



Murata Report 2015

Corporate Report
CSR Report



Innovator in Electronics

Murata's components are everywhere.

Though often unseen, our products are essential parts of the electronic devices you are using throughout each and every day: mobile phones, computers, cars, home appliances.

More and more, Murata products are found in many new kinds of applications, such as healthcare devices and energy management systems.

The world keeps on changing.

The world of electronics is changing even faster.

As an Innovator in Electronics, Murata has always followed its corporate philosophy of contributing to the advancement of society and the electronics industry.

Moving forward, we will continue to anticipate and consider the needs of the global society and our customers,

and to develop advanced technologies and high-value applications.

We will keep on innovating and shaping the future of the world of electronics.

08



10



20



22



26

Contents

Corporate Report	02	Innovator in Electronics
	03	Index
	04	Message from the President
	06	Murata technologies
	08	Integrated production system
	10	Products by application
CSR Report	14	Financial highlights
	16	Global network
	18	CSR commitment
	20	Business and CSR
	22	Feature articles: The environment
	24	Promoting environmental management
	26	Employees
Profile	28	Risk management & compliance
	29	Society and the community
	30	CSR activities: Targets and results
	32	Opinion from a third party
	33	Murata sites worldwide
34	Executives	
		Stock information
		Major shareholders

Murata Philosophy

Globally sharing our
aspirations and gratitude



We contribute to
the advancement of society

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

Creating our own markets, from mobile communications to the next growth markets

Murata summarizes the company that we seek to be in our “Corporate Grand Design”. Our “Mid-Term Strategy”, which is being used toward realizing that goal, was initiated in 2013, and this, its third year, 2015, will be its final year. In addition to providing greater value to Murata’s stronghold markets like mobile communications, we are enthusiastically challenging the creation of other markets on our own, such as in automotive, energy, health care, medical and other fields that are being focused on as the next markets of growth.

Toward new value proposals... in cooperation with our customers, in cooperation with our partners

We have expanded our business through the supply of general-purpose components centered on capacitors, as well as a variety of new devices and modules. We are passionate about continuously creating new value through our past experiences as well as technology that is newly acquired from outside the company. For example, we are taking advantage of our wealth of knowledge and skills in IoT*, an area that is expanding step by step, and are energetically working to continue producing state-of-the-art products in cooperation with our customers.

Always “The Murata way” even with a base of 1 trillion yen in sales

In fiscal 2014, Murata grew to be a company with over 1 trillion yen in sales. And we would like to extend our heartfelt and earnest appreciation to the gifts of support and guidance that we have received from our customers as well as all our various stakeholders.

“Together with all our stakeholders, thankful for the increase in prosperity...” Renewing our deep commitment to this part of our “Philosophy”, which has always been the basis for all of our judgments and actions, we will continue to work toward offering ever-new value. The environment surrounding Murata is always undergoing major changes, but the feelings behind that Philosophy will never change. With the unwavering gratitude of all of our members worldwide, we will continue to fulfill our specific Corporate Social Responsibility (CSR) as an “Innovator in Electronics” as we strive to contribute to the advancement of society.

Tsuneo Murata

President
Representative Director

Murata technologies

Shaping the future of electronics

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



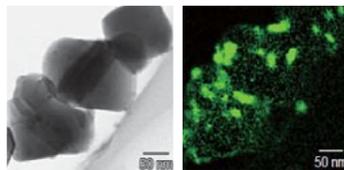
Where innovation begins

Perfected techniques

Materials technology

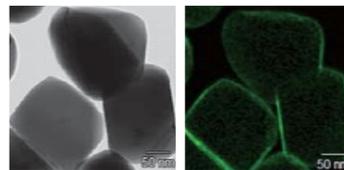
"New electronic devices begin with new electronic components; new electronic components begin with new materials..." Based on that concept, Murata has created functional ceramic materials with outstanding characteristics. And we continuously further advance our technology through the development of new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

2004 - Conventional process



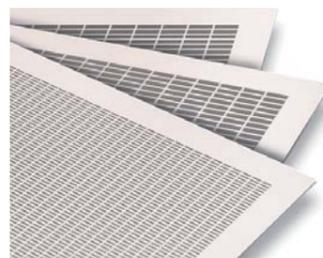
Materials processing

2014 - New process

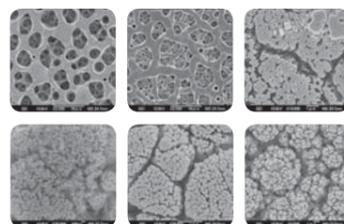


Front-end process technology

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



Printing



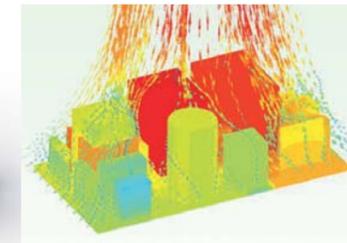
Surface finishing

Product design technology

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



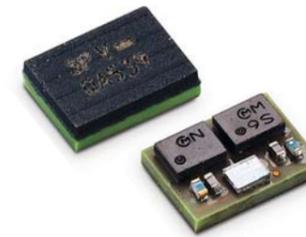
Inductor element structure



Simulation

Back-end process technology

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



Packaging



Measurement

Analytical technology

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

Layer structure

Internal electrode
Dielectric ceramic
1µm

TEM* image of dielectric ceramics

2nm
*transmission electron microscope

Corresponding cations in the image

Ba
Ti

External electrode Dielectric ceramics
Internal electrode

Micro and nano structures in a MLCC (monolithic ceramic capacitor)

Shaping the future

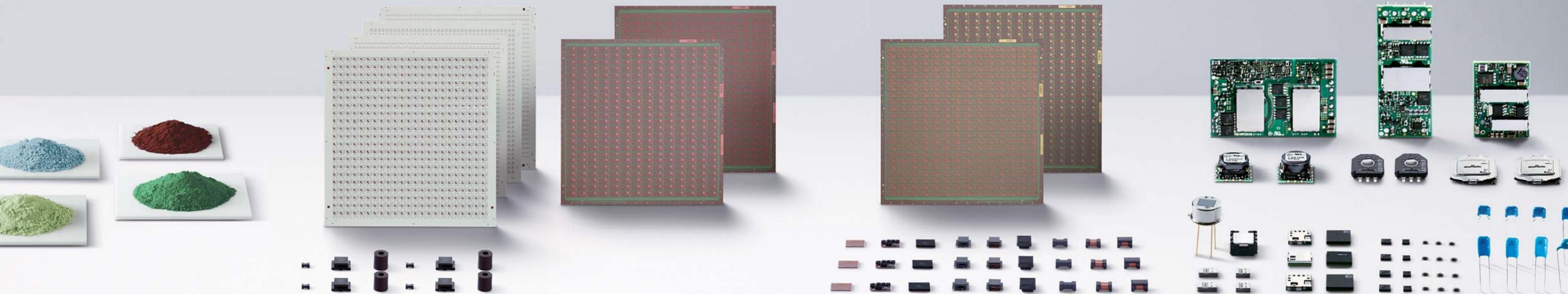
Making innovation happen

Attending to detail

Integrated production system

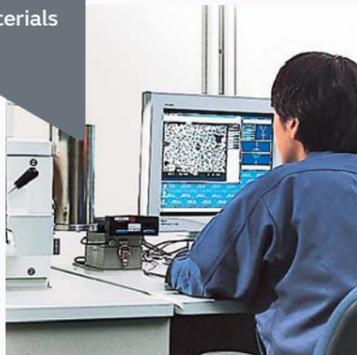
All technologies are directly in line with our markets and customers.

Murata's technologies are closely coordinated and integrated from materials to products. All technological departments aim at the same direction as our customers and try to propose new values. Murata's strength comes from keeping our direction in line with our customers.



Murata's manufacturing technologies

Materials



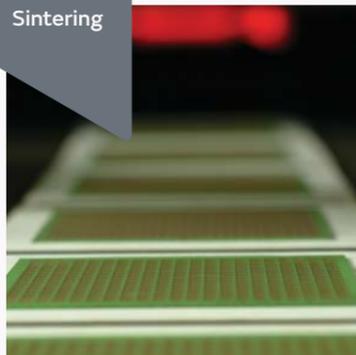
Murata has established a technology to precisely control ceramic materials and electrode materials that critically determine the property of electronic components.

Sheet casting



From 1 μm thick ceramic sheets to complexly shaped filters created by injection forming, we pursue "the functional shape".

Sintering



When sintered, ceramic's crystal structure shifts to achieve certain properties. Sintering is a technique to control these invisible changes inside a furnace.

Finishing and assembling



Once they have gained electric properties from the previous processes through firing, ceramics are formed into electronic components through various additional processing.

Inspection and packaging



Once completed, products are delivered to users only if rigorous testing proves that they live up to their Murata label.

