

The background is a vibrant watercolor illustration. It features a blue bird in flight in the upper left quadrant, surrounded by numerous yellow, green, and blue circular watercolor splatters. At the bottom, there are stylized watercolor plants in shades of green, blue, and pink, including a large green leaf and various smaller sprouts.

Murata Machinery, Ltd.

SUSTAINABILITY REPORT 2024

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Editorial Policy

The Sustainability Report 2024 outlines Muratec's approach and commitment to fulfilling its social responsibility, along with its initiatives and achievements. The scope of disclosure covers all our corporate divisions. This report describes our sustainability initiatives in different categories such as business operations, society, the environment, and governance. In editing the report, we focused on providing clear and concrete descriptions in an easy-to-read format. In explaining each initiative, we made it a point to describe not only the results but also the background and process of achieving them.

▶ Scope of reporting

We develop, manufacture, and sell textile machinery, logistics and factory automation systems, cleanroom transport systems, machine tools, communication equipment, and more. This report covers our sustainability initiatives across all these businesses.

▶ Reporting period

This report covers activities conducted in fiscal 2023 (from April 1, 2023, to March 31, 2024). It also includes some of our activities that have been ongoing since before the reporting period as well as activities conducted immediately before the report was issued.

▶ External reporting standards

GRI Standards

▶ Boundaries of reporting

Our reporting covers our major business and production sites in Japan listed below. It also includes some activities of our affiliated companies.

[Murata Machinery, Ltd.] Head Office, Inuyama Plant, Ise Factory, and Kaga Factory

[Muratec Mechatronics Co., Ltd.] Shiga Plant and Oita Factory

▶ Published in

September 2024 on our corporate website
(Next issue scheduled for September 2025)

▶ Publishing department (contact for inquiries)

Murata Machinery, Ltd. Corporate Sustainability Office
TEL:075-672-8283

About the Cover

The cover illustration was designed by gama da gama, a female artist based in Kyoto. The blue bird took flight with mimosa flowers, and after a journey, it brought colorful seeds to a new land. These seeds of light sprouted, and the grass and flowers began to grow. We liken ourselves to the blue bird, hoping that diverse talents will bring about positive change and sow seeds of new possibilities.

We strive to be the "Innovation. Mark the turning point" that drives society and our era in a better direction. This is Muratec's wish, and our declaration to you.

Our sincere devotion to tackling customer issues through automation and labor-saving technologies is a consistent characteristic across all our diverse business enterprises.

Through the new vision and potential seen from that height, we constantly create innovative frameworks and systems that change the worksite, the quality of work, and industry standards in our quest to realize a prosperous society.

Innovation. Mark the turning point

muratec

Corporate philosophy We shall strive to expand the boundaries of technological advancement, provide meaningful products that enrich the lives of our customers, bring prosperity to each of our employees and lead society to a better tomorrow.

Brand logo The Muratec brand was established in 1991 as a "product brand" to represent a sign of trust in the Murata Machinery Group's products and services and a "corporate brand" to visually communicate Murata Machinery Group's corporate philosophy and social responsibility. The distinctive Muratec brand logo features a person and machinery interacting and interconnecting inside the letter "m." This format represents creating new technology, providing products that delight our customers, and engaging in innovation to create a prosperous society.

Company Profile

Company Name : Murata Machinery, Ltd.

Representative : Daisuke Murata, President and CEO

Established : July 1935

Capital : JPY 900 million

Business Lines : Manufacture and sales of textile machinery, logistics and factory automation systems, automated material handling systems for cleanrooms, machine tools, communication equipment, and more.

Number of Employees : [Group] 8,704
[Non-consolidated] 4,172 (As of April 2024)

Net Sales : [Consolidated] JPY 497.4 billion
[Non-consolidated] JPY 391.0 billion (Year ended March 2024)

Head Office : 136 Takeda-Mukaishiro-cho, Fushimi-ku, Kyoto 612-8418, Japan

Global Network

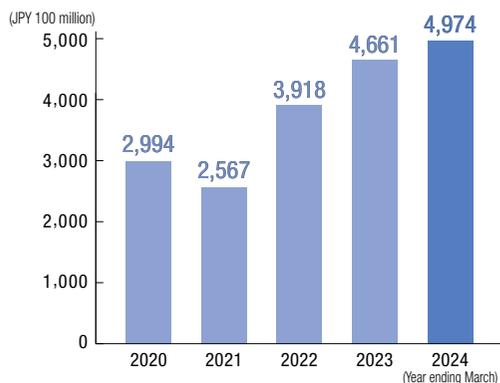
Muratec operates across the globe with the aim of creating products that will improve the lives of people everywhere.

Japan : 14 companies
Overseas : 32 companies in 22 countries and regions
Total : 46 companies in 23 countries and regions (consolidated)
*Only major locations are shown on the map.

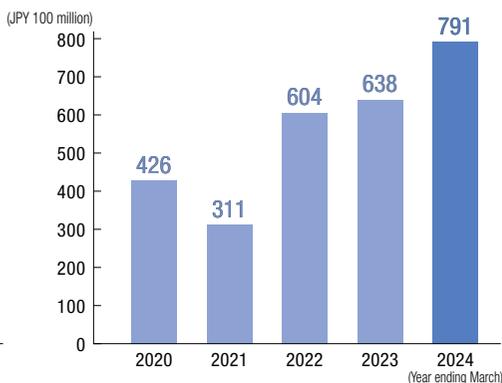


Financial Results

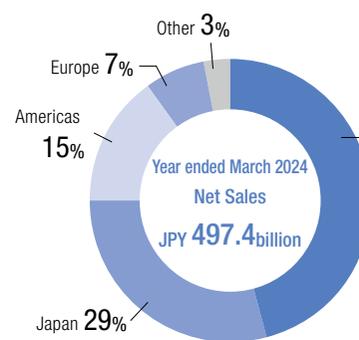
■ Net Sales (Consolidated)



