

## Murata's key issues originating from social issues

Our slogan, "Innovator in Electronics," has been advocated as a common identity to be shared among all employees. Not only does this slogan indicate our mission for Murata to become a leading innovator in the electronics industry, it also advocates that excellent innovators take the initiative in working toward a better environment and society and think seriously about how to make things better rather than doing things just because they are obliged to do so by laws and regulations. Murata values this spirit and has always taken it seriously. To take our efforts one step further, we newly established the Sustainability Promotion Department in April 2020 to promote the awareness resolution of social issues and integration with management.

### Murata's key issues originating from social issues and the mid-term target

We defined the areas to focus on as issues of materiality and divided them into two categories, namely, resolution of social issues through business (opportunities) and initiatives for social issues in business processes (risks), and we established 11 items of materiality (key issues) in July 2019.

#### The process of identifying key issues



Key areas	Key issues	Identified risks and opportunities	The fiscal 2019-2021 mid-term target
Work on societal issues in our business processes			
Environment    	Strengthening Murata's response to climate change ▶P59	<ul style="list-style-type: none"> <li>Impact on the business due to an increase in natural disasters associated with climate change</li> <li>Improvement of global energy efficiency and promotion of the use of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>To formulate methods to survey the current status of suppliers and request them to set targets, in order to promote the setting of the greenhouse gas reduction target based on the Science Based Targets (SBT<sup>1</sup>) approach to suppliers.</li> <li>To reduce greenhouse gas emissions to 1.4 million t-CO<sub>2</sub> or less in fiscal 2021.</li> <li>To reduce greenhouse gas emissions from domestic logistics to 2.0 kg/million yen or less in unit of real production.</li> <li>To expand the scope of surveys on greenhouse gas emissions from logistics</li> </ul>
	Use of Sustainable Resources ▶P63	<ul style="list-style-type: none"> <li>Impact on business operations due to the reduction in available water and mineral resources</li> <li>Expansion of circular economy, including regulations on waste plastics</li> <li>Growing momentum for sustainable procurement</li> </ul>	<ul style="list-style-type: none"> <li>To improve waste emissions per unit of production by 7% in fiscal 2021 (compared to the average of fiscal 2016-2018).</li> <li>To improve water use per unit of production by 6% in fiscal 2021 (compared to the average of fiscal 2016-2018).</li> <li>To investigate the regulations and industry trends for the Use of Sustainable Resources.</li> <li>To establish a feasible plastic recycling program and examine the economic benefits of the scheme.</li> </ul>
	Pollution Prevention and Chemical Substance Management ▶P64	<ul style="list-style-type: none"> <li>Possibility of leakage and spillage of hazardous chemical substances and contamination of products with hazardous chemical substances</li> </ul>	<ul style="list-style-type: none"> <li>To apply green procurement based on the Murata Standards<sup>2</sup> to the raw materials, parts and products delivered to Murata.</li> <li>To manage environmentally hazardous substances contained in Murata products and materials in accordance with the Murata Standards.</li> <li>To reflect internal and external requirements (legal requirements, customer requirements, and Murata Standards) in product specifications regarding chemical substances contained in products</li> <li>To grasp social trends and revisions to laws and regulations, and take actions in advance.</li> <li>To establish a global management system for volatile organic compound (VOC) emissions</li> </ul>
	Strengthening Murata's response to climate change Pollution Prevention and Chemical Substance Management Use of Sustainable Resources	The same as the above	<ul style="list-style-type: none"> <li>To introduce a mechanism that saves resources and suppresses emissions of environmentally hazardous substances in advance on a trial basis by considering the environment at the product planning and design stage.</li> </ul>