Communications

The world, the future, and security at your fingertips

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

Mobile phones and smartphones are presently in use all around the world. Higher speed and higher capacity communication services are constantly being introduced and multifunctionality is advancing. The miniaturization and modular design of high frequency parts, sensors that improve functionality and operability, as well as low-loss capacitors and power inductors, etc., all contribute to their evolution and diffusion.



Monolithic ceramic capacitors

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



High frequency inductors (coils)

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



Microwave coaxial connectors

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



RF modules for cellular phones

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



Internal configuration (image)

SAW filters

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



Power amplifier modules

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



Connectivity modules

Enabling mobile phones to access the Internet via radio signals, these modules lead the trend towards increasing multifunctionality in those phones.



Low ESL monolithic ceramic capacitors

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



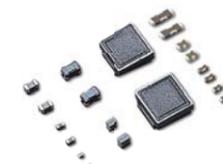
Shock sensors

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



Chip EMI suppression filters (Chip EMIFIL®)

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



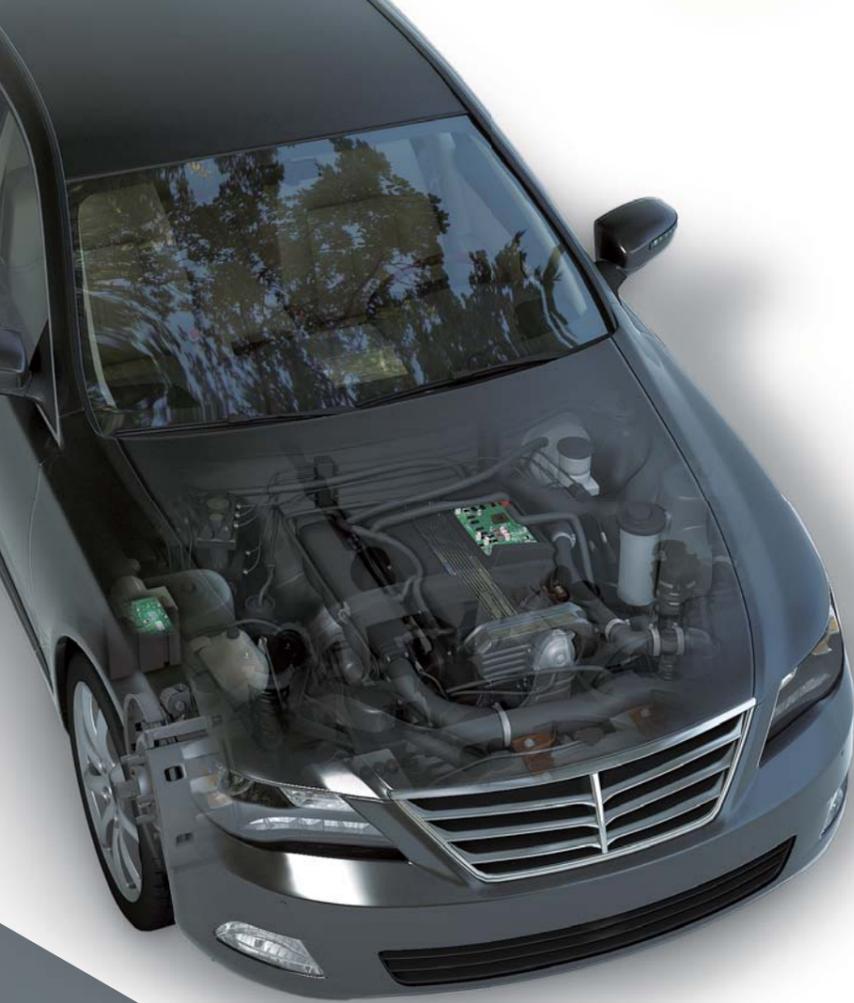
Computers

Ubiquitous computing in the true sense

—Murata makes things “simple” with not-so-simple technologies—

Easy to carry and simple to connect, highly mobile, slim, lightweight notebook PCs and tablet computers are drawing attention with the spread of the Internet and cloud computing services. Murata is responding to the need for high performance and high functionality in PCs with our technologies for the further downsizing and slimming down of electronic components, our high-density package technology, and our sensing technology, etc. We are also supporting new-age computing through wireless communication modules that provide connectivity with reduced power consumption, and through sensors that deliver high reliability and operating comfort.

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



Combined gyroscopes and accelerometers

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



Ultrasonic sensors

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



DC-DC converters

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



Monolithic ceramic capacitors

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



Power inductors

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



Timing devices

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

Crystal Units

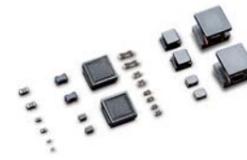


Ceramic Resonators (CERALOCK®)



Chip EMI suppression filters (Chip EMIFIL®)

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



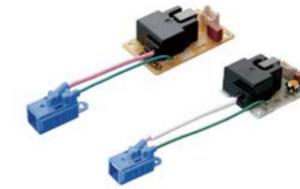
thermistors

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



Ionizers / active oxygen modules (Ionissimo®)

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



Polymer aluminum electrolytic capacitors

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



Audio and visual / Home appliances

At home, there's your family, and then there's Murata...

—Smart and economical; the epitome of stylish—

The television remembers your favorite program. The air-conditioner cools only those areas with people in them and emits negative ions into the air. Murata's sensors, ionizer modules, and high conversion efficiency power supply modules support a new "smart" and "eco" lifestyle.



Automotive electronics

Automotive technology is going through transformation for our Earth and people

—Thus, Murata's missions abound...—

The greater intelligence and electrification of our automobiles is progressing into the next generation, such as with vehicles in which we can travel more safely and comfortably, in coping with environmental issues, and in possessing the entertainment functions with which we can enjoy the driving experience even more. Murata's electronic components have evolved in various automotive applications, including safety equipment, the power train and telecommunications, in order to deliver high reliability that can withstand harsh conditions of use.

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

Financial highlights

Supporting society through “connectivity” technology

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

Smartphones currently account for 75% of the mobile phones sold worldwide, and it is predicted that the need for multiband LTE-compatible units will spread even further.

Advancements in electrification is forecast for the field of automotive electronics along with improved safety features like Electronic Stability Control (ESC) and the growth of built-in vehicle communication functions like infotainment. The overall demand for electronic components is also trending toward smaller sizes, thinner higher performance, and higher reliability... At Murata, in addition to component products, sales of the monolithic ceramic capacitors and piezoelectric components that are our core products, as well as of communication modules in which numerous parts are embedded using multi-component, multi-layer technology are growing more and more.

Sales by product Sales of modules and small, high performance component parts that support a “connected” society are growing by leaps and bounds.

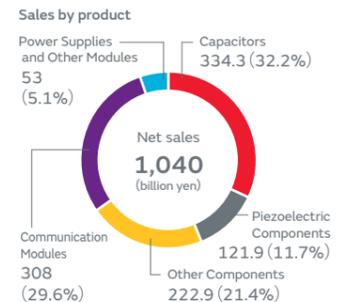
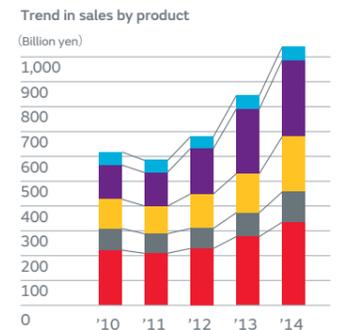
Capacitors Sales increased for our super-miniature capacitors and small, high capacity capacitors that are used in smartphones and tablet computers. In automotive electronics, sales grew for those high reliability capacitors that are required due to the spread of hybrid cars and electric vehicles and the advancing electrification of vehicles.

Piezoelectric components Sales of SAW filters expanded in accordance with the multiband functionality of mobile phones. With piezoelectric sensors, sales for the shock sensors that are used in hard disk drives grew. The demand for crystal resonators in home appliances and automotive electronics also trended upward.

Other components Sales for high frequency coils and connectors for smartphones and tablet computers grew, sales of EMI suppression filters for automotive electronics and smartphones trended well, and, in automotive electronics, sales of MEMS sensors used for Electronic Stability Control (ESC) expanded as well. Coil-related products from TOKO Inc., one of our consolidated subsidiaries, also contributed to those sales results.

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

Power supplies and other modules Sales for servers and automotive electronics grew.