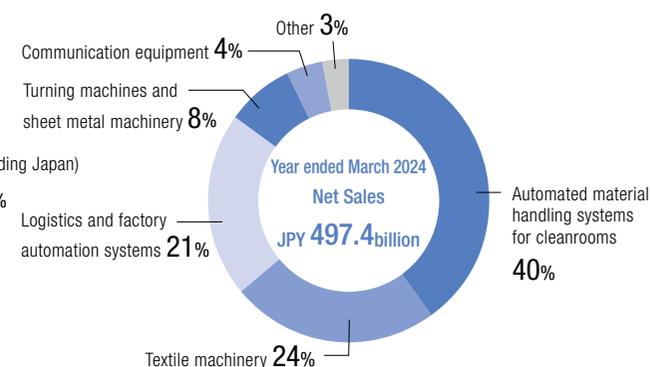
■ Operating Profit (Consolidated)



■ Net Sales by Region (Consolidated)



■ Net Sales by Business Segment (Consolidated)



[Financial information is available on our corporate website.](#)



Top message

Creating the “Innovation. Mark the Turning Point” that Illuminates the Future of the World

Our Purpose

We manufacture machines that help our customers create value in various industries that support society. We have pursued human-friendly technologies to “let machines do what machines can do and let humans do what only humans can do.” We believe that Muratec’s purpose is to work together with customers to ensure the prosperity of the society in which we live. We fulfill this responsibility through our sincere efforts to address challenges faced every day at respective workplaces and through our unwavering dedication to the development of brand-new technologies.

Business Performance and Environment

As in the previous fiscal year, sales continued to grow significantly due to demand for transportation equipment for factories in the rapidly expanding semiconductor industry, and for logistics automation equipment in the context of labor shortages and distribution reforms. We also achieved record sales in the textile machinery business, where parts procurement problems have eased and shipments have returned to normal. Our machine tool business, which is seeking to expand into sectors other than automotive parts due to the EV shift, saw a slight decline in sales. Our communication equipment business, which is shifting its focus from MFPs to security and Factory Automation products in the face of the paperless trend, maintained sales at the same level as last year, thanks in part to the contribution of Silex Technology’s wireless communication technologies. Due to the overall increase in sales, combined with the effect of the weak yen, we achieved the highest sales and operating profit in Muratec’s history. We are aiming for further growth in the current fiscal year.

Meanwhile, the uncertainties caused by international political and economic changes, especially rising material and energy prices and restrictions on free trade, are having an increasing impact on our business each year. As a group, we will explore new opportunities for value creation while responding flexibly and quickly to this changing environment.

Three-year Plan

This year is the final year of our new Three-Year Plan with the theme of “Giving form to the links we have developed. Developing new links from what we have given form to.” By leveraging the links we have developed among people, technologies, and businesses, we are working to achieve (1) strong products and services, (2) information infrastructure (digital transformation) necessary for the future manufacturing industry, and (3) maintenance and improvement of our organizational culture amid organizational growth and diversification.

Regarding (2), in order to make the most of the lessons learned from the supply chain issues since 2020, we are standardizing and modularizing our designs and introducing Enterprise Resource Planning (ERP) and Product Lifecycle Management (PLM) systems to visualize and share information within the group to achieve data-driven overall optimization.

With regard to (3), for the past three years, we have been implementing a project to rethink our corporate philosophy at all levels of the company. As part of this project, in April last year, we established a corporate slogan “Innovation. Mark the turning point.” This is a company-wide slogan that focuses on the phrase “expand the boundaries of technological advancement” stated in our corporate philosophy.

Based on these efforts, our current Three-Year Plan aims to create (1) strong products and services that truly benefit our customers and society. To this end, each division is implementing its own specific plan. But that is not the end of the story. We will also develop new links from what we have given shape to. With the products and services that we have already introduced to the world, we will continue to serve each of our customers so that we can foster more links to create something new.

Underlying Issues/Internal and External Risks and Countermeasures

In addition to the political and economic changes mentioned above, we face risks in the external environment, such as competition from specialized manufacturers and emerging companies in China and other countries in this era of technological innovation. There are also risks related to the internal organization of Muratec, which will celebrate its 90th anniversary next year amid a rapid increase in the number of employees in our group. A sense of crisis about these internal and external risks underlies our corporate philosophy project and the establishment of our corporate slogan.

One of the symptoms of the “big company disease,” which is an internal organizational risk, is the attitude of seeking safety and comfort in remaining “the same as everyone else” and “the same as it has always been.” The D&I activities that will be discussed below and the stance

of placing product development at the center of carbon neutrality initiatives can serve as an opportunity to change such an attitude. At the same time, we believe that these initiatives are important in responding to external environmental risks as a means of creating a global niche out of diversity and uniqueness.

Developing Environmentally Conscious Products

The environmental and resource issues symbolized by climate change are common problems of humanity that have arisen and will continue to grow in the future in the pursuit of a safe, healthy, and comfortable life for all people on the planet. While science and technology have been powerful tools for humankind to create all these problems, the key to solving them also lies in science and technology.

The equipment and machinery we manufacture have contributed to the production activities of all humankind in a wide range of fields, including clothing, metal processing, logistics, semiconductors, and the information and communications used in all these fields. To review and improve these production activities, we need to change our products and develop new technologies.

Technologies that minimize environmental impact, electricity consumption, as well as input resources, energy, and labor, are in greater demand than ever before. We believe it is our mission to leverage the diversity of our businesses and products, which is our distinctive feature, and to proactively develop technologies that address environmental and resource issues.

