Manufacturing Co., Ltd.
Technology & Business Development Unit
MIRAI Project Sec.
Kazuya Nakatera

Murata Manufacturing Co., Ltd.
Technology & Business Development Unit
New Technology & Products Development Group
Yoshifumi Wada

Murata Manufacturing Co., Ltd.
Technology & Business Development Unit
Research Center for Next Generation Technology
Research Dept.
Shuichi Funahashi

Murata Manufacturing Co., Ltd.
Technology & Business Development Unit
New Technology & Products Development Group
Hitoshi Sakaguchi

- ①Piezoelectric device
- ②Electret device
- ③Thermoelectric device
- ④Photovoltaic device



Electronics to make people healthy Murata’s own technology introduced to the healthcare market

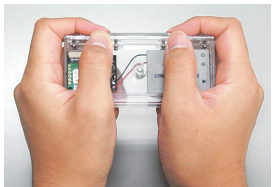
The key phrase is “anytime, anywhere.”
Emergence of the new health culture

We encountered the healthcare market as we researched new fields of application for Murata’s sensing and wireless communication technologies. Examples of products in this field are home appliances aimed at the promotion of health, such as fitness games, or health management equipment for home use. We can contribute to society through health if we make it possible for everybody to check or care for their health anytime, anywhere. We have developed our vital sign sensor with this concept in mind. Just by touching the sensor with both the right and left index fingers, pulse and blood oxygen content can be measured by detecting minute voltage change from heart activity or change in the concentration of hemoglobin, based on electrocardiographic and plethysmographic methods. By combining low energy-consumption wireless technology such as Bluetooth® Low Energy with this sensor, we can create new type of device for healthcare services. With this technology,

measurement results can be recorded on a server for consultation with specialists or one can check the results anytime, anywhere by smartphone. This may even evolve into a new communication tool for people where they can be aware of each other’s health or emotional conditions by estimating “fatigue level,” “tension,” and “excitation.”



Vital signs sensor



Vital signs sensor demonstration kit
Biosignals (such as heart rate) can be measured by touching the sensor with index fingers.

Murata Manufacturing Co., Ltd.
Technology & Business Development Unit
New Business Development Group
Toru Yabe

[CSR Activities: Targets and Results]