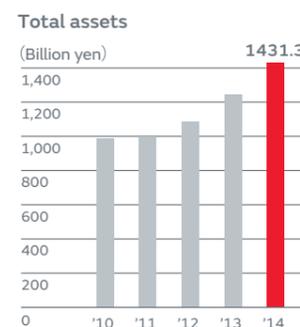
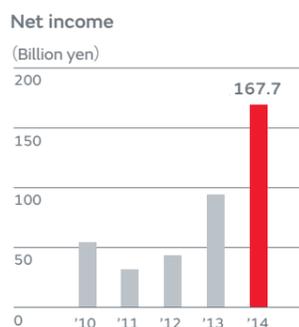
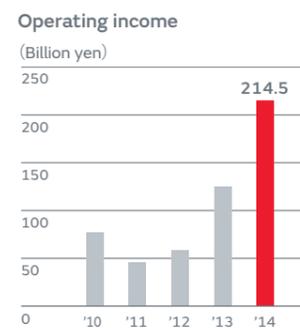
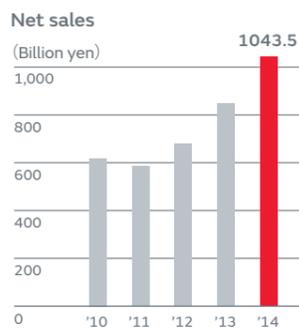


Net sales
1043.5 Billion yen

Operating income
214.5 Billion yen

Net income
167.7 Billion yen

Total assets
1431.3 Billion yen



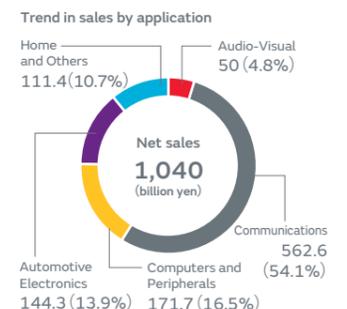
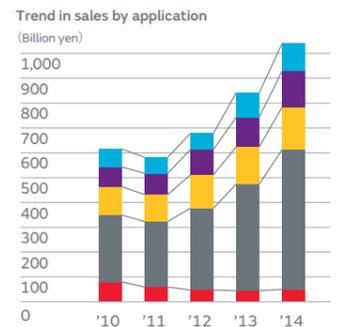
Sales by application Sales were good over a broad range of products that deliver convenience, enjoyment and safety in communications and automotive electronics, etc.

Communications The spread of smartphones equipped with high-speed LTE communication capabilities increased, and demand expanded over a wide product range, including component parts like super-miniature capacitors and small, high capacity, high-end capacitors, SAW filters, high frequency chip coils, and connectors, as well as modular components such as RF and connectivity modules for cellular phones.

Computers and peripherals Just as with smartphones, the spread of tablet computers has caused the demand for a large array of products like communication modules and capacitors to grow. Sales of shock sensors used in hard disk drives increased as well.

Automotive electronics With the advance of electronics for automobiles, sales grew for high-reliability capacitors as well as for the MEMS sensors used in Electronic Stability Control (ESC) systems, and the demand for such automotive electronic components will surely be even greater than the actual growth in sales.

Audio-visual, home and others Sales grew with connectivity modules for portable media players and digital cameras and with capacitors for flat-screen TVs.



New applications The automotive, energy, health care and medical markets... Murata is proposing new value for new applications.

Murata is currently concentrating on three particular fields: ①The automotive market where the demand for electronic components is expanding rapidly due to the spread of hybrid cars and electric vehicles and along with the electrification of automobiles in general, ②The field of energy where the building of “smart communities” that take full advantage of the growth of renewable energy and energy-saving technologies is being forecast, and ③The health care and medical markets where growth is expected as a result of more and more generations being conscious of

health and from the introduction of IT and the conversion to electronics in medical technologies. These are markets where change is being called for. By taking advantage of the technology (the realization of smaller sizes and reduced thickness, sensors, and the core technology of wireless communications) and know-how in electronics that we have cultivated to-date, Murata is bringing about such change by providing new value in our ongoing efforts to contribute, more than ever before, towards the realization of a new society, a better society.

Global network

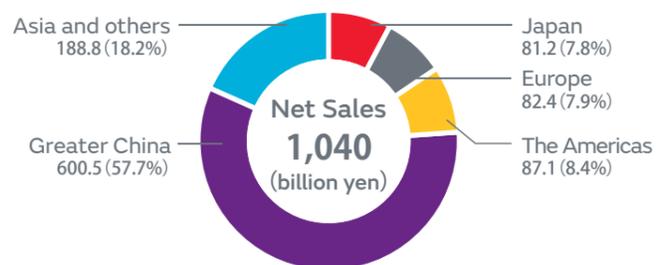


Global network

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

Over 90% of Murata products are sold outside of Japan; in Asia, North and South America, and Europe. Not only do we adhere to the same customer-oriented policy at each of our sites, we also strive to be a beloved corporate citizen and trusted presence in every region. Furthermore, each site recognizes itself as a member of the same Murata Group, moving together towards a common goal. Around the globe, Murata works as one.

Sales by area



* Net sales, number of employees, and number of subsidiaries for each area are as of March 31, 2015.
* Net sales for each area are for electronic components and related products.

The Americas

Net sales: 87.1 billion yen
Number of employees: 914
Subsidiaries: 15



Murata Americas
Director of Operations
RF Product Department
Jeffrey Gregus

Global Reach with Regional Emphasis

A true global effort was put forth where cross-cultural ideas were freely exchanged to establish a global RF product department with regional emphasis. Past experience, and proximity to today's leaders in the targeted automotive, medical, industrial and energy markets, have allowed us to quickly design, develop and produce innovative products and system solutions for these customers. The RF product department embraces the "Murata Philosophy" while keeping an entrepreneurial spirit necessary to address and serve the unique demands of these new-market customers. The challenge is great, but the opportunity is even greater!

Europe

Net sales: 82.4 billion yen
Number of employees: 1,254
Subsidiaries: 14



Murata Europe
Sales Manager
Automotive
Benoit Devincenzi

GROW TOGETHER BY SPREADING "NEVER GIVE UP" SPIRIT

I belong to the Automotive Business Unit of Murata Europe, which represents a large portion of Murata's Automotive revenue. Our role is to help our Automotive customers to design-in Murata products in their systems which are finally produced all over the world. Murata's objective is to grow by expanding Automotive activities worldwide, through specialized teams matching customers' organisations. Our aim is to become a major player in the Automotive world, and support the move to a more environmental-friendly and safer society.

Japan

Net sales: 81.2 billion yen
Number of employees: 23,565
Subsidiaries: 31



Murata Manufacturing Co., Ltd.
Senior Manager
Sensor Products Division
Communication & Sensor Business Unit
Yoshiyuki Oba

Share the impression with us

Technological evolution and significant changes in markets around the world in fields such as the environment, energy, and health care have been giving us a chance to develop society in many ways. In its DNA, the city of Yokohama here has a history as an international city that is open to foreign trade and relations. And we are continuing our collaboration with Murata's research and development based in the Americas, Europe and Asia that possess advanced technology toward creating new devices, software, circuit, wireless technology and other products. Here at Murata Japan, we will continue to meet and even exceed customer expectations around the world.

Greater China

Net sales: 600.5 billion yen
Number of employees: 13,346
Subsidiaries: 28



Wuxi Murata Electronics Co., Ltd.
General Manager
Device Product Group
Chen Jun

Base on the present, and look forward to the future

There are both opportunities and challenges to the large Chinese market. Murata will always take the approach that everyone in each corresponding division, production base and sales office, etc., should cooperate fully and appropriately toward creating and providing new value in line with customer expectations. As an overseas production base, we are further strengthening our involvement in developing human resources, and we will continue to maximize various local resources to fortify our manufacturing capabilities with an emphasis on quality, cost and speed.

Asia and Others

Net sales: 188.8 billion yen
Number of employees: 12,715
Subsidiaries: 17



Philippine Manufacturing Co. of Murata, Inc.
Manager
Human Resources and General Administration
Janet Lino Inocencio

Having Talented and Competent Human Resource - edge of Murata gearing up further on globalization.

It's a dynamic, aggressive business world out there and in order to compete and stay on top, one must continuously improve! Human Resources are the most important asset of an organization and the knowledge, skills and attributes of employees are considered Key Strategic Business Advantage of a company. Therefore, while Murata's Philippine plant is still in its early stage, we are continuously supporting and encouraging our employees to acquire and improve their skills and know-how, to become more competent and to excel in their work. Thus, achieving this will lead us towards our ultimate mission - "contributing to the advancement of society".

In Harmony with the Earth, Society and People...
An “Innovator in Electronics”

CSR Report 2015

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

It is our strong desire to contribute to more affluent, higher quality living through our products.

For example, smartphones and tablet computers have become a part of the social infrastructure, and our company’s product lineup has played a part in the miniaturization and higher performance capabilities of those smartphones and tablet computers. Wearable devices, which are presently attracting a great deal of attention, also present great potential to further change society in the future. The fields in which electronics play an active part will expand significantly from here on. And Murata is already contributing to a safer and more environmentally friendly automotive field. In the energy field as well, we are providing solutions to the problems of limited resources and to environmental issues, and we are also supporting human health and improvements in quality of life in the health care and medical fields.