Diversity Initiatives

It is not easy for an organization to not only perform its tasks while embracing diversity, but also to create something new by taking advantage of diversity itself. This requires members with different characteristics to actively collaborate toward a common goal. In a society increasingly divided, history offers examples of spaces where mutual trust and respect - going beyond mere tolerance - have been deliberately pursued through meaningful communication. In the hope that our company will be a place that provides such opportunities, however small, we will continue to move forward toward that distant goal.

July 2024



Daisuke Murata

President & C.E.O.
Murata Machinery, Ltd.

Delivering Value to Society through Operations

In recent years, the problems affecting the planet have become increasingly dire. Doing our part to help solve them requires a team effort involving every company we partner with. We work with a constant eye to building a sustainable future with a keen focus on operations that will enhance the economic value of our company while solving issues that affect everyone.

Logistics & Automation

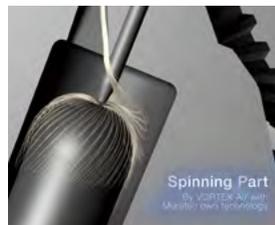
Logistics is now the cornerstone of worldwide manufacturing and distribution corporate strategies, helping to optimize the flow of goods and information. Muratec has leveraged its engineering technologies that combine automated transport and automatic storage systems to offer total solutions for logistics and factory automation. Our efficient, user-friendly logistics and factory automation systems are meeting a growing need for automated, labor-saving operations that enhance the working environment and improve people's lives.



Automated storage and retrieval system

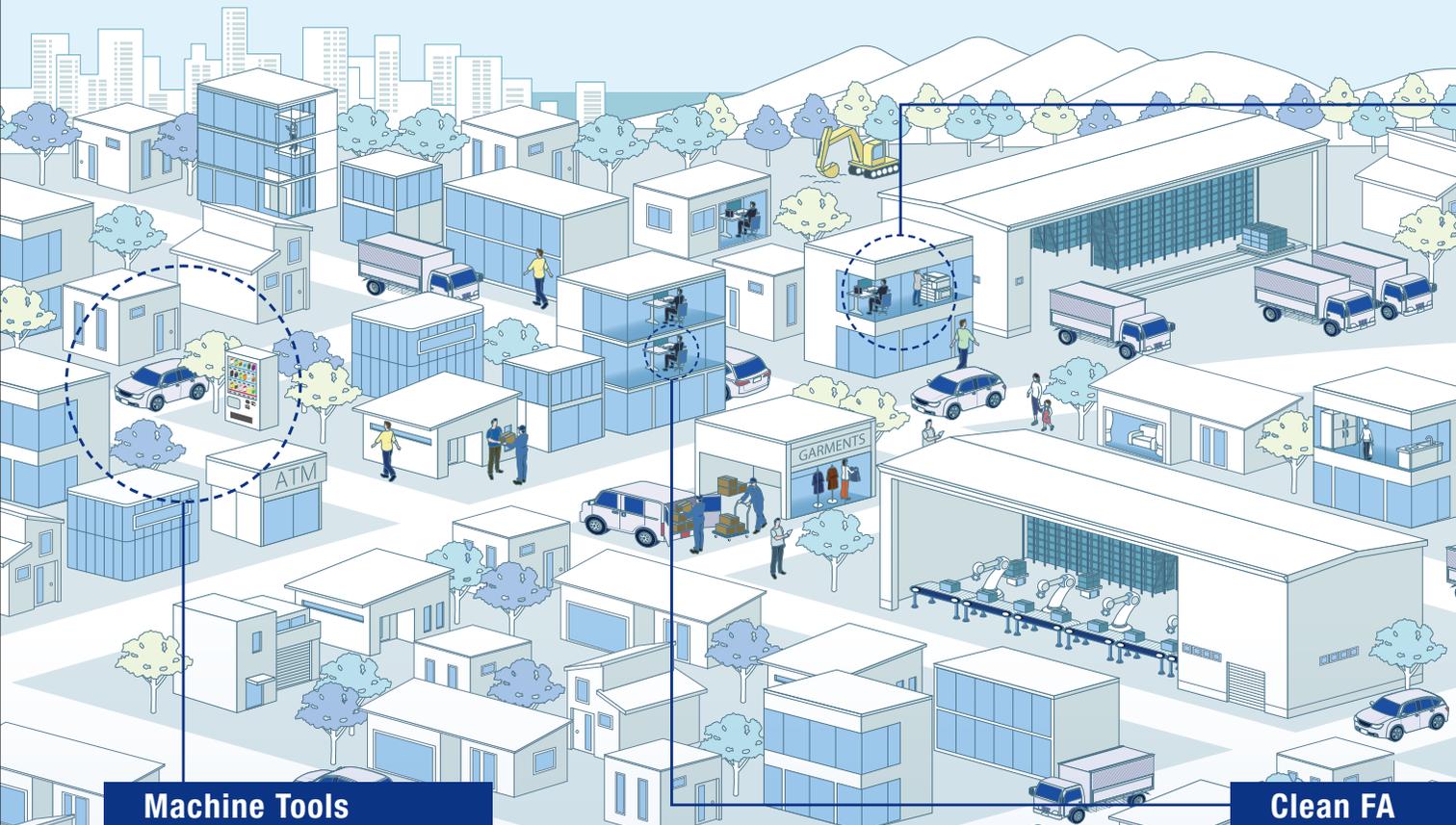
Textile Machinery

In the textile machinery business, where it all started for Muratec, we supply a variety of products to the spinning industry that meet a wide range of needs. Our proprietary technology harnessing the power of air pressure to spin yarn has spread around the globe to greatly expand the horizon of textile products. You can find our machinery hard at work producing a world of fashion and home décor textile products all around us. As one of the world's top manufacturers, we offer not only machinery but also a wide range of solutions designed to save energy and increase efficiency, such as an IT-based operation management solution.



