

Partnerships

In order to keep Murata an indispensable part of society, we strive to strengthen our partnerships by valuing the connections with not only our customers but also our suppliers and local communities. We are building solid trusting relationships by communicating Murata's approach to our entire supply chain, and are involved in community outreach activities so that our local communities will be proud to have Murata's presence.

Promotion of CSR procurement with emphasis on partnerships with suppliers

"...being trustworthy and, together with all our stakeholders, thankful for the increase in prosperity." This is a passage from the Murata Philosophy.

The ideas on which we place the utmost importance in doing business with our suppliers are summarized here.

With "equitability, fairness, and transparency" as the philosophy of our procurement activities, Murata has been cultivating partnerships aimed at coexistence and mutual prosperity with our suppliers, based on the Purchasing Policies^{*1}. These ideas will not change in the future, and we will fortify them further in order to achieve mutual prosperity with our stakeholders. In addition, we will proactively work on reducing CSR risks in our procurement supply chain, such as prohibiting child labor, forced labor, and discrimination by gender or religion, and responsible mineral procurement.

At present, Murata is mainly working on the following three aspects of CSR procurement.

- ① We request our suppliers to comply with the Murata CSR Charter which is based on the Murata Philosophy, and the summarized Our Expectations of Suppliers^{*2}, which is based on the Murata CSR Charter.
- ② At the time of opening an account, we request our suppliers to sign a CSR Agreement and agree to implement activities that are compliant with the Code of Conduct of the Responsible Business Alliance (RBA).

- ③ From 2017, we began using the Checklist for CSR Compliance Status, which enables our suppliers themselves to self-assess their CSR compliance status, visualize problems, and share the results with Murata. By having discussions on these problems and corrective measures between the two parties, we aim to make more efficient and fundamental solutions. We have regularly conducted these activities each year, and plan to continue their implementation going forward.

In order to implement these measures effectively, Murata believes that it is important not to impose CSR compliance activities unilaterally but to cooperate with our suppliers based on the partnerships we have cultivated so far.

In recent years, we have been expected to expand the scope of these CSR activities not only to companies with whom we have relationships but also across the entire supply chain. Based on the spirit of the Murata Philosophy, Murata will continue to build long-term trust and strong partnerships by aiming for coexistence and mutual prosperity with our suppliers, while further expanding and enhancing our CSR procurement and realizing the supply chain that assures our stakeholders of safety.

*1 Purchasing Policy

<https://www.murata.com/en-global/about/procurement/policy>

*2 Our Expectations of Suppliers

<https://www.murata.com/en-global/about/procurement/expectations>

How CSR procurement works



Promoting “Responsible Minerals Procurement”

Serious human rights violations have become a social problem in mineral procurement, and interests in responsible minerals procurement are rising.

Murata regards this as part of our corporate social responsibility (CSR) efforts, and conducts surveys and provides information in compliance with the industry standards based on our responsive policies. Furthermore, as an internal framework, the CSR Management Committee, chaired by a Representative Director, shares information with top management on activities, progress, and any issues regarding responsible minerals procurement, and makes any decisions.

Due to the EU’s Conflict Minerals Regulation that will become effective in 2021 and growing awareness of human rights issues, the scope of responsible minerals procurement is being further extended to more risks, regions, and minerals. Murata is currently preparing our response to these developments in cooperation with industry peers. We are planning to provide stakeholders with supply chain information based on industry standards regarding new areas such as the response status to new risks including OECD Annex II risks and OFAC Regulations, usage of minerals produced in Conflict Affected and High-Risk Areas (CAHRAs), and cobalt usage status. With regard to some products, we have already initiated efforts for a transparent supply chain for cobalt.

In response to requests from our customers for our supply chain information, we provide information using the CMRT (Conflict Minerals Reporting Template) issued by the RMI (Responsible Minerals Initiative). We also regularly conduct surveys on our suppliers to keep the information updated. We continue to carry out our efforts to reduce risk and make our supply chain transparent by working together with our suppliers for improvement. This entails reviewing reported information in line with the internal standards prescribed based on the OECD Due Diligence Guidance and carrying out corrective measures, and so forth.

Murata Manufacturing Co., Ltd. is also a member company of the Responsible Minerals Trade Working Group at Japan Electronics and Information Technology Industries Association (JEITA), and of the RMI. By joining organizations that take the initiative in the industry, we are proactively working on issues that

are difficult to solve as an individual company, such as creating industry-wide frameworks.

We also participate in the JEITA-sponsored Responsible Minerals Sourcing Inquiry Briefings as a lecturer.