In addition to making a social contribution through our business, there are still many issues around the world that must be resolved in order to realize a sustainable society, including those related to the environment, human rights, etc. So, the electronics industry has, for example, been involved from early on towards solving the problem of mineral resources in regions of conflict, and Murata has

earnestly tackled this problem in cooperation with our supply chain. Furthermore, our company has also placed a focus on the training of global human resources and providing work environments that are appropriate for a diversity of people, in particular where women can function effectively and efficiently. We respect a diversity of backgrounds and values, we globally share the “Murata Philosophy” and the direction that we are aiming at while carrying out mutual exchange of personnel between bases both in and outside Japan, and we are implementing various measures toward offering the best value to society. And, as we expand our business globally, we are promoting education on compliance, like bribery prevention, and also implementing such information security measures as preventing the leakage of confidential information.

Another part of the “Murata Philosophy” declares, “together with all our stakeholders, thankful for the increase in prosperity.” Both inside and outside of the countries where Murata develops its business, regardless of the country or the region, we are involved in business operations under the thought that we want the existence of Murata to be the pride of that area.

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

Tsuneo Murata

President
Representative Director
Chairman of the CSR Management Committee



CSR charter (outline)

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

Corporate governance	We will meet standards of accountability and enhance management efficiency and transparency, so as to remain open to our communities and society, and continue to be a reliable and respectable company.
Human rights and labor	We will respect the human rights and dignity of individuals.
Health and safety	We will improve product and service quality and boost employee morale by securing a safe and comfortable working environment and managing employees' health.
Environmental preservation	We aim to realize a society where people can live a healthy life with peace of mind, by reducing negative impact of our corporate activities on society, environment and natural resources.
Fair trade and ethics	We aim to maintain the highest standards of ethics, so as to be a company that fulfills its social responsibility and wins social trust.
Management system	We will establish a system that ensures compliance with this CSR Charter, and continuously improve the system.

CSR-related committee organizational chart



Our CSR Charter and CSR-related policy list

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

Scope of report and information disclosure system

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

Term of this report

Between April 1, 2014 and March 31, 2015

* Some activities taking place before March 2014 or after April 2015 are covered in the report as well.

Organizations reported on

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

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



Displaying the possibilities of electronics, Murata's new robots

In succession to our MURATA BOY and MURATA GIRL, Murata developed new robots in 2014, the "Murata Cheerleaders". Murata Cheerleaders are 10 robots that, in connection with our "Innovator in Electronics" slogan, perform dance routines while balanced on top of individual balls as a means of cheering on innovators around the globe.

Within these Murata Cheerleaders, we have integrated our company's advanced sensing and communication technologies. The first is our "inverted-pendulum control technology" to keep the robots upright even while dancing or stopped motionless atop the ball. Three gyro sensors detect the inclination of the robot's body and maintain its balance by instantly calculating in what direction and at what speed that robot should be moved in order to keep its body aligned perfectly.

The second is known as "synchronization". This is a feature that was achieved through joint research with Kyoto University and enables these multiple robots to move in concert, i.e., it allows these 10 robots to move in beautiful formation. The third is "sensing and communication" wherein each robot is equipped with infrared sensors and ultrasonic microphones to measure the distance between them using the difference between the speed of sound and light. With ultrasound, it is even possible to verify each robot's position in the dark. Information on the positions of the 10 robots is then sent via wireless communication to a central control computer, and the commands for their movement as a group are returned to each robot.

Murata's products, technical capabilities, and spirit of challenge are all incorporated in these Murata Cheerleaders, as robots that display the possibilities of electronics. And we employ these robots to convey to everyone how our products and technologies also make a contribution to the realization of more comfortable and affluent lives for all. For example, the gyro sensors for balance control are a technology that is used in automotive applications like ESC (Electronic Stability Control) and other devices, and thus contribute to safe driving. Furthermore, our sensor and communication technology is a key in the realization of a "Connected World", where all "things" around the world will be connected over the Internet.

In order to respond quickly to such diverse needs, in addition to Murata's wealth of knowledge and technology, it is also necessary to actively collaborate with entities outside the company in order to develop other technologies and products in anticipation of the future. In our development of these new robots, we were able to create new value in the form of joint development together with Kyoto University. Utilizing that university's group control technology, and applying that to the development of the Murata Cheerleaders, we were successful at achieving performance that had never before existed.

As ambassadors that convey the vision that Murata holds dear, it is our hope that the Murata Cheerleaders continue to inspire and surprise everyone into the future.



Murata Cheerleaders

Cheering on innovators around the globe

Project members

Murata Manufacturing Co., Ltd.
Monozukuri Process Development Group Production Engineering Unit
Yasunori Aoki

Murata Manufacturing Co., Ltd.
IoT Solution Business Department
Communication & Sensor Business Unit
Takayuki Horibe

Murata Manufacturing Co., Ltd.
Fundamental Technology Center Corporate Technology & Business Development Unit
Yoshihiko Isojima

Murata Manufacturing Co., Ltd.
Medical Products Department Healthcare Business Unit
Masayuki Kubo / Shigeru Tsuji

Murata Manufacturing Co., Ltd.
Monozukuri Engineering Group Production Engineering Unit
Hiroshi Hayashitsuji / Mitsuru Kitagawa /
Tomoyuki Morii / Makoto Minami /
Yuta Tanaka

Murata Manufacturing Co., Ltd.
Corporate Communications Office
Koichi Yoshikawa / Keiko Hosomi /
Tomoko Sawada





Contributing to the environment
**“Monozukuri” at Murata...
 Contributing to
 the reduction of
 environmental impact
 through individual efforts**

Murata Manufacturing Co., Ltd.
 Executive Vice President,
 Member of the Board of Directors
 Toru Inoue

**Through both the manufacturing process
 and the products and services that it produces**

Murata is involved in two facets towards making a contribution to reducing our environmental impact. One involves suppressing the amount of materials and energy used in the process of manufacturing, while also reducing, as much as possible, the emission of environmentally harmful substances. The other is contributing to a reduction in the environmental impact of society as a whole through our products and services. More compact, slimmer, multi-functional electronic components result in higher density and higher efficiency final products, thus saving resources for society overall and also contributing to energy savings. For the manufacturing process, we established a target of a 15% reduction in basic units for CO₂ emissions in a three-year plan that set our fiscal 2012 as the base year. And, in fiscal 2014, we were on right track with a 14% reduction. In producing ceramic electronic components, Murata’s flagship product, “sintering” is an essential process and it uses a lot of energy. We were able to increase our already major results in what is normally difficult to achieve energy conservation by optimizing such conditions as the structure and atmosphere of the sintering furnace itself. First and foremost, Murata has a culture of

building our own production facilities and manufacturing processes, and the idea that the people involved in development, manufacturing technology and even production should devise, operate and improve their own production facilities, on their own, is deeply rooted. In every office, in every manufacturing process, efforts to reduce CO₂ emissions are being practiced and are producing results. That has also culminated in a number of other achievements, such as cost reduction and improved facilities and work environments. Although it is not as easy to set forth specific numerical targets for the reduction of the environmental impact from products and services as it is with the manufacturing process, we are aware of how very large a social impact Murata’s products and services do exert. While seeking indicators that objectively identify the actual contribution to reducing the environmental impact caused by our electronic components, we will aggressively make proposals and work toward creating new business opportunities based on that value. These two facets serve as the pillars in the continued efforts of individuals involved in manufacturing at Murata, as well as in our activities toward reducing the environmental load we create.

**Personnel in charge of the environment around the world
 adjusting their environmental activities through “face-to-face relationships”**

The Murata Group has been promoting activities that are centered on our Head Office and domestic plants in order to expand the level of our environmental activities. However, now that our global business is growing, it is essential to further increase those activities in our overseas production plants as well. In December of 2014, individuals in charge of the environment for the ASEAN region (Thailand, Malaysia, Singapore, the Philippines) and for Finland gathered at our Head Office for a Global Environment Meeting in order to share Murata’s principles on its environmental activities and introduce the Murata Environmental Standard. The principles of the Murata Group in regard to environmental activities have not yet sufficiently permeated throughout companies like Murata Electronics Oy, which joined the Murata Group three years ago, and Philippine Manufacturing Co. of Murata Inc., whose factory went into operation just two years ago. There may also even be situations in other plants in which more than 20 years has passed since they were founded, but where those principles were not fully passed on to each new person in charge. It is therefore important for us to ensure that all members involved in environmental activities everywhere understand the Murata Environmental Standard and come to be able to think and act on their own at each plant. During that five-day meeting, staff from the Head

Office held discussions and exchanged views with individuals in charge of the environment overseas on content that had not been communicated well to that point, and each side was able to gain a better understanding of the other’s thoughts and positions. And, as a part of that meeting, the group visited our Yokaichi Plant in order to confirm actual on-site circumstances with their own eyes. They also went to an industrial waste treatment plant that Murata has subcontracted and toured its complicated liquid waste treatment process. Through this gathering, the participants were able to get a better understanding of the Murata Environmental Standard and to see an actual production site, so they are now using that information toward enhancing environmental activities at their respective plants. We can also presume that new companies and plants will continue to be established in line with our business expansion from here on out, so we will hold such meetings regularly and strengthen such measures in order to ensure that each plant possesses an organization that can make determinations and act on their own initiative.