VORTEX spinning machines

Delivering Value to Society through Operations



Communication Equipment

A pioneer in Japan's facsimile machine industry, the communication equipment business offers a host of flexible solutions, for both the office and factory, in response to today's rapidly changing business environment. In the office sector, we provide digital multifunction copiers as well as network and security equipment to support ICT utilization and security enhancements. For the manufacturing industry, which faces challenges in improving productivity and quality, we offer production management software that turns production facilities into smart factories.



Molding plant production control system



Network storage with built-in UTM

Machine Tools

The industrial products that make our modern world run, including automobiles and heavy machinery, are all born from machine tools, the mother of all machinery. Muratec has integrated highly rigid, high-precision machinery with a wide range of peripheral equipment to provide production systems that best meet customers' needs. We have a proven track record on top of years of experience, especially in automotive parts as well as sheet metal processing, key ingredients for making industrial products. We will continue to play a part in manufacturing around the world with an eye to staying ahead of the curve in shop-floor operations.



Advanced hybrid laser



Twin spindle CNC chucker +
CNC turning center

Clean FA

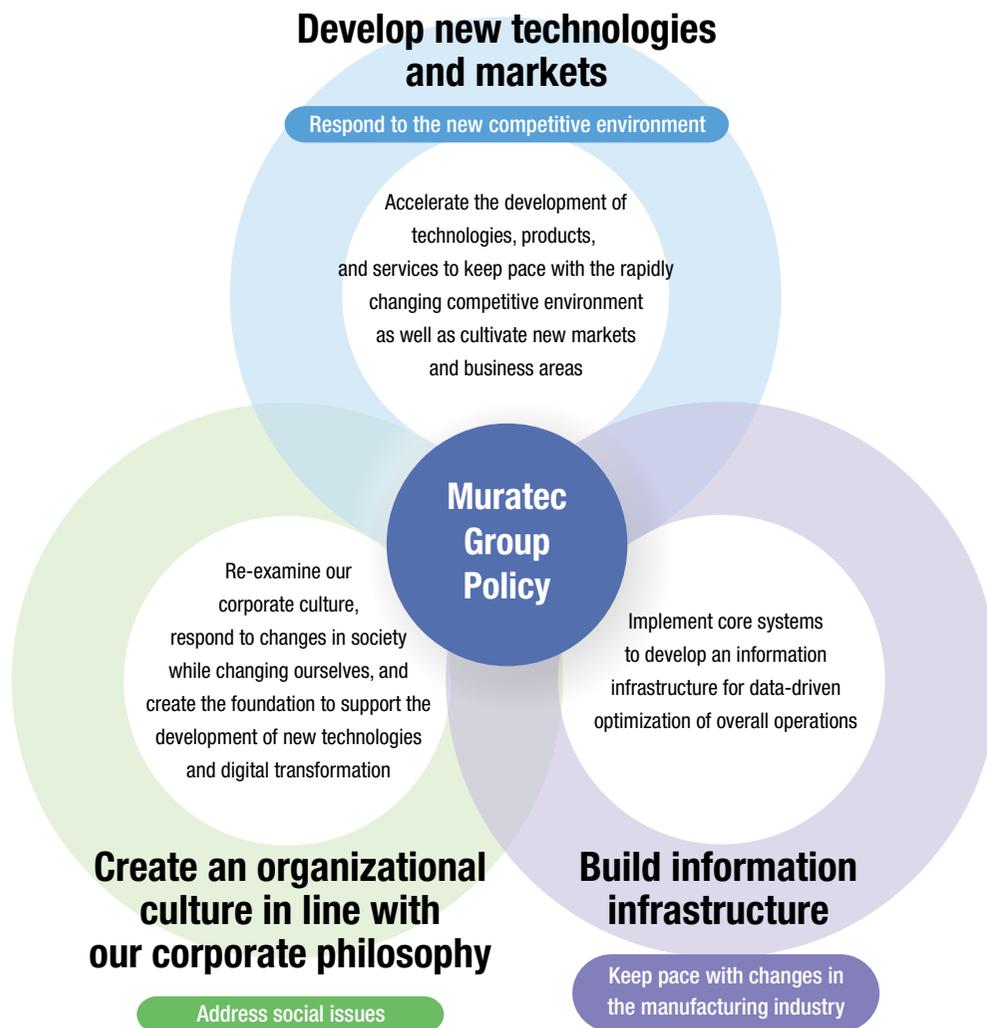
Semiconductors are used in almost all electronic devices and have become an indispensable component of modern society. The production of semiconductors involves hundreds of steps, and the efficiency with which a work-in-process is transferred between these steps has a significant impact on productivity. Muratec provides cleanroom transport systems that prevent dust generation and achieve absolute reliability in highly automated production processes. Keeping up with innovations in semiconductor technology, Muratec's automation technology is helping the semiconductor industry improve efficiency and reduce carbon emissions.



Semiconductor fab. OHT

Three-year Plan

| April 2022 – March 2025 |



Based on the overall policy set forth in our three-year plan, each business unit is working on key issues in business strategy and operational reform, aiming for their realization. We are promoting technology development and strengthening our management foundation to flexibly respond to changes in the external environment, with the goal of achieving sustainable growth and providing value to society.

Textile Machinery Division

The Textile Machinery Division's business focuses on manufacturing automatic winders and VORTEX spinning machines for the spinning industry, contributing to the automation of spinning processes and the enhancement of fabric value. The textile industry, which is essential to people's lives, is expected to continue growing. We will go on pursuing innovation and further enhance our manufacturing and support capabilities to meet customer expectations. We will also engage in activities aimed at creating new businesses.