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

○: Achieved
 △: Nearly achieved
 ×: Not Achieved

■ 4th Environmental Action Plan: Results for Fiscal 2010

Major Activities		Targets for FY2010	Results for FY2010	Achievement
Environmental Management	Environmental Management System	<ul style="list-style-type: none"> Unify structure of ISO14001 throughout Murata. Start publication of environmental cost management results at OSA factories. 	<ul style="list-style-type: none"> 5th Environmental Action Plan formulated. Completed development of the organization aimed at achieving ISO 14001 certification at Murata (China) Investment Co., Ltd. Established new rules for environmental cost aggregation to increase efficiency. 	○
	Environmentally conscious design	Build a manufacturing structure with a focus on reducing the environmental impact of the entire life cycle.	<ul style="list-style-type: none"> Updated the Product Assessment Guide on the basis of the life cycle-based guidelines on eco-friendly product design, such as the RoHS directive, REACH directive, ErP directive, EPEAT standards, and Carbon Footprint of Products. Selected and announced eco-products for 2010. 	○
Supplying environmentally friendly products	Reducing the use of environmentally hazardous substances in products	<ul style="list-style-type: none"> Introduce alternative substances and switch to alternative technology for RoHS exemptions. Cope with revision of the list of application RoHS exclusions. 	<ul style="list-style-type: none"> In response to the revised use prohibitions* that will be introduced from 2013, the following activities were conducted: Sharing trends in rule-making through working group activity for product departments. Worked with product departments to determine the policy for products covered by the revised regulations. The staff responsible for handling revised regulations started activities in response to regulations. Revised technical standards by adding provisions related to use prohibitions that will take effect from January 2013. *Lead in low-voltage dielectric ceramic will be prohibited from January 2013, preceding other exemptions. 	○
		Reduce the use of polyvinyl chloride (PVC) .	Reduced 5.6% from FY2007 in products sold. Despite the initial plan to entirely eliminate PVC, the expected legal regulations were not introduced. There were only requests for regulations from some customers. Therefore, prohibitions of hard-to-replace use items (components in vehicles and electric wire covering) were addressed through reductions.	○
		Reduce consumption of brominated flame retardants (Targets are as follows :) ① Reduce consumption of brominated flame retardants by 4% compared to FY2006 levels. ② Within FY2010, establish alternative technology that can achieve a 50% reduction in the use of brominated flame retardants from FY2006.	<ul style="list-style-type: none"> The expected legal regulations were not introduced. There were only requests for regulations from some customers. Work on reductions was continued. Consumption in FY2010 is expected to be reduced by 14.7% from FY2006 levels. Established an alternative technology that can reduce 50% of brominated flame retardant consumption compared to FY2006 levels. 	○
		Managing information related to environmentally hazardous chemical substances	<ul style="list-style-type: none"> Ensure cooperation between product database and reporting tool demanded by e-business and realize timely reporting. Strengthen cooperation with e-business. 	○
	Reducing the use of packaging materials and saving energy in logistics	Reduce the amount of packaging materials used for chip monolithic ceramic capacitors or chip ferrite beads per unit of production by more than 50% compared to FY2000 levels.	Reduced 48% from FY2000. Thanks to reductions in product size, the target was achieved with a 51% reduction in the fourth quarter of FY2010. For the full-year period, however, the savings (48%) fell short of the target.	△
		Reduce CO2 emissions from logistics per unit of net production in Japan by more than 38% compared to FY2000 levels.	Reduced 55% from FY2000. Efforts to reduce unused vehicle loading capacity and total distance traveled made it possible to make significant progress toward the target.	○
	Green procurement	Continue and promote material greenness survey in response to the laws and regulations of each nation. Maintain a 100% green procurement rate for materials used for production.	It has taken time to recover survey sheets for some materials; however, the green procurement ratio for materials used for production remains at 100%.	○
Eco-Friendly Business Activities	Global warming prevention	Reduce CO2 emissions per unit of net production in Japan by more than 35% compared to FY1990 levels.	Reduced 62% compared with FY1990. Strengthening the company-wide energy-saving activity helped achieve the target. An increase in productivity due to a higher operating ratio and improvement in power company emission coefficients also contributed to the effort.	○
		Reduce total CO2 emissions at overseas production sites.	Reduction of 8,400 tons/year from FY2007. The target was achieved through the continuous implementation of various energy-saving measures.	○
		Switch all company-owned cars in Japan to low-emission vehicles.	Maintained a 93% share of low-emission vehicles in the fleet of company-owned cars. Replacement of trucks and vans used on the premises of plants was not completed; however, it is expected to be completed in not more than 5 years.	△
	Resource conservation and waste reduction, reuse, recycling	Reduce total waste emissions per unit of net production in Japan by more than 55% compared to FY2000 levels.	Reduced 37% compared to FY2000. A sudden increase in production made it impossible to achieve the target. However, ways to achieve significant reductions in FY2011 and after were examined and work is under way to develop effective measures.	×
		Reduce total waste emissions per unit of net production at overseas production sites by more than 10% compared to FY2006 levels.	Reduced 36% compared to FY2006. Overseas sites are also strongly committed to achieving reductions from FY2006 levels in absolute terms.	○
		Achieve zero waste emissions at overseas factories.	Achieved zero-emission targets at Beijing, Wuxi, Taiwan, Thai, and Shenzhen sites.	△
		Reduce water consumption per unit of net production in Japan by more than 55% compared to FY2000 levels.	Reduced 54% from FY2000. Water consumption per unit of production in Japan was reduced by 21%, a fairly good achievement.	△
		Controlling and reducing environmentally hazardous chemical substances used in production processes	<ul style="list-style-type: none"> A 25% increase from FY2000. Implementation of measures against VOCs, such as the use of RTOs (regenerative thermal oxidizers) , was started even before the reduction of VOCs was defined as a goal. There has been solid progress in reducing atmospheric emissions. 	×
	Risk management	Reduce atmospheric emissions of PFCs in Japan by more than 60% compared to FY2002 levels.	Reduced 62% compared to FY2002. A successful switch to alternative products made it possible to achieve the target.	○
		Maintain the system for the continuing treatment of soil and groundwater pollution and the minimization of environmental risks.	The effects of remediation measures were confirmed at plants where such measures were implemented.	○
	Environmental communications	Reduce environmental risks such as soil pollution during construction work performed to change the characteristics of land.	Conducted soil investigations at the relevant project sites.	○
		Continuously promote information disclosure to ensure that business is deeply rooted in the communities and societies where Murata operates.	Continued to disclose information by publishing the Murata Report and organizing plant tours for local residents to ensure that business is deeply rooted in the communities and societies where Murata operates.	○
Social activities	Community / social contribution activities	Continually promote social/community contribution activities and the greening of plants, and ensure that business is deeply rooted in the communities and societies where Murata operates.	Projects such as environmental education for elementary and junior high school children, an initiative for the conservation of domestic woodlands (<i>sato-yama</i>) named "Murata Forest," and the greening of plants to ensure that business is deeply rooted in the communities and societies where Murata operates.	○