Global Environment Meeting

**Sharing the Murata
 Environmental Standard
 around the globe**

Photo (from left)

Murata Electronics Oy Sourcing & Logistics
 Jukka Vähäsarja

Philippine Manufacturing Co. of Murata, Inc.
 Environmental Control
 Ryla A. Nunag

Murata Manufacturing Co., Ltd. Environmental & Safety
 Management Department Administration Group
 Norichika Ueura

Murata Electronics Oy Quality and Environmental Systems
 Mary Iivanainen

Murata Electronics Singapore (Pte.) Ltd. Ceramic Chip Cap Factory
 Anand Ariyaratnam

Murata Electronics (Malaysia) Sdn. Bhd. Safety,
 Environment and Training Section
 Norparah Sahirah Binti Harun

Murata Electronics (Thailand) , Ltd.
 Administration Department
 Supathat Thippanya

Promoting environmental management

Global warming prevention

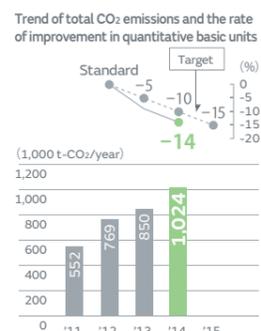
Working in cooperation with all members to prevent global warming through air leakage inspections

Murata's production facilities utilize air that is compressed with a compressor. Air leakage at such facilities wastes the compressor's energy and is resultantly one cause of global warming. As a part of our energy-saving patrols at Komatsu Murata Manufacturing, we began air leakage inspections on equipment in all processes beginning from our fiscal 2012. These inspections are a constantly ongoing activity that, on days that the corresponding process is not in use, involves maintenance personnel using a leak tester to verify that there is no air leakage from the production equipment's connection hoses, and where any discovered leaks are repaired by the Manufacturing Department or Manufacturing Technology Department. This measure requires close cooperation between the corresponding departments and, by also incorporating measures like visualization of circumstances through drawings and photos, it has been possible for those departments to continue their active collaboration. As a result, this activity was commended and awarded the Murata Group's Global Warming Prevention Special Committee Commendation in 2014. We are very pleased to have our persistent accomplishments recognized, and will continue to expand such activities in the future as we work towards completely eradicating air leaks.

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

Photo (from left)
Komatsu Murata Manufacturing Co., Ltd.
General Administration Section

Mamoru Tenda
Tsuyoshi Yamaguchi



Biodiversity

Coexisting with regional plants and animals in order to continue to be appreciated by the local community

In consideration of the impact on the ecosystem that is connected with our business activities, at Kanazawa Murata we are involved in raising trees and flowers that are indigenous to the area and are working on conserving that biodiversity. On the facility grounds, we have green spaces where beetles are bred naturally and a pond where spot-billed ducks, white herons and other birds can drop by; a variety of living creatures can be observed here. Our "Butterfly Garden", which is an image of a promenade of the butterflies that inhabit the local Hakusan area, has become a place of healing for customers and employees alike. We also visit local elementary schools and offer lessons on the theme of "The Environment and Science". Through business activities that take biodiversity into consideration and through regional contribution activities, we will continue to aim at being an existence that is appreciated more and more by everyone in the area.

"Wanting the existence of Murata to be the pride of that area"

In order to actualize business management that is in a close relationship with the area, with the community, we are continuously conducting environmental study projects for elementary and junior high school students, natural woodland preservation activities, and factory greening activities, etc., called "Murata Woods".

Photo (from left)
Kanazawa Murata Manufacturing Co., Ltd. Environmental section

Yuka Seto
Noriaki Sato

Searching for multiple effects and working toward ongoing waste reduction

Through cooperation between the Manufacturing Department and the Environmental Department here at Okayama Murata, we were able to reduce the large amounts of waste generated by 90%. This activity has allowed us to not only reduce waste, but also contributed to the company's business by achieving a major decrease in processing costs. And that has resulted in a source of motivation for subsequent activities.

Such efforts towards waste reduction are in tune with the long history of environmental load reduction activities at Murata that have been in place for more than 20 years.

We have now reached a level of relative maturation in many of these activities, so the degree of difficulty in attaining further reductions has increased. However, more than merely trying to reduce waste, by searching for different effects from a diversity of angles, we are creating a new driving force to continue our unwavering activities in the future.

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

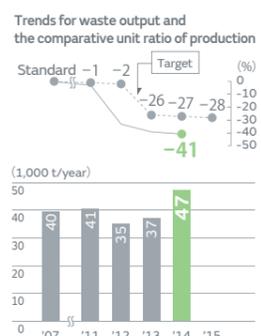


Photo (from left)
Okayama Murata Manufacturing Co., Ltd.
Environmental Maintenance section
Junichi Okuyama

Okayama Murata Manufacturing Co., Ltd.
Production Engineering Section
Kota Kondo

*Murata defines "zero emissions" as generating no solid landfill waste, including direct and intermediate processing, and having a 100% recycling rate. (This does not include waste that cannot be handled solely with in-company measures, such as excess septic tank sludge.)



Waste reduction

Increasing efficiency in domestic logistics through the consolidation of distribution warehouses

Murata has carried out a step-by-step review since 2013 to ensure that the flow to our domestic logistics network is as simple as possible. The main point of that assessment has been the consolidation of our distribution warehouses. Those distribution warehouses, which are used for shipping Murata products to customers, had been divided into multiple regional locations, and so we combined them into one single site. The result was the ability to merge all of the destinations to which items are shipped from production plants into one, and it became unnecessary to sort items by region or to intermediately transfer loads to different trucks (transshipment).

Furthermore, since that warehouse is now in one place, it is possible for us to also consolidate the operation routes of the trucks, something that had also been divided into several districts, and that further led to an improvement in carrying efficiency. The present result of this effort is that we were able to reduce CO₂ emissions per unit of real production from domestic distribution by 27% compared to fiscal 2013.

Murata is working to reduce our environmental impact not only at the manufacturing stage, but in the delivery phase of product transport as well. Along with reducing CO₂ through more efficient transportation, waste is also being reduced by using less packaging material.

Murata Manufacturing Co., Ltd.
PSI System Design & Logistics Department SCM Design & Operation Group

Koji Honda



CO₂ Reduction from logistics (Domestic distribution efficiency)

Employees



Rate of utilization of childcare leave at domestic offices of the Murata Group

100%

(Rate of return to work: 93%)

Taking advantage of experience with shorter work times and developing a smarter approach to work

I graduated from the Department of Electrical and Electronic Engineering in the Faculty of Engineering at university and joined Murata in 2000. At the time, Murata had few positions for women engineers and mine was the first such position in my department. Given responsibility for product design, I had a fulfilling job in a situation that was in close contact with customers. But I experienced a turning point in 2004, when I came to take maternity leave in preparation for childbirth. I was anxious about whether or not I could continue to work as a career employee, but, based on the encouragement of those around me, I made up my mind to go back to work after my childbirth and childcare leave. Once I did return to my job, I worked shorter hours in order to be able to place my child in nursery school, and drop him off and pick him up each day. However, because there was now a need for me to deliver results in even a shorter period of time than before giving birth, it was necessary to arrange my work in a way that fit that situation. I experimented with different methods and groped to find the shortest distance to each goal, to extract the “wisdom” of my bosses and colleagues who were most knowledgeable about the details of each particular project. Ultimately, I realized that, depending on the approach used, it is possible to reduce the time required to achieve the same results.

My current job is to apply a load until the product is broken, and thus identify its weakness. I do the work of extracting the problem and analyzing the broken mechanism, a position that is called the “Destroyer” in our department. Although this work is not directly reflected in product specifications, by feeding back

the test results to the members of the development team, and having that lead to improvement in the quality and safety of the product, I am still supporting the backbone of manufacturing at Murata. The culture of testing until something breaks cannot be said to have infiltrated company-wide, but I am aware that it is also my role to carefully, and over time, have the knowledge and skills of a “Destroyer” take root in-house. Along with the growth of the company, female points of view will surely become increasingly important at Murata. Compared with when I joined the company, there are now more positions for women at Murata, regardless of whether the person studied humanities or science, and they will surely increase more and more from here on. There is already a support system for women to be successful here, and I feel that we are now equipped with an environment in which we can also obtain the understanding and support of those around us in the workplace. Though my child has now grown and I have ended my short-time work and returned to working full time, I feel that the experience that I accumulated of pursuing results in a limited amount of time is thriving even today. I think that everyone who becomes a mother and continues to work in the same way as I did may feel some concern, such as being unable to work overtime. But even at that time, I would hope that they approach their work without stressing too much, and with a feeling of gratitude for those other employees who cover for them. And, after returning to work, I would like them to continue to be active as a presence that can lead the workplace with a more efficient approach to work.