Divisional strategies	Priority issues
1 Pursue innovation that will keep us ahead of the pack in the global textile machinery industry	<ul style="list-style-type: none"> Develop new automatic winders and VORTEX spinning machines with higher added value Optimize the production capacity of the Kaga Factory and establish a stable production system
2 Dramatically improve operational efficiency through digital transformation	<ul style="list-style-type: none"> Enhance operational efficiency across all departments by utilizing RPA and BI tools Transform production forecasting and planning methods to reduce production lead times Introduce modular designs to shorten lead times for procuring parts and devices
3 Boost global capabilities including after-sales services provided by affiliates	<ul style="list-style-type: none"> Provide new lines of support services using the Muratec Smart Support (MSS) system designed to remotely support machine operation Strengthen the global parts supply capability to help customers in all regions ensure long-term stable operation
4 Get the launch of new businesses moving full steam ahead	<ul style="list-style-type: none"> Get the development of new technologies and products utilizing spinning technology into full swing Explore new business opportunities and cultivate basic technologies in order to plant the seeds of further technological development. Promote joint research with universities and research institutions in addition to incubating ideas in-house
5 Strengthen supply chains	<ul style="list-style-type: none"> Build a parts procurement system that is highly resilient to changes in the external environment Improve and strengthen information system links between departments and group companies Present production plans to suppliers and share medium- to long-term production roadmaps
6 Build a foundation for medium- and long-term plans	<ul style="list-style-type: none"> Improve the accuracy of medium- to long-term market and technology roadmaps Implement various measures to develop human resources, promote diversity in the workplace, pass down skills, change working arrangements, and nurture a new organizational culture

Logistics & Automation Division

The Logistics & Automation Division provides the manufacturing and distribution industries with optimal distribution solutions that are tailored to each customer, including automated warehouses, sorting systems, automated guided vehicles (AGVs), and related software.

We contribute to solving social issues such as labor shortages in the logistics industry and aim to realize an efficient logistics system across the entire supply chain, supporting a sustainable economy and society.

We will work to develop technologies for fully automating intralogistics (on-site logistics) and enhance logistics efficiency throughout the supply chain, including the last mile (the last leg of a journey), through open innovation.

Divisional strategies	Priority issues
1 Improve safety and quality	<ul style="list-style-type: none"> ● Improve project quality by strengthening verification and inspection mechanisms at each step of the design, shipping, and delivery processes ● Change the project management method and expedite the finalization of design requirements
2 Develop technology for fully automated and unmanned intralogistics	<ul style="list-style-type: none"> ● Expand models and strengthen lineups in response to the growing scale and sophistication of distribution centers ● Achieving unconstrained transport
3 Work on last-mile solutions	<ul style="list-style-type: none"> ● Develop solutions for small- and medium-sized centers as well as distributed inventory storage
4 Promote digital transformation to improve business processes	<ul style="list-style-type: none"> ● Streamline overall design workflow and reduce lead time ● Promote modular design of systems and products
5 Promote human resource development, personnel utilization, and work style reform	<ul style="list-style-type: none"> ● Formulate and implement a personnel development plan based on the human resources roadmap ● Strengthen global competence training for employees ● Strengthen training of overseas staff ● Develop remote work environments

Clean FA Division

The Clean FA Division, which handles transport systems used in semiconductor manufacturing plants, is seeing an increasing societal role in its business, driven by the growing demand for semiconductors due to the evolution of DX, AI, and advanced technologies. We will continue to play a vital role in the semiconductor industry, which is expected to see sustained growth as a foundational industry for the digital society. We have continued to refine the QCDS (quality, cost, delivery, and safety) of our products with a focus on improving customer satisfaction. We will go one step further and forge the future of semiconductors together with our customers in order to contribute to the development of the semiconductor industry.

Divisional strategies	Priority issues
1 From fostering a safety and quality culture to entrenchment	<ul style="list-style-type: none"> ● Continue making persistent efforts to improve safety by making safety and health top priorities ● Strive for quality and strengthen processes
2 Develop new technologies and markets	<ul style="list-style-type: none"> ● Build a product range that meets all automated cleanroom transport needs ● Create added value for transport systems with the aim of realizing transport solutions tailored to the customer's production process
3 Promote digital transformation	<ul style="list-style-type: none"> ● Maximize the use of virtual spaces to innovate development, operations, and work ● Shift human resources to creative operations by automating business processes and operations ● Reduce total lead time from the receipt of inquiry/order to delivery
4 Create an organizational culture in line with our corporate philosophy	<ul style="list-style-type: none"> ● Utilize the human resources roadmap and restructure personnel training systems ● Instill D&I, work-life balance, and global business perspectives
5 Save energy and reduce environmental burden throughout the product life cycle	<ul style="list-style-type: none"> ● Strengthen compliance with chemical substances regulations (REACH, RoHS, and PFAS) ● Promote efforts to reduce CO2 emissions from the use of our product

Machine Tools Division

The Machine Tools Division provides products in two areas that require different machining techniques: turning machines and sheet metal machines. We have focused on providing turning machines designed for the mass production of auto parts as well as flexible customization to improve customer satisfaction. Moving forward, we will continue to offer solutions that help customers in a wider range of industries solve the problems they face. We will work on expanding the scope of machining and offer automated machining solutions for sheet metal machinery.