Despite the increasing difficulty of responding to the expansion and changes in various requirements, Murata will continue to actively address these issues. We will also ensure the transparency of our supply chain and to soon realize CSR procurement including responsible minerals procurement by closely cooperating with our customers, suppliers, and the industry, etc., more than ever.

We will continue to assure our stakeholders of safety and security by advancing and realizing these initiatives.

Responsive policies for responsible minerals procurement

- 1 Working within the framework of CSR procurement activities based on the Murata Manufacturing CSR Charter.
- 2 Building a management framework in accordance with the OECD Due Diligence Guidance.
- 3 Using the above mechanisms, we continue our efforts to use low-risk components and materials to promote responsible procurement of minerals used by Murata, such as to prevent financing of armed groups through our minerals supply chain including gold, tin, tantalum, tungsten, and cobalt, and to protect human rights and promote fair trade. Also, refusing to conduct procurement from companies that are clearly involved in conflicts or human rights violations.
- 4 Conducting sensible and efficient procurement in a sincere manner, based on industry standards, and in close collaboration with industry organizations.
- 5 Sharing information regarding minerals that are obtained through the supply chain with partner companies as quickly as possible.

Activities to contribute to society and local communities

Basic policies for activities to contribute to society and local communities

Murata desires to be a company whose presence in local communities is considered the pride and joy of those communities. Making effective use of its resources (employees, expertise, facilities and funds), Murata constantly makes contributions to society and local communities.

Toward achieving harmony among people, organization and society

Based on the above-mentioned basic policies, we are primarily engaged in activities to “assist with nurturing children who will forge the future,” “environmental conservation,” and “activities to support local communities,” in order to achieve “harmony among people, organization and society,” which is one of the three issues of Mid-term Direction 2021.

Assist with nurturing children who will forge the future

As a monozukuri (manufacturing) company, we conduct activities in an attempt to convey what is interesting about scientific technologies to children, such as providing science education, environmental education, and lessons for elementary and junior high school students, factory tours, and accepting participants of workplace experience, with the aim of assisting the development of human resources who will be able to create innovations in the future. During fiscal 2018, we carried out 236 activities in total.

Example: “Visiting class” by Murata Electronics (Malaysia) Sdn.Bhd.

At Murata Electronics (Malaysia) Sdn.Bhd., we held lessons for fifth and sixth graders at two elementary schools in Perak.



Conducted science education for 33 students at Belanja Parit Elementary School



Held a music box workshop for 31 students at Seri Iskandar Elementary School

Environmental conservation

By formulating its Green Basic Policy, each of our subsidiaries and business sites is engaged in greening activities, forest conservation activities, environmental conservation activities, and other activities that harmonize with local cultures and nature. During fiscal 2018, we carried out 21 activities in total.

Activities to support local communities

At our subsidiaries and business sites both in and outside of Japan, Murata provides support for local communities that fits their specific needs and characteristics.

<https://www.murata.com/en-global/about/csr/people/society>

Example: Multicultural symbiotic support by Izumo Murata Manufacturing Co., Ltd.

There are currently 4,698 foreigners who live in Izumo City due to a recent increase in Japanese Brazilians being deployed to work at Izumo Murata Manufacturing Co., Ltd. from cooperating companies (an increase of 2.4 times over the past five years). We donated equipment, including printers, desks, and chairs for students, to the Japanese Initial Intensive Class established by the Izumo City Board of Education in fiscal 2019, with the aim of assisting in teaching Japanese to their children.



Academic support activities

The Murata Science Foundation was established in 1985 to contribute to the advancement of science and technology through academic promotion. The Foundation provides grants to research activities contributing to the improvement and development of science and technology and the solutions to various problems in the humanities and social sciences, and encourages international exchange among researchers. In fiscal 2017, the Foundation began providing grants to overseas universities.

During fiscal 2018, the Foundation provided a total of 358 million yen grants in Japan, comprising 154 research project grants, 40 study group grants, and 105 cases of dispatch assistance outside of Japan, and provided a total of 10 million yen outside of Japan for 20 research project grants. The cumulative grants since the establishment of the Foundation amount to 3.5 billion yen.

Topic Began to offer lessons to experience programming “Move, teacher Robot!!”

Murata has been holding lessons since 2006, with the aim of having children who will forge the future enjoy and take an interest in engineering jobs that will support monozukuri (manufacturing). Furthermore, we began to offer lessons providing programming education through experience that nurtures logical thinking for fifth and sixth graders in anticipation of programming education becoming mandatory in 2020 academic year. Through this visiting class, we will help students “acquire a programming mindset - ability to think logically,” which is a performance goal set in the government curriculum guidelines for elementary schools.