Promotion of success for women

Being indispensable both at home and at the workplace. A workplace where the “success for women” is expected.

Murata Manufacturing Co., Ltd.
Process & Materials Technology Department |
New Products & Business Division
Takako Sato

Rooting the “Murata Philosophy” in Malaysian soil and being proud to be a member of Murata Malaysia

As part of the company’s global personnel exchanges, four of us were sent from Murata Electronics (Malaysia) Sdn. Bhd. (“Murata Malaysia”) to Tome Murata in Japan. The main content of our work there involved technological development related to laminated coils, improvement of that process, reduction of defect rates, and the evaluation of parts, etc. In parallel with those technical initiatives, we participated in workshops and learned about the “Murata Philosophy”. There had been almost no education at Murata Malaysia in regard to the Philosophy up to that point, so we had a hard time understanding it at first. However, we learned as we went along, and what each of us worked on every day in our workplaces led us to believe that the practice of the Philosophy, such as “enhancing technologies and skills” “applying a scientific approach” and “creating innovative products and solutions”, is indeed all-important. And then, along with the techniques that we learned at Tome Murata, we took the spirit of that Philosophy back with us to Murata Malaysia. In 2012, we then launched a project to share the spirit of that Philosophy with everyone at Murata

Malaysia. In addition to providing materials in the Malay language, we held a workshop on the Philosophy and a workshop in order to have the Murata brand understood better. To the original Philosophy, we added keywords that we wanted to emphasize, and summarized it all as “Murata Malaysia’s Basics”. That was because we, as Malaysians, thought it would be meaningful to convey the spirit of the Philosophy, as we understood it, in our own words. We received a lot of positive feedback from the employees and, now, I feel that many employees have gained pride in being a member of Murata Malaysia, the Philosophy has become the cornerstone of their behavior and judgment in their daily work, and it has led to an improvement in our work environment. Symbolic of that is the words “Thank you” now being heard often throughout the company. Saying “Thank you” to each other also increases the motivation to work. And is this not also proof that the phrase “...together with all our stakeholders, (being) thankful for the increase in prosperity” that is found in the original Philosophy has indeed spread here at Murata Malaysia?

- 1 Reciting the Philosophy in a morning meeting
- 2 A workshop on the Philosophy

Number of plants in Murata Group that held a workshop on the “Murata Philosophy”

Japan: **20**
Overseas: **19**



Activities for Sharing the “Murata Philosophy”

Share it with the world: All things important are contained in the Philosophy

- Photo (from left)
Murata Electronics (Malaysia) Sdn. Bhd.
Production Department Production 2 Section
Kok Wah Ho
Murata Electronics (Malaysia) Sdn. Bhd.
Production Department Engineering Section
Vigneswaran Subramaniam
Muhammad Ashraf Mahmud Ahmad
Murata Electronics (Malaysia) Sdn. Bhd.
Production Department
Machine Engineering & Machine Design Section
Azrul Nizam Wahed



Risk management & compliance

Information security

Improving security from various points of view, that of people, facilities, and information systems

There is a growing need to take more appropriate measures against such threats to information security as the leakage of trade secrets and cyber attacks. At Murata, we are working to maintain and improve information security by establishing an “Information Security Policy” as a response policy for the entire group, and defining how to concretely manage information in our “Information Security Management Regulations”. As an example of those efforts, an “Information Security Subcommittee” has been organized within the Risk Management Committee in order to promote the continuous improvement of company-wide information security policies, and we implement the PDCA cycle and promote the development of information security from each point of view of people, facilities, and information systems.

We are also aiming at strengthening the awareness of each employee about information security by distributing an “Information Security Guidebook” to all employees and implementing regular company-wide education, education for new employees and at every step on the organizational ladder, and education for each occupational function, like research and development, sales, and purchasing.

Photo: Workshop held at our Yasu Plant



Bribery prevention

Deeply internalizing social models as “good” businesspeople

Murata established the “Corporate Ethics Policy and Code of Conduct” as rules of conduct in activities involving the company and our employees, in order for those individuals to become sensitive to social rules and fulfill their responsibilities to society as “good” businesspeople. In 2014, we created a “Basic Policy for Prevention of Cartels and Bribery” for use both in Japan and overseas in order to prevent acts of bribery that are in violation of the law. Except in cases where such act is clearly and definitely permitted under the laws and regulations, and business practices, that Basic Policy establishes that we will never provide, offer nor receive anything of value to or from a public official or a private individual or company with the intent to obtain or retain business or gain an unfair advantage. We are also conducting workshops at plants in Japan and abroad, and holding hearings, as we strive toward thorough education and enlightenment in regard to preventing bribery.

Photo: Seminar at our Head Office



Society and the community

Kuji, Iwate

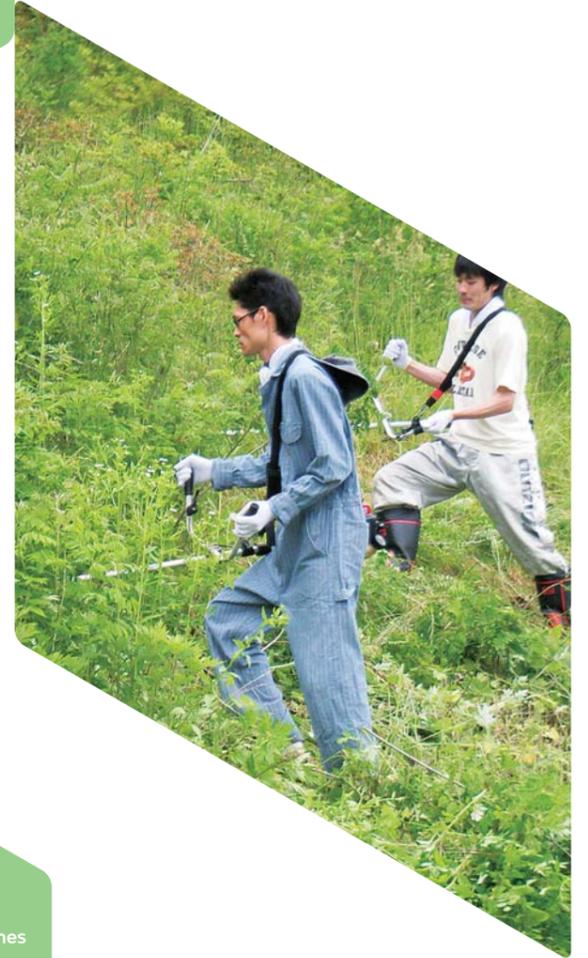
Promoting environmental sustainability activities in cooperation with the local community

The Kuji Plant at Morioka Tokyo Denpa Co., Ltd. went into operation in 1995 as a company invited to Kuji City (Iwate Prefecture), and joined the Murata Group in 2013.

Kuji City is an area rich in nature and it has carried out environmental maintenance activities throughout the region each and every season, with Morioka Tokyo Denpa continuously conducting environmental sustainability activities as a member of the local community since we began operation. Each spring, we clean roadside ditches after the winter thaw in consideration of the coming rainy season. In the summer, we pick up trash before the weeds grow too tall, and we then prune twice when the fresh green grows thick. The winter includes our involvement in snow removal activities around the plant when there is a snowfall.

These are repeating activities and, as they also result in us receiving words of appreciation from local residents, we look forward to continuing to contribute to the region in this way in mutual cooperation with the community.

Photo: Environmental sustainability activity



The Philippines

Providing equipment and the opportunity to learn for children in the Philippines

Philippines public schools do not receive enough financial support and are chronically short of both facilities and teachers.

At Philippine Manufacturing Co. of Murata, Inc., we consider support of education and the environment as a basic activity in contributing to the region, and we helped support a local school in Tanauan City (Batangas Province) in fiscal 2014.

At an exchange gathering in January 2015, we introduced Murata and offered to provide about 130 students and their guardians and teachers with education on the environment. As material support, we donated desks and wood to be used in their classrooms and the cafeteria, and received a letter of appreciation for that assistance from the school.

Philippine Manufacturing has still only been in operation for two years now, but we would like to continue to grow with our local community and contribute to the area's development in the future.