Note: The 4th Environmental Action Plan was completed in FY2010. This is followed by the new 5th Environmental Action Plan, which defines medium-term targets to be achieved by FY2015.
 See the Murata website for further information.

■ Social Activity: Targets and Results for Fiscal 2010 and Targets for Fiscal 2011

Major Activities	Targets for FY2010	Results for FY2010	Achievement	Targets for FY2011
Promoting development of an internal control system	Promote internal controls aimed at ensuring the appropriateness of operations, as well as continuously promote operational standardization, visualization, improvement and reforms.	In addition to developing internal controls aimed at ensuring the appropriateness of operations, Murata continuously promoted operational standardization, visualization, improvement and reforms. The Company has also been expanding the scope of the internal control system since the previous fiscal year. Moreover, the company continued to improve the internal control system to ensure compliance and operational effectiveness and efficiency.	○	Vigorously promote internal controls aimed at ensuring the appropriateness of operations, as well as continuously promote operational standardization, visualization, improvement and reforms.
	Improve monitoring functions to ensure operational appropriateness to increase the transparency and effectiveness of the corporate governance system.	The number of group companies both in and outside Japan covered by monitoring was increased step-by-step. Taking a risk approach, a separate internal audit department evaluates and monitors priority items to increase transparency and effectiveness.	○	Further improve monitoring functions to ensure operational appropriateness to achieve greater increases in the transparency and effectiveness of the corporate governance system.
Promoting compliance	Eliminate redundancy and superfluous practices while maintaining the effectiveness of internal control. Reestablish the compliance system from a cross-group perspective to streamline operation throughout the system. ① Conduct a survey of compliance and test understanding of the Code of Conduct. ② Internally publish how the reporting system has been used. ③ Prepare and distribute a textbook describing the compliance program and ensure the use thereof.	① Conducted a survey of compliance and tested the understanding of the Code of Conduct. ② Internally published how the reporting system has been used at Murata Manufacturing and domestic affiliates. ③ Prepared a textbook describing the compliance program and used it in workshops hosted by Compliance Leaders at plants in Japan.	○	Reestablish the compliance system from a cross-group perspective to further streamline the operation of the system. ① Continue to conduct surveys of compliance and test the understanding of the Code of Conduct. ② Periodically communicate information on compliance promotion activities. ③ Firmly establish the Compliance Month in the corporate calendar.
Strengthening risk management	Effectively execute the business risk management cycle of "identification," "analysis and assessment," "formulation and implementation of measures," "monitoring," and "improvement." The Risk Management Committee must continue to implement measures against risks in key areas such as information security and BCPs (Business Continuity Plans) in preparation for earthquakes and outbreaks of pandemic influenza.	Checked the progress of implementation of measures against significant risk items and made continuous improvements. Responded to the Eastern Japan earthquake on a company-wide basis and reviewed traditional measures against disasters.	○	Study company-wide business risks for which response requires enhancement and continuously follow up on the response to risks made by responsible departments to strengthen risk management activity. Learn lessons from the Eastern Japan earthquake to reevaluate the effectiveness of measures against disasters such as emergency response and quake-resistant solutions for buildings and production equipment in order to enhance overall crisis management.
Society and community	Continue social/community contribution activities with a focus on priority fields.	Plants held more educational programs for elementary and junior high school children such as science education programs, electronic craft workshops and plant tours.	○	Provide support for the development of future human resources as innovators through science education programs for elementary and junior high school children.
	Strengthen social/community contribution activities with a focus on employee ideas and involvement.	Many employees participated as volunteers in open plant events and elementary school visits organized by plants.	○	Aggressively conduct regional contribution activities to ensure that business is deeply rooted in the communities and societies where Murata operates.
