73   Key issues in relation to issues facing society

| Get to know Murata | Murata's value creation story | Business strategies by product | Corporate governance | Key issues in relation to issues facing society | Finance section   74

Key issues (materiality) 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, in "Vision 2030" Murata introduces a new direction the company is heading towards for 2030 and sets a vision of where Murata wants to be: becoming a company that contributes to realizing a rich society by creating a virtuous cycle of social value and economic value.

Setting key issues (materiality)

We defined as issues of materiality the areas to focus on to get where Murata wants to be and divided them into two categories, namely, contribution to solving social issues through our business and initiatives to solve social issues through business activities overall.
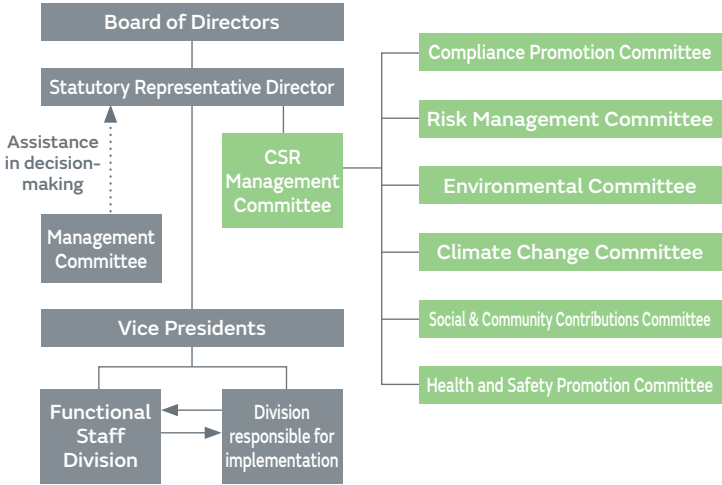
Contribute to solving social issues through our business	Set a course of action for solving social issues in four business opportunities as materiality	▶ P.33 Execute four management transformations
Initiatives to solve social issues through business activities overall	Set nine items of materiality in the fields of E (environmental), S (social), and G (governance)	▶ P.73-96 Key issues (materiality) originating from social issues

Process of identifying the issues

STEP1   Drafted an extended list of about 100 social issues based on the United Nations Sustainable Development Goals (SDGs), global risks, and issues faced by Murata

STEP2   Scored these issues in accordance with their importance for Murata's business and their importance for stakeholders after excluding issues that lack close affinity to relevant business

STEP3   Held discussions among executives including representative directors, and persons concerned and determined key issues at the Board of Directors' meeting

Promotion framework for key issues (materiality)

Murata has established the CSR Management Committee chaired by the President. The CSR Management Committee has 6 subordinate bodies that discuss issues that require cross-organizational activities. They also promote initiatives for the key issues (materiality).

Board of Directors
Statutory Representative Director
Assistance in decision-making
CSR Management Committee
Management Committee
Vice Presidents
Functional Staff Division
Division responsible for implementation

Compliance Promotion Committee
Risk Management Committee
Environmental Committee
Climate Change Committee
Social & Community Contributions Committee
Health and Safety Promotion Committee

Initiatives to solve social issues through business activities overall (Mid-term Direction 2021)

Key areas	Key issues	Identified risks and opportunities	The fiscal 2019-2021 mid-term target
Environment	Strengthening Murata's response to climate change ▶ P.75	• Impact on the business due to an increase in natural disasters associated with climate change • Improvement of global energy efficiency and promotion of the use of renewable energy	• 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[1]) approach to suppliers. • To reduce greenhouse gas emissions to 1.4 million t-CO₂e or less in fiscal 2021. • To reduce greenhouse gas emissions from domestic logistics to 2.0 kg/million yen or less in unit of real production.
	Use of sustainable resources ▶ P.81	• Impact on business operations due to the reduction in available water and mineral resources • Expansion of circular economy, including regulations on waste plastics • Growing momentum for sustainable procurement	• To improve waste emissions per unit of production by 7% in fiscal 2021 (compared to the average of fiscal 2016-2018). • To improve water use per unit of production by 6% in fiscal 2021 (compared to the average of fiscal 2016-2018). • To establish a feasible plastic recycling program and examine the economic benefits of the scheme.
	Pollution prevention and chemical substance management ▶ P.83	• Possibility of leakage and spillage of hazardous chemical substances and contamination of products with hazardous chemical substances	• To apply green procurement based on the Murata Standards[2] to the raw materials, parts and products delivered to Murata. • To reflect internal and external requirements (legal requirements, customer requirements, and Murata Standards) in product specifications regarding chemical substances contained in products. • To establish a global management system for volatile organic compound (VOC) emissions.
	Key common environmental issues	The same as the above	• 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.
Social	Safe and worry-free workplaces and health management ▶ P.84	• The possibility of occurrence of industrial accidents resulting from a rapid increase in the number of employees due to business growth • Increased health and safety awareness among employees and business partners due to the spread of infectious diseases	• To avoid causing serious industrial accidents that result in death or permanent disability. • To reduce the annual work-related accident rate per 1,000 people to 1.6 or less. • To establish a health and productivity management promotion system. • To reduce risks in the health care field in business operations. • To implement health and productivity management initiatives for individual employees.
	Respect for human rights and diversity ▶ P.86	• Increased human rights risks due to an increase in the number of global workers and the expansion of areas where the business is operated • Decline in competitiveness as diverse human resources cannot fully demonstrate their abilities	• To firmly establish "Management System on Human Rights and Labor" and make effective improvements. • To expand and enhance employee education to raise awareness of human rights, labor, and harassment. • To promote diversity and inclusion.
	Coexistence with local communities ▶ P.89	• Increasing expectations from local communities in the areas where the business is operated	• 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.
Governance	Appropriate business transactions ▶ P.90	• Increasing global insistence for the prevention of cartels and bribery • Damage to corporate value resulting from deviation from laws and social norms	• To expand the application of the PDCA cycle to implement the "Basic Policy for Prevention of Cartels and Bribery" at the global level.
	Business continuity management (BCM) ▶ P.91	• Occurrence of major disasters • Global pandemic of infectious diseases	• 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. • To promote the development of a Business Continuity Plan (BCP) that responds to possible risks, to prevent risks that could disrupt Murata's business continuity, and to minimize losses in the event that these risks materialize.
	Data security ▶ P.92	• Increasing sophistication and volume of cyber attacks • Leakage of information such as important technical and personal information	• To achieve a situation where the PDCA cycles for data security measures at the global level are functioning effectively and the concept of data security has become a part of our daily operations.

*1: SBT (Science Based Targets): Science-based greenhouse gas emission reduction targets in accordance with the Paris Agreement.
*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.