Photo: Environmental education



CSR activities: Targets and results

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

■ 5th environmental action plan (FY2011 to FY2015) : Results for fiscal 2014 and targets for fiscal 2015

○: Achieved
△: Nearly achieved
×: Not achieved

Item	Targets for FY2014	Results for FY2014	Achievement	Targets for FY2015	
1. Environmentally considerate products	Continue to expand the lineup of environmentally-considerate products and environmentally-considerate technologies (production methods)	Goals were set for design and development that consider the environment, and development of environmentally-considerate technologies was continued. That led to an expanded lineup of environmentally-considerate products that support miniaturization and energy saving.	○	Continue to expand the lineup of environmentally-considerate products and environmentally-considerate technologies (production methods)	
	Continue to reduce and replace environmentally hazardous chemical substances contained in products	The reduction and replacement of environmentally hazardous chemical substances was carried out as planned.	○	Continue to reduce and replace environmentally hazardous chemical substances contained in products	
	Increase sales of environmentally considerate products to help shape a society with a low environmental impact	Activities towards proposing, obtaining approval for, and increasing sales of environmentally considerate products were advanced. Approval was obtained from many users and sequential replacement of existing products is ongoing.	○	Increase sales of environmentally considerate products to help shape a society with a low environmental impact	
2. Global warming countermeasures	(1) Production sites	Grasp CO ₂ emissions and quantitative basic units by product at production sites	○	Grasp CO ₂ emissions and quantitative basic units by product at production sites	
	(2) Logistics	Implement and monitor measures to reduce CO ₂ emissions from production	Plans were drafted and those measures implemented to reduce CO ₂ emissions from production. This resulted in a 14% reduction over FY2012 quantitative basic units.	○	Reduce CO ₂ emissions resulting from production by 15% over FY2012 quantitative basic units
		(Overseas) Implement measures to reduce CO ₂ emissions from logistics	CO ₂ emissions per unit of real production were reduced 65% over FY2007. Due to the consolidation of warehousing functions implemented in the previous year, CO ₂ emissions resulting from logistics were suppressed even while production increased.	○	(In Japan) Reduce CO ₂ emissions per unit of real production resulting from logistics by 60% reduction over FY2007
(3) Green purchasing	(In Japan) Achieve a green purchasing ratio of 95%	A green purchasing ratio of 100% was achieved*. * Except in unavoidable cases (like products used in clean rooms, etc.)	○	(Overseas) Implement measures to reduce CO ₂ emissions from logistics	
3. Chemicals	Reduce the use of environmentally hazardous chemical substances per unit of net production by 1% from the previous fiscal year	Environmentally hazardous chemical substances per unit of net production were reduced by 13.9% over the previous fiscal year.	○	(In Japan) Reduce the in-process use of environmentally hazardous chemical substances per unit of net production by 5% over FY2007 (Overseas) Reduce the in-process use of environmentally hazardous chemical substances per unit of net production by 1% over the previous fiscal year	
	4. Saving resources & recycling	(1) Waste	Reduce waste emissions per unit of net production by 1% from the previous fiscal year	○	Reduce waste emissions per unit of net production by 28% over FY2007
(2) Containers and packaging		(Overseas) Continue efforts to achieve zero emissions	Zero emissions were maintained at 5 sites: Wuxi, Shenzhen, Taiwan, Thailand and Malaysia.	○	(Overseas) Achieve zero emissions
		Propose one or more improvements to packaging material in connection with reducing the environmental impact	Improvements to packaging material were proposed in connection with reducing the environmental impact, and those measures are ongoing.	○	Reduce the environmental impact through improvements to packaging material
(3) Production processes	Reduce raw material loss ratios	Measures for improvement (e.g., higher yields) were implemented in each individual process.	○	Reduce raw material loss ratios	
5. Biodiversity	Continue to provide employees with biodiversity education	Content on biodiversity was incorporated in the materials for new employee education and that education was implemented.	○	Continue to provide employees with biodiversity education	
	Provide environmental education in biodiversity for elementary and junior high school children	Education in regard to the relationship between trees and people was implemented within the "Murata Forest" activities.	○	Provide environmental education in biodiversity for elementary and junior high school children	
6. Environmental & social contribution activities	Continue environmental & social contribution activities	Towards business management that is in a close relationship with local communities and societies, environmental education for elementary and junior high school children was continually implemented, along with activities for the preservation of the domestic woodlands known as the "Murata Forest" and for the greening of our plants and offices.	○	Continue environmental & social contribution activities	

■ Social activities: Targets and results for fiscal 2014 and targets for fiscal 2015

○: Achieved
△: Nearly achieved
×: Not achieved

Item	Targets for FY2014	Results for FY2014	Achievement	Targets for FY2015
1. Internal control systems	Advance an internal control system that is compatible with globalization (including deployment in newly established bases and M&A companies)	Two overseas bases and one M&A company were newly added to the targets of the internal control system and efforts to expand that scope were continued.	○	Continue to maintain "zero" serious problems, in compliance with laws and regulations, the Articles of Incorporation, internal regulations, etc., and by promoting the development of internal control
	Conduct efficient and comprehensive audits that utilize data	Efficient and comprehensive audits that utilized data were conducted in the process of purchasing materials and facilities.	△	Conduct efficient audits in response to globalization, and promote the expansion of internal control for new bases and M&A companies
	Further improve the effectiveness and efficiency of business and promote consulting activities	The standardization, visualization and improvement of business were supported with a view toward improving effectiveness and efficiency. A review of business procedures was also proposed in accordance with new risks.	○	
2. Promoting compliance	(1) Permeate compliance awareness	(1) Permeate compliance awareness • An email magazine on compliance awareness was published monthly (12 issues/year). • October was made Compliance Month at Murata and affiliated companies, and compliance verification tests and surveys were implemented.	○	(1) Permeate compliance awareness • Continue to regularly communicate information on compliance promotion activities (monthly) • Conduct compliance verification tests and surveys
	(2) Implement compliance education	(2) Implement compliance education • Group discussions were conducted in each workplace at Murata and domestic affiliated companies, using cases where determinations were difficult, including ethical dilemmas. • Comprehensive education with an emphasis on the Competition Law and on corruption regulations was implemented at two domestic bases.	○	(2) Implement compliance education • Hold group discussions using case methods, etc. (3) Strengthen the foundation of global compliance • Partially revise the Corporate Ethics Policy and Code of Conduct ("observance of the Anti-Monopoly Law" and "entertainment and gifts") • Continue to flexibly rebuild the ongoing system for implementing the "Basic Policy for Prevention of Cartels and Bribery" in accordance with the situation of each country and region
	(3) Strengthen the foundation of global compliance	(3) Strengthen the foundation of global compliance • The "Basic Policy for Prevention of Cartels and Bribery" was established and distributed to officers and employees of the Group.	○	
3. Strengthening risk management	Implement continuous risk reduction measures in relation to significant risks that may impede the continuation of Murata business, and observe and implement prompt action in regard to the appearance of any new risks accompanying changes in the business environment at a global level	Significant risk were regularly extracted and evaluated, measures for each risk were implemented, and their effectiveness confirmed.	○	• Verify the validity of existing risk measures and perform continuous improvement in order to accommodate a wide range of global risks • Recognize newly generated risks in a timely manner, and make the cycle - from risk evaluation to planning and implementation of measures - function quickly and reliably
4. Society and community	Continue social and local contribution activities that are firmly rooted in and appreciated by local communities and society, such as hands-on learning in relation to the science and environment that are offered as educational support for the children who are our future, promoting the local community, greening of our factories, forest preservation, etc.	Science and environmental education targeting elementary and junior high schools, and community clean-up and forest preservation activities, were continued domestically and abroad.	○	• Continue to offer educational support to human resources who are our future through science and environmental education for children • Continue local contribution activities rooted in the neighborhood community, such as greening of factories, forest preservation, etc.
	As responses to the conflict mineral problems, cooperate closely with industry organizations, investigate information on mineral resources in regions of conflict (smelter information) with suppliers, and continue efforts to use low risk materials	In continuation from the previous fiscal year, information on smelters was investigated and, except for some products, investigation was completed.	○	As responses to the conflict mineral problems, cooperate closely with industry organizations, investigate information on mineral resources in regions of conflict (smelter information) with suppliers, and continue efforts to use low risk materials
5. Suppliers	Conduct classes on Japan's "Subcontract Act" at core plants, deepen the awareness of each and every employee of departments requesting materials towards dealing with subcontractors, enhance "Subcontract Act"-related education tools such as class materials and videos, and construct a foundation upon which wide ranging education on the "Subcontract Act" can be performed.	Main measures were carried out as planned.	○	Promote the implementation of CSR procurement that corresponds to changing social situations and customers' demands by constructing a system to regularly check CSR compliance by suppliers
	Make it possible to respond to emergencies based on highly accurate information by organizing information on material production sites that can be referenced in times of disaster or accidents, and by timely updating of that information	Research and updating of information on material production sites were continued.	○	Respond to emergencies based on highly accurate information by timely updating information on material production sites that can be referenced in times of disaster or accidents, and aim at improving research efficiency and reducing the corresponding work time through systemization of the information collection mechanism
6. Employees	• Implement a system to enable employees to select career paths according to their aptitude. • Practice reshuffling through a career development program • Support active roles for senior-level employees : Hold 9 career management training sessions during FY2014	• Self-declaration was conducted for employees in their fourth year at the company, and the participation rate in the career development program for employees who entered Murata in 2010 reached 48%. • 9 career management training sessions were held.	○	• Implement a system to enable employees to select career paths according to their aptitude; Practice reshuffling through the career development program • Hold in-house lectures on the success and careers of women • Support active roles for senior-level employees: Hold 8 career management training sessions during FY2015
	• Continue awareness and education to prevent harassment: Hold 4 training sessions during FY2014 for those managers who have not undergone training on sexual and power harassment. • Continue human rights education: Hold once a year as social class education	• Two training sessions were held for those managers who have not undergone training on sexual and power harassment. • One class was held on human rights as social class education	○	• Continue awareness and education to prevent harassment: Hold 4 training sessions during FY2015 for those managers who have not undergone training on sexual and power harassment • Continue human rights education: Hold once a year as social class education
	• Enhance and firmly establish a support system to help employees strike a balance between work and family life ("work-life balance") : Hold 1 visitation day for children of employees	A visitation day was held for children of employees as noted below: Date and time: August 7, 2014, 13:00 to 17:30 Participants: 24 (5th and 6th grade elementary school children) Contents: Workplace interview, workplace tour, namecard exchange, etc.	○	• Enhance and firmly establish a support system to help employees strike a balance between work and family life ("work-life balance") : Hold 1 visitation day for children of employees
	• Promote permeation of the "Murata Philosophy" and the sharing of measures: Hold manager-sponsored training: 35 times • Continue employing foreign workers: Hire 3 new employees • Promote increasing the number of foreign employees on loan: 20 in FY2014 • Provide education on globalization (strengthen ability in English and Chinese) : Offer an English and a Chinese improvement course for each half-year	• Manager-sponsored training was held 41 times. • One new foreign employee was hired. • 29 foreign employees were received on loan. • An English improvement course was held in Japan (total participants: 318).	○	• Promote permeation of and measures for sharing the "Murata Philosophy": Hold workshops on sharing the philosophy: 30 times • Continue employing foreign workers: Hire 5 new employees • Promote increasing the number of foreign employees on loan: 20 in FY2015 • Provide education on globalization (strengthen ability in English and Chinese): Offer an English and a Chinese improvement course
	• Strengthen measures to prevent the recurrence of industrial accidents • Strengthen measures to improve consciousness for health and safety: Continue and promote health and safety education Implement simulations, "KYT" (accident prediction training) and risk assessment education Implement measures to improve consciousness of managers	The following health and safety education for employees was continued and promoted, and work was done to prevent the recurrence of industrial accidents and improve consciousness toward health and safety. • Education based on past cases of industrial accidents toward experiencing the dangers that are latent in work and dangers in using equipment (for general employees) • "KYT" (accident prediction training) education (for general employees) • Risk assessment education (for general employees) • Mental health education that incorporates the obligation to consider the safety of subordinates (for management)	○	• Continue and promote measures to prevent the occurrence of industrial accidents • Construct an occupational health and safety management system: Acquire OHSAS18001 external certification at one plant and maintain at 27 plants • Promote health and safety education: Risk assessment education: 30 times "KYT" (accident prediction training) education: 5 times