Suppliers	Japan: Include CSR in education programs for the Purchasing Dept. and implement an annual in-house education program and test. Overseas: Create textbooks and tests for overseas sites. Implement in-house training programs and operational diagnosis regarding compliance group-wide.	Japan: • Conducted a test of the understanding of CSR procurement for all purchasing representatives in Japan. • Conducted an operational diagnosis of two purchasing sites to strengthen compliance. • Held a total of 9 sessions of the training program for purchasing departments to strengthen compliance (attended by approximately 140 people) Overseas: • Completed the preparation of CSR procurement textbooks and tests for overseas purchasing sites. • Provided an in-house training program on CSR procurement and conducted a test of understanding for the overseas purchasing site with the highest purchase amount.	○	Conduct a test of the understanding of compliance and CSR procurement for all purchasing representatives in and outside Japan. Conduct in-house training and operational diagnosis for purchasing sites to strengthen compliance.
	Japan: Increase CSR agreement share to more than 90% of partners. Overseas: Increase CSR agreement share to 80% of partners starting with pilot sites with the highest purchase amounts. Formulate procedures for concluding and applying the CSR agreement.	Japan: • Some 90% of all suppliers trading with domestic purchasing sites signed the CSR agreement. Overseas: • 85% of all suppliers trading with the overseas purchasing site with the highest purchase amount signed the CSR agreement. • Completed the formulation of procedures for concluding the CSR agreement at overseas sites.	○	All overseas materials sites will start concluding CSR agreements with their suppliers.
Employees	Continue to implement the system to enable employees to select carrier paths according to their aptitudes. Promote acceptance of employees on loan from overseas (15 in FY2010) .	<ul style="list-style-type: none"> Implemented an in-house open recruitment program for one position and transferred 9 individuals. The personnel department held individual interviews with 100 young employees that had not been transferred for a long period to ask them about their ideas for their future career development and use them in the future personnel reshuffling. 37 employees accepted on loan from overseas. 	○	<ul style="list-style-type: none"> Continue to implement the system to enable employees to select carrier paths according to aptitude. Expand the in-house open recruitment system. Evaluate employees who entered Murata as new graduates and have entered their second year at the company to examine the appropriateness of their appointment, and follow up on these employees. Introduce a self-declaration system and a carrier development program for employees who joined Murata as new graduates and have entered their fourth year at the company. Increase the number of foreign employees on loan to 20 in FY2011.
	Promote education and awareness-raising programs to prevent harassment (10 such programs are planned for FY2010).	A total of 23 sessions held at Head Office, Tokyo Branch and plants.	○	<ul style="list-style-type: none"> Promote education and awareness-raising programs to prevent harassment. Continue to promote education for all managers who have not been educated on moral/sexual harassment. Five training sessions are planned for FY2011.
	Develop a benefit package with a focus on ensuring diversity and independence.	Established a selective benefit package with three pillars of support (for independence, health promotion, and work-life balance) and decided to introduce it in FY2011.	○	Introduce and firmly establish a benefit package with a focus on diversity and independence.
	Promote measures to reduce total working hours and promote diverse ways of working.	Introduced the Murata Increasing Productivity (MIP) System as a new discretionary work plan for planners and technical specialists. 225 employees are participating in this system as of March 2011.	○	Promote and support diverse ways of working according to the nature of jobs and customers.
	Enhance and establish a system to help employees strike a balance between work and family life (work-life balance).	Implemented a general employer action plan under the Act for Measures to Support the Development of the Next Generation. Created a "Work-life Balance Handbook." Held job experience events for the children of employees.	○	Further improve and solidify a system to help employees strike a balance between work and family life (work-life balance) .
	Provide a simulated production training program for new employees	Implemented a plant training program for new employees. 60 individuals participated in the 6-month-long simulated production training program.	○	Promote manufacturing education including development of personnel that can work on a global basis.
	Hold training and employ the PDCA cycle to improve management skills.	Implemented a group training program (Murata Management Basic) for 285 individuals to improve management ability, and followed up on 47 participants. Ran a 5-phase follow-up PDCA cycle for firmly acquiring skills.	○	Provide continuous training to improve management skills and practice PDCA.
	Achieve certification for the occupational health and safety management system at the Head Office.	The Head Office achieved certification by the Occupational Health and Safety Management System (OHSAS) in December 2010.	○	Implement procedures for the achievement of external certification for the occupational health and safety management system at 10 plants in Japan.
				Strengthen readiness to confirm the safety of employees and their family members in a timely fashion in the event of an emergency.

