



Appropriate business transactions

Background of setting the issue of materiality

Murata's Corporate Ethics Policy and Code of Conduct define how we engage in appropriate transactions with suppliers, how we comply with antitrust laws, and how we prevent bribery and corruption. We aim to engage in fair business transactions with these practices serving as a foundation for our daily business activities and duties. At Murata, we recognize the importance of conducting fair business transactions in order to realize healthy sustainable growth and to earn social trust while expanding business globally. Therefore, Murata has set this key issue.

Our goal

We aim to maintain zero occurrence of major violation of appropriate business transactions.

Compliance programs for appropriate business transactions

Murata considers bribery and violation of antitrust laws as the key compliance risk in expanding business globally and strives for their prevention by introducing compliance programs for appropriate business transactions. In 2014, Murata released the Basic Policy for Prevention of Cartels and Bribery* (available in Japanese, English and Chinese) as an addendum to the Corporate Ethics Policy and Code of Conduct in order to disseminate Murata's attitude towards cartels and bribery throughout the Group. Furthermore, in order to effectively mitigate risk of violation of antitrust laws and bribery, Murata has set rules based on the result of risk surveys conducted globally. These rules are disseminated within the company through messages from the President and training.

Prevention of violation of the antitrust laws

To prevent cartels, Murata has set global rules stating that (1) contact with competitors must be avoided whenever possible and (2) approval must be obtained in advance in situations requiring contact with competitors. A control process requiring that officers and employees apply for approval and report their results in such situations has been established for use throughout the entire Group. In addition to creating guidelines that include these internal rules and procedures, officers and employees are made aware of this information through either in-person or online training. We also regularly check the operational status of the control process.

We believe it is necessary to thoroughly disseminate the rules and processes within the Group in order to prevent violation of antitrust

laws. Murata will continue to provide education and training to officers and employees in Japan and other countries so they have practical knowledge of antitrust laws, their related company rules and processes. In addition, we will ensure adherence to these rules through conducting monitoring.

Prevention of violation of the Subcontract Act

In order to ensure compliance with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (the Subcontract Act), Murata implements continuous education for all employees engaged in procurement activities through e-learning, etc. As part of an internal system to prevent violation of the Subcontract Act, audits and diagnostic checks are periodically performed on departments that demand purchases and make orders. Murata has also established its procurement system that manages and checks a series of procurement tasks to prevent violation of the Subcontract Act.

Prevention of bribery

Murata has set rules on actions such as exchanging gifts or business entertaining based on the policies established in the Basic Policy for Prevention of Bribery, and activities of officers or employees are managed to prevent unlawful benefit for the purpose of dishonest profit from being provided or received, and to prevent facilitation payments from being made.

Each year, Murata obtains the individual commitment of officers and employees to comply with the basic policy and conducts online training so that we can respond to changes in compliance requirements.

We also continue to expand on in-house training as a general form of training, hold segmented e-learning classes by level, and provide education regarding foreign and domestic laws, prohibited matters, and the risks of illegal conduct, etc.

As the business environment surrounding Murata becomes more globalized each year and the business expands into new domains, the importance of maintaining transparency is ever increasing. We will further develop the system to prevent bribery, and in order to ensure its effectiveness, we will continue to maintain and operate the compliance program.

* Basic Policy for Prevention of Cartels and Bribery
https://corporate.murata.com/-/media/corporate/about/csr/management/compliance/compliance_pdf0002.ashx?la=en-global&vid=20151007015611147100