Key areas	Key issues	Identified risks and opportunities	The fiscal 2019-2021 mid-term target
Work on societal issues in our business processes			
Social   	Safe and Worry-free Workplaces and Health Management ▶P56	<ul style="list-style-type: none"> <li>The possibility of occurrence of industrial accidents resulting from a rapid increase in the number of employees due to business growth</li> <li>Increased health and safety awareness among employees and business partners due to the spread of infectious diseases</li> </ul>	[Reduction of Work Accidents] <ul style="list-style-type: none"> <li>To avoid causing serious industrial accidents that result in death or permanent disability</li> <li>To reduce the annual work-related accident rate per 1,000 people to 1.6 or less.</li> </ul> [Promotion of Health Management] <ul style="list-style-type: none"> <li>To establish a health and productivity management promotion system.</li> <li>To reduce risks in the health care field in business operations.</li> <li>To implement health and productivity management initiatives for individual employees.</li> </ul>
	Respect for Human Rights and Diversity ▶P55	<ul style="list-style-type: none"> <li>Increased human rights risks due to an increase in the number of global workers and the expansion of areas where the business is operated</li> <li>Decline in competitiveness as diverse human resources cannot fully demonstrate their abilities</li> </ul>	<ul style="list-style-type: none"> <li>To firmly establish "Management System on Human Rights and Labor" and effectively implement Plan-Do-Check-Act (PDCA) cycles, in order to make improvements</li> <li>To expand and enhance education to improve sensitivity of employees towards human rights, labor, and harassment.</li> <li>To promote diversity and inclusion.</li> <li>To create an environment in which people with diverse backgrounds can fully demonstrate their abilities and contribute to the organization.</li> <li>To achieve a minimum of 10% female ratio in the recruitment of new graduates for career-track positions in technical fields</li> <li>To implement initiatives to increase the number of women in management roles.</li> <li>To provide opportunities for people with disabilities to work while feeling rewarded and develop a system in which they can be employed continuously</li> </ul>
	Coexistence with Local Communities ▶P68	<ul style="list-style-type: none"> <li>Increasing expectations from local communities in the areas where the business is operated</li> </ul>	<ul style="list-style-type: none"> <li>To realize our founder's philosophy of "Wishing the presence of Murata to be pride and a source of joy in local communities" on a global level with the aim of achieving "harmony among people, organization and society."</li> </ul>
Governance   	Appropriate Business Transactions ▶P51	<ul style="list-style-type: none"> <li>Increasing global insistence for the prevention of cartels and bribery</li> <li>Damage to corporate value resulting from deviation from laws and social norms</li> </ul>	<ul style="list-style-type: none"> <li>To deploy PDCA cycles for global compliance activities including monitoring and education of control processes at all subsidiaries, in order to globally implement the "Basic Policy for Prevention of Cartels and Bribery"</li> </ul>
	Business Continuity Management (BCM) ▶P49	<ul style="list-style-type: none"> <li>Occurrence of major disasters</li> <li>Global pandemic of infectious diseases</li> </ul>	<ul style="list-style-type: none"> <li>To achieve a situation where the PDCA cycles for risk management at the global level is functioning effectively, and the concept of risk management has become a part of our daily operations.</li> <li>To promote the development of a Business Continuity Plan (BCP) that responds to possible risks, to prevent risks that could disrupt the Company's business continuity, and to mitigate losses in the event that these risks materialize.</li> </ul>
	Data Security ▶P50	<ul style="list-style-type: none"> <li>Increasing sophistication and volume of cyber attacks</li> <li>Leakage of information such as important technical and personal information</li> </ul>	<ul style="list-style-type: none"> <li>To achieve a situation where the PDCA cycles for Data Security measures at the global level is functioning effectively, and the concept of Data Security has become a part of our daily operations.</li> </ul>
Solving Societal Problems through Business			
Highly efficient components contributing to a stronger response to climate change	Lightweight miniature components promoting sustainable use of resources    	<ul style="list-style-type: none"> <li>An increase in natural disasters associated with climate change</li> <li>Improvement of global energy efficiency and promotion of the use of renewable energy</li> <li>Expansion of the markets for energy-saving, renewable energy, and energy storage businesses</li> <li>The reduction in available water and mineral resources</li> </ul>	<ul style="list-style-type: none"> <li>To organize the value of the business from a non-financial perspective.</li> <li>To develop a commercialization process from a non-financial perspective.</li> <li>To explore business opportunities based on social issues.</li> <li>To quantify the non-financial value of light, compact and high efficient products.</li> </ul>

\*1: SBT (Science Based Targets) refers to scientific targets that quantitatively conform to long-term scenarios for reducing greenhouse gases.  
 \*2: Murata Standards refer to standards that identify materials that are subject to control by Murata among environmentally hazardous substances contained in Murata's products and materials and establish regulatory conditions and ranks for each substance.

#### Contributing to society through technological development and product supply

Based on materiality (key issues), Murata has been working on addressing social issues in its business processes and has aimed to resolve social issues through the business operations. One of our efforts has been to supply products to a wide range of markets while pursuing miniaturization and convenience. Especially in the communications area, the importance of which has been increasing in various markets such as 5G and Society 5.0, we have been supplying large quantities of ultra-compact, energy-saving electronic components and high efficiency RF modules continuously. In particular, the changes in the volumetric capacitance (μF/mm<sup>3</sup>) of MLCCs (multilayer ceramic capacitors) is one of the results of our efforts to meet the needs of society through the development of technologies to manufacture light and compact products and to contribute to the enhancement of the convenience of people's lives and sustainable use of resources through our customers' products. We will make constant progress in technology and continue to further contribute to society.