○: Achieved
 △: Nearly achieved
 ×: Not Achieved

Thinking back on Murata’s CSR

All Murata products are essential parts of products we use in daily life, such as automobiles, audio-visual equipment, communication equipment and home appliances. Therefore the responsibility for supplying products is one of the key challenges in the CSR activities of Murata. Three of the plants belonging to the Murata Manufacturing Group, one in Tome City, Miyagi Prefecture, one in Sendai City, Miyagi prefecture and one in Oyama City Tochigi Prefecture, were struck by the Eastern Japan earthquake. Operations at the plant in Tome City, Miyagi Prefecture had to be halted following the quake, which registered a magnitude of 6 or more on the Japanese scale. However, Murata managed to minimize loss of employee lives thanks to earthquake measures they adopted after the Hanshin-Awaji Earthquake and Noto Peninsula Earthquake, such as the earthquake-proofing of all buildings and facilities in Japan, the creation and maintenance of a BCP (Business Continuation Plan) and the introduction of an Earthquake Early Warning System. This can be considered significant performance in the area of corporate social responsibility.

Murata has been issuing the “Murata Report,” a combined report including information from the company brochure, the CSR report and the company’s annual report. As a general trend for CSR around the world, KPI (Key Performance Indicators) pertaining to the environment and society are being disclosed more and more in annual report. Murata should also take the opportunity to disclose KPI pertaining to CSR in their annual report. In terms of international trends, ISO26000 compliance is becoming increasingly important. Reevaluating in-house activities based on ISO26000 as a guidance policy is a key factor in improving Murata’s international reputation and benefiting Murata business, whose overseas net sales is approximately 85% of the whole.

Although Murata discloses detailed information on their website, and reports are edited with employees’ opinions, I recommend well-balanced disclosure of employee’s opinions and company-wide activities. This way, information on how each employee is participating in which company-wide activities can be more clearly illustrated.



Graduate School of Business Administration,
Kobe University
Professor
Katsuhiko Kokubu

List of domestic and overseas sites

[List of domestic sites]

Murata Manufacturing/ Head Office•Branch•Plant and Division•Sales Office	
Head Office	Murata Manufacturing Co., Ltd.
Branch	Tokyo Branch
Plant and	Yokohama Technical Center / Yasu Division /
Division	Yokaichi Plant / Nagaoka Plant
Sales Office	Sendai Regional Office / Mito Regional Office
	Sales & Marketing Dept., East Japan / Sales & Marketing Dept. I and II,
	Tokyo Metropolitan Area, Tokyo Branch
	Nishi-Tokyo Regional Office, Sales & Marketing Dept. I, Tokyo Metropolitan Area
	Nagano Regional Office, Azumi Murata Manufacturing Co., Ltd.
	Shizuoka Regional Office
	Sales & Marketing Dept., Central Japan, Nagoya Regional Office
	Sales & Marketing Dept. II, Tokyo Metropolitan Area, Nagoya Regional Office
	Sales & Marketing Dept., West Japan, Head Office
	Kobe Regional Office / Okayama Regional Office / Kyushu Regional Office

[List of overseas sites]

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

Europe	
Netherland	Murata Electronics Europe B.V.
	Murata Electronics(Netherlands) B.V.
Finland	Murata Electronics Europe B.V. Helsinki Office
Spain	Murata Electronics(Netherlands) B.V. Barcelona Office
Sweden	Murata Electronics(Netherlands) B.V. Stockholm Office
Germany	Murata Elektronik GmbH
Hungary	Murata Elektronik GmbH Budapest Office
U.K.	Murata Electronics(UK) Limited
	Murata Power Solutions(Milton Keynes) Limited
	Murata Power Solutions(Celab) Limited
	Celab Power Management Limited
	NCL Holdings Limited
France	Murata Electronique SAS
Italy	Murata Elettronica S.p.A.