Divisional strategies	Priority issues
1 Strengthen the ability to propose solutions that help customers solve problems	<ul style="list-style-type: none"> ● Provide automated turning solutions to a wider range of industries beyond the automobile parts industry ● Develop technologies and products for electric vehicles in areas where we can make an impact ● Transform our business model into one that generates demand ● Develop highly unique combination sheet metal machines ● Provide automation solutions for the entire machining process, including operation
2 Build a business structure that can respond with rapid flexibility to changes in the market	<ul style="list-style-type: none"> ● Work to transform business processes in each department in line with the introduction of core systems ● Enhance marketing capabilities ● Increase customer productivity through IoT (linking with higher-level and third-party systems) and establish a remote support system ● Establishing a system that can respond swiftly to customer issues in the aftermarket.
3 Foster an open and reassuring organizational culture	<ul style="list-style-type: none"> ● Develop each employee's ability to independently address business issues, such as solutions for customer problems, internal business processes, work environments, as well as personal and organizational growth ● Create an open and psychologically safe work environment where everyone can freely and actively discuss business issues ● Aim to create a workplace where employees promote mutual growth through various human resource development initiatives

Communication Equipment Division

The Communication Equipment Division provides digital multifunction products (MFPs) for offices, and later launched a new business dealing with network and security products. It then expanded into the realm of production management systems for factories as a result of organizational restructuring and is currently operating in these three areas. In light of the growth potential for information security products and factory solutions, mainly for molding plant production management systems, we are zeroing in on developing new products that will pave the way to transforming our business portfolio. We will also strengthen cooperation between the product categories in technology development and customer support.

Divisional strategies	Priority issues
1 Expand information security-related business areas	<ul style="list-style-type: none"> ● Develop products that increase added value, such as security and convenience, by linking with the cloud and various applications ● Create new applications and services in the field of information security for offices
2 Establish an organizational structure for expanding into the factory solutions business	<ul style="list-style-type: none"> ● Plan and develop products for use in industries other than molding and cultivate new markets ● Apply office information security technology to security products and solutions designed to protect production sites from cyber threats ● Develop an IoT manufacturing execution system and perform field validations
3 Concentrate MFP business resources in profitable, high-value-added models	<ul style="list-style-type: none"> ● Monochrome models: Develop and sell profitable models ● Color models: Continue to sell latest models with improved usability and security
4 Create a climate conducive to cultivating new businesses	<ul style="list-style-type: none"> ● Solicit proposals from all departments for improving the quality of operations and raising organizational awareness and employ a system for allocating and deploying personnel and budgets ● Contribute to the organization via the process of management by objectives

Key Sustainability Issues

Our company has pursued the happiness and well-being of people living in society, as well as our employees, by providing products that meet customer needs under the themes of automation and labor-saving. In each industry and era, we have been committed to developing technologies that encourage our customers' on-site challenges, and we aim to create technologies that bring innovation to the industry.

In recent years, as social issues become more severe and complex, our responsibility to contribute to a sustainable society has become increasingly important. We recognize that our stakeholders expect us to continue providing value to our customers and society through our business activities, while also taking a clear stance and action in addressing the difficult challenges faced by the global environment and society.

We recognize that non-financial issues, such as the health and safety of our employees, consideration for the working environment, respect for human rights, addressing global environmental issues such as climate change, crisis management for natural disasters and cybersecurity, and risk management in the supply chain, are critical challenges that affect the sustainability of our company. We are progressively addressing these issues, starting with those of highest priority.

In this report, we will categorize and report primarily on the following areas: human capital, human rights, occupational safety and health, quality, environment, compliance, BCP (Business Continuity Planning), supply chain, and information security.

Theme	Key Items	Key Initiatives
 Creating an organization where diverse talents can fully utilize their abilities	Human Resource Development	Improvement and establishment of HR systems, expansion of educational training
	Promotion of Work-Life Balance	Introduction of various work systems, support for work-life balance
	Diversity & Inclusion	Promotion of the active participation of women, foreign employees, and people with disabilities, and promotion of understanding of LGBTQ+
	Respect for Human Rights	Formulation of human rights policies, identification of key human rights issues
 Initiatives to protect employee health and safety	Ensuring Occupational Health and Safety	Prevention of occupational accidents and traffic accidents
	Health and Productivity Management	Support for maintaining the physical and mental health of employees
 Responding to decarbonization and sustainable resource use	Response to Climate Change	Reduction of CO2 emissions in business activities
	Development of Environmentally Friendly Products	Promotion of energy-efficient design
	Contribution to a Circular Society	Reduction of total waste emissions
	Risk Management of Chemical Substances	Reduction of VOC emissions in the manufacturing process
 Strengthening governance	Compliance Adherence	Compliance with laws and regulations and compliance education
	BCP (Business Continuity Planning)	Development of systems and training for disaster preparedness and recovery
	Risk Reduction in the Supply Chain	Deployment of guidelines to suppliers, monitoring and supporting improvement efforts
	Strengthening Information Security	Establishment of information security management systems, and measures against cyber attacks

Human Capital and Human Rights

Human Capital

Recognizing human resources as our most important asset, we believe it is essential to provide opportunities and environments where a diverse mix of employees can reach their full potential.

With this in mind, we have implemented measures for human resource development, work-life balance, and diversity and inclusion (D&I) and are continuously making improvements, with the aim of creating a workplace where each employee can thrive even more.

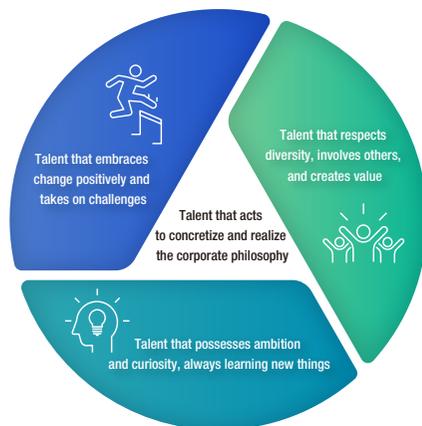
Human resource development

We support the growth of employees in various ways to maximize the value of human resources, our most valuable asset.