Opinion from a third party

Taking a close look at CSR at Murata

The Murata Group clearly expresses a posture of striving towards solving social issues with its core business. In addition to the development of new technologies, they are also involved in social issues by proposing new value through their experience and a combination of existing technologies. As a component manufacturer, they convey generally difficult-to-understand technology and its use by extracting the target function and embodying it in a more familiar form, like incorporating it into their Murata Boy and the Murata Cheerleaders. These robots convey technology whose use is expected in such applications as disaster relief and automotive safety in an easy-to-understand manner. I think that is quite a wonderful idea as it is thus possible to learn about that technology with interest as well as enjoyment. Those robots are a representation of what Murata makes and how it contributes to society, and I have even greater expectations for the products that Murata Group will offer from here on out.

This “Murata Report” once again shows the faces of Murata’s employees. Especially with the “CSR Report” located in the second half of this issue, it is possible to see a variety of faces, including males and females, individuals from Japanese as well as from other countries, veterans and youth. I sense here a sign of their orientation towards global human resources. One article is also from the perspective of the maximization of female employees. Essentially, I think that means changing the “way” that people work and that it is imbued with the message of wanting to create working environments in which everyone is comfortable. This links to activities toward spreading the “Murata Philosophy” throughout a Murata Group that is expanding globally, and it will lead to a greater sharing of values within the Group. This is an activity that I would like to see advanced even further in the future.

With the first half of this Report an introduction of the company’s business, and the second half containing its CSR Report, it appears to be oriented in the direction of a so-called “Integrated Report”. However, the Murata Group does not particularly place a focus on “integration” per se, positioning an overview of its business and the status of its activities in the first half mainly in order to enable such non-financial information as the environment and CSR activities to be better understood. This 2015 edition also shows an increase in the numerical presentation of non-financial information, as well as more items wherein the numbers can be deciphered in correlation with that business overview. Determine and disclose the KPI (Key Performance Indicators) in line with the CSR Charter ... if it is possible to show what position that content occupies in the company’s long-term outlook and management plan for their core business, and what kind of progress it indicates, I think that how the Murata Group should be, and what they are aiming at, will being more concretely conveyed to the reader. And, in regard to how the Murata Group is viewed from the outside, how about communicating with those people in various positions connected to the Group, such as providing opportunities for bidirectional dialogue and holding round-table discussions to listen to each others’ stories?



Graduate School of Business Administration, Kobe University

Professor
Katsuhiko Kokubu

Profile

Murata sites worldwide

Sites in Japan

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

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

Others

TOKO Inc. Group consists of 3 domestic companies (including TOKO Inc. itself) and 21 companies abroad.

Sites outside of Japan

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

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

We also have sales offices in Spain, Hungary, and Switzerland.

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

Executives As of July 1, 2015

Representative Director

President Tsuneo Murata
Executive Deputy President Yoshitaka Fujita

Board of Directors

Tsuneo Murata
Yoshitaka Fujita
Toru Inoue
Norio Nakajima
Hiroshi Iwatsubo
Yoshito Takemura
Satoshi Ishino
Hiroaki Yoshihara (Outside Director)
Takashi Shigematsu (Outside Director)

Statutory Auditors

Standing Statutory Auditors
Junichi Tanaka
Kiyoshi Iwai
Statutory Auditors Masakazu Toyoda (Outside Auditor)
Shizuo Nakanishi (Outside Auditor)
Kazuto Nishikawa (Outside Auditor)

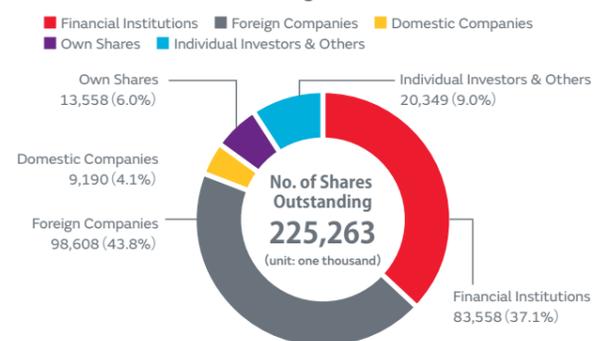
Vice Presidents

Executive Vice Presidents
Toru Inoue
Norio Nakajima
Yuichi Kojima
Satoshi Sonoda
Hiroshi Iwatsubo
Senior Vice Presidents
Yoshito Takemura
Satoshi Ishino
Vice Presidents
Takehiro Konoike
Hideki Maruyama
Yutaka Tada
Masahiro Ishitani
Kenichi Mizuno
Fellow
Norio Sakai
Vice Presidents
Ryuji Miyamoto
Yoshikazu Namasuya

Stock information As of March 31, 2015

Number of shares outstanding at the end of current term
225,263 thousands of shares
Number of shareholders at the end of current term
49,127

Number of shares outstanding (unit: one thousand)



Stock exchange listing

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

Major shareholders As of March 31, 2015

Name	Number of shares (unit: one thousand)	Ownership (%)
JP Morgan Chase Bank 380055	19,841	9.4
State Street Bank and Trust Company	10,218	4.8
Japan Trustee Services Bank, Ltd. (Trust Account)	9,969	4.7
Nippon Life Insurance Company	7,361	3.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,318	3.5
The Bank of Kyoto, Ltd.	5,260	2.5
Meiji Yasuda Life Insurance Company	5,240	2.5
The Shiga Bank, Ltd.	3,551	1.7
THE BANK OF NEW YORK MELLON CORPORATION SANV10	3,164	1.5
Mizuho Bank, Ltd.	3,000	1.4

(Note)
The company holds 13,558 thousand shares of its own stock. As these shares do not confer voting rights, they are excluded from the above table.

"EMIFIL", "CERALOCK" and "Ionissimo", are trademarks or registered trademarks of Murata Manufacturing Co., Ltd.