Domestic subsidiaries	
Fukui Murata Manufacturing Co., Ltd.	Azumi Murata
Izumo Murata Manufacturing Co., Ltd.	Manufacturing Co., Ltd.
Toyama Murata	Wakura Murata
Manufacturing Co., Ltd.	Manufacturing Co., Ltd.
Komatsu Murata	Tome Murata
Manufacturing Co., Ltd.	Manufacturing Co., Ltd.
Kanazawa Murata	Ogaki Murata
Manufacturing Co., Ltd.	Manufacturing Co., Ltd.
Okayama Murata	Asuwa Electronics
Manufacturing Co., Ltd.	Industries, Ltd.
Kanazu Murata	Anamizu Electronics
Manufacturing Co., Ltd.	Industries, Ltd.
Sabae Murata	Murata Land & Building Co., Ltd.
Manufacturing Co., Ltd.	Murata Eiko Co., Ltd.
Iwami Murata Manufacturing Co., Ltd.	Murata Active Partner Co., Ltd.
Hakui Murata Manufacturing Co., Ltd.	Murata Electronics Co., Ltd.
Himi Murata Manufacturing Co., Ltd.	Murata Software Co., Ltd.

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

Members of directorsAs of July 1, 2011

Statutory Representative Directors

President Tsuneo Murata
Executive Deputy President
Yoshitaka Fujita

Board of Directors

Tsuneo Murata
Yoshitaka Fujita
Hideharu Ieki
Koji Makino
Yasuro Tanahashi (Outside Director)
Hiroaki Yoshihara (Outside Director)

Statutory Auditors

Standing Statutory Auditors
Motohiko Nakayama
Yukio Yoshino
Statutory Auditors Tetsuya Hiraoka
(Outside Auditor)
Hideki Yamada
(Outside Auditor)
Masakazu Toyoda
(Outside Auditor)

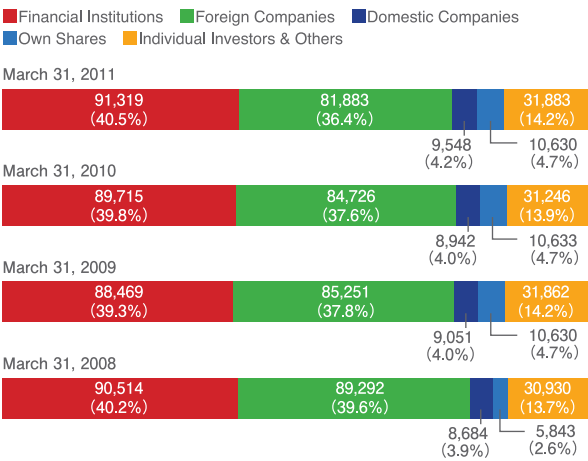
Vice Presidents

Corporate Senior Executive Vice President
Shinji Ushiro
Senior Executive Vice President
Atsushi Inoue
Executive Vice Presidents
Hideharu Ieki
Hideo Sakamoto
Koji Makino
Kiminori Yamauchi
Vice Presidents Hiroshi Takagi
Masao Nishimura
Yukio Hamaji
Yuichi Kojima
Toru Inoue
Osamu Yamaoka
Shinichi Madokoro
Takekazu Okada
Norio Nakajima
Satoshi Sonoda
Hiroshi Iwatsubo

Stock informationAs of March 31, 2011

Number of shares outstanding at the end of current term
225,263 thousands of shares
Number of shareholders at the end of current term
78,164

Number of Shares Outstanding (thousands of shares)



Stock Exchange Listing

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

Major shareholderAs of March 31, 2011

Name	Number of shares (thousands of shares)	Share of voting rights (%)
JP Morgan Chase Bank 380055	13,451	6.3
Japan Trustee Services Bank, Ltd. (trust account)	12,302	5.7
The Master Trust Bank of Japan, Ltd. (trust account)	9,480	4.4
Nippon Life Insurance Company	9,201	4.3
State Street Bank and Trust Company	5,338	2.5
The Bank of Kyoto, Ltd.	5,260	2.5
Meiji Yasuda Life Insurance Company	5,240	2.4
SSBT OD05 Omnibus Account - Treaty Clients	3,896	1.8
The Shiga Bank, Ltd.	3,551	1.7
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	3,475	1.6

(Note)
The company holds 10,630 thousands of shares of its own stock. As these shares do not confer voting rights, the shares have been excluded from the above table.

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**Murata
Manufacturing Co., Ltd.**



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