Talent that autonomously creates turning points for innovation

Our corporate slogan, "Innovation. Mark the turning point," reflects our commitment to advancing the core of our corporate philosophy, which is the "Creation of New Technologies." We have defined the competencies required for each employee to autonomously become a creator of innovation turning points, and we have translated these requirements into specific behavioral guidelines for each job grade.

Requirements for Talent that Autonomously Creates Turning Points for Innovation



Personnel system that links individual growth to organizational growth

Through the implementation of our goal management system, each individual sets challenging goals based on the required competencies and behavioral guidelines, aiming to improve their abilities and performance. By linking individual goals with organizational objectives, we have created a system that enhances the overall performance of the organization. Additionally, we use feedback meetings to review results and personnel evaluations, aiming for further growth. We refer to this series of processes as the "Cycle of Improvement."

Training programs that encourage personal growth

We provide rank-based training, career design training, and next-generation leadership training based on the roles expected of employees according to their years of service and job ranks. In addition to training, we give managers 360-degree feedback to facilitate behavioral change and improve their performance as managers. We also offer a variety of training programs in response to the changing times, such as correspondence and online English conversation courses as self-learning opportunities, as well as data literacy training for personnel for digital transformation.

Overview of human resource development

Become a company constantly generating high profits through a cycle of improvement



Career Design Training	Career Training (Age 30)	Career Training (Ages 50 & 54)	
Training by Hierarchical Level	New Manager Training		
	Training for newly appointed evaluators		
	Training for newly appointed subsection chiefs		
	Training for 1.5-Year / 3-Year employees		
	New employee training / Follow-up Training for Career Hire Employees		
Selective Training	Women's leadership development program	Muratec Business College	
Languages	English Proficiency Training	TOEIC	Business Japanese Training
Training by Objective (Examples are listed to the right)	Intellectual Property Course	Basic Contract Course	
	Labor Management Course	Ethics and Business Compliance Course	
Others	e-Learning (Harassment Prevention, Business Etiquette, Information Security, etc.)		
	Correspondence Education (Technology, Management, Languages, Qualification Acquisition, etc.)		

*Only major training programs are shown

Work-life balance

At Muratec, we assist employees in many ways to ensure that they have the flexibility to respond to their own life events and family situations, while maintaining their motivation to work and ability to continue delivering results.

Flexible work arrangements

We have introduced a telework system to improve employee productivity and work-life balance as well as to enhance business continuity in the event of an emergency. We also give all employees the option of staggering their working hours and hourly paid leave regardless of whether they have a need to provide care for their children or family members.

Support for balancing work and family life

We have programs designed to help employees balance their work and family life so that they can continue to work through different life stages.

Employees who provide nursing care to their child or other family member can work reduced working hours. We also schedule individual meetings with employees and their supervisors before and after taking childcare leave or family care leave to ensure that they get appropriate support. In fiscal 2022, we introduced an external service that allows employees to consult with a midwife about their concerns regarding childbirth and childcare. As part of our support for employees balancing work with medical treatment, employees with eligible conditions are allowed to use preserved paid leave and reduced working hours under certain conditions. We will continue to promote the creation of a work environment where employees can work with greater peace of mind.

Overview of programs to help employees balance their work and family life

Childcare	Pregnancy	Childbirth	One year old	Start of elementary school	End of third grade	End of sixth grade
	Maternity leave		■			
Childcare leave		■	■			
Reduced working hours	■ Work schedules can be shortened by one or two hours					
Time off for sick/injured child		■				

*May be extended until the child becomes 2 years of age if certain requirements are met

Caregiving	Duration
	Family care leave
Reduced working hours	Desired period up to 3 years per eligible family member
Time off for sick/injured family member	5 days per year per eligible family member (10 days per year for two or more family members)

TOPICS 1

Promotion of Paternity Leave

We set up a one-on-one meeting for male employees with their supervisors before their spouses gives birth. Additionally, with the revision of Japan's childcare and family care leave act in 2022, we shared a message from the president encouraging male employees to take a more active role in raising their children, demonstrating the company's support for paternal involvement. In FY2023, we held roundtable discussions featuring male employees who took parental leave as role models, as well as pregnancy simulation events where participants could experience the realities of pregnancy and participating in childcare. As a result, the paternity leave acquisition rate increased to 78.6%, a 1.5-fold increase compared to the previous fiscal year.

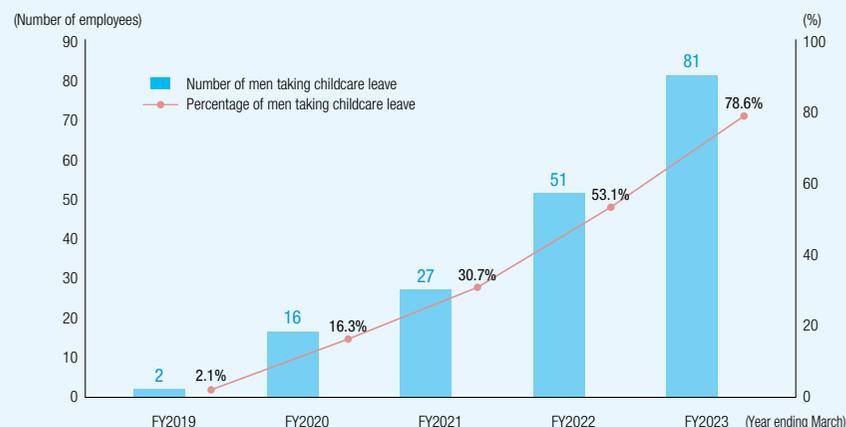


Pregnancy Simulation



Paternity Leave Roundtable

Number and percentage of men taking childcare leave



■ D&I initiatives

We have made D&I one of our key management priorities, with the aim of leveraging the strength of diversity to make unique innovations and be a place where a group of extremely talented employees can continue to grow in a changing social environment. We are implementing various initiatives to ensure that employees across the full spectrum of gender (including sexual orientation and gender identity), age, nationality, race, and disability, can recognize, accept, and respect each other's differences.

● D&I promotion project

This project, which was launched in fiscal 2017, is currently in its fifth period (2022–2024). To enhance its momentum, managers selected from each business division are participating as members. The project is implementing a wide range of initiatives according to the specific situation in each department, including D&I-themed workshops, study sessions on internal regulations, reviews of working arrangements, and initiatives to encourage employees to take annual leave. In addition to that, an annual activity report meeting brings together project members and management to look back on what was done over the year and share issues that need to be addressed the following year.

● Helping older employees thrive

The high level of expertise, experience, and know-how that older employees have accumulated over the course of their careers is an asset to an organization and helps increase its competitive edge. At Muratec, we create an environment in which older employees can take advantage of their wealth of experience, knowledge, and skills to play a more active role on the job. We conduct seminars and meetings to help dispel employees' concerns about career transitions and listen to their needs. We have also revised various personnel systems to improve compensation and benefits for older employees and enable them to continue working after retirement, until they reach the age of 70.

● Helping foreign employees thrive

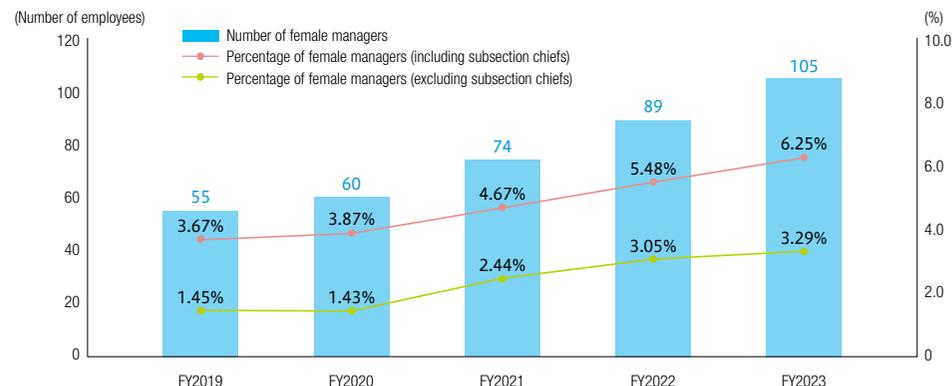
We provide foreign employees working in Japan with an orientation when they join our company to inform them about various support programs available to them. We periodically conduct surveys on their working conditions in an effort to understand the considerations and assistance they need to best perform their duties. As an example, last fiscal year, we established a prayer space for Muslim employees at the Inuyama Plant to accommodate religious practices. We also provide business Japanese language training and other learning opportunities to help these employees achieve success.

● Empowering women in the workplace

Approximately 100 female employees have participated in the Women's Leadership Program (WLP), which began in fiscal 2015 with the aim of developing female leaders. The training program has enabled female employees to envision the kind of leadership role they want to play in two to three years and gain the necessary skills as a leader as well as a practical workplace experience, helping them build confidence as a leader and expand their networks beyond departmental boundaries. The number of women in subsection chief or higher

positions has quadrupled since the WLP was started. Several WLP participants have been promoted to manager, making them career role models for future generations of women.

■ Number and percentage of female managers (at Muratec)



Managers: Assistant Manager Level and Above

● Promotion of Employment for People with Disabilities

At our company, we aim to create a workplace where everyone, regardless of disability, can thrive by utilizing their abilities. In 2018, we established a workplace at the Inuyama Plant, followed by an agricultural workplace in 2022, and in 2024, we will establish a workplace at our Kyoto Head Office where people with disabilities can take the lead and excel. These initiatives not only support the employment of people with disabilities but also foster a sense of belonging and independence by valuing communication among employees. Additionally, to deepen all employees' understanding of disabilities, we provide company-wide training on the current state of disability employment, knowledge about the types and characteristics of disabilities, and the importance of reasonable accommodations.

TOPICS 2

Promotion of Understanding for LGBTQ+

Aiming to create a workplace where everyone, regardless of their sexual orientation and gender identity (SOGI), can freely be themselves, we have established the "Same-Sex Partnership Policy" to apply various internal systems to employees with same-sex partners. Additionally, we promote understanding of LGBTQ+/SOGI issues through e-learning and workshops. In FY2023, our efforts to install "all-gender restrooms" at our facilities and support external events related to LGBTQ+ were recognized, earning us a Gold certification in the "PRIDE Index 2023."

TOPICS 3

D&I Week 2023

This event, held for the second time, aims to get all employees interested in D&I and make D&I business as usual. In fiscal 2023, October was designated as the "D&I Awareness Month," during which we hosted multiple events related to D&I. Programs covered a wide range of topics, including psychological safety, LGBTQ+, balancing work and childcare, disabilities, and cross-cultural understanding. A total of 2,400 employees participated.



Human Rights

The Muratec Group believes that complying with international human rights standards is vital to operating a global business. In December 2022, we formulated a human rights policy to minimize the negative impact on human rights that could occur directly or indirectly in the course of our business activities.

● Human rights policy

We have pledged our commitment to human rights in the Muratec Group Human Rights Policy, which is available on our corporate website.

● Human rights education

We deploy an e-learning course targeted at new hires to help new employees better understand the Murata Group's commitment to business and human rights as well as the Group's human rights policy. The e-learning course was made available in seven languages: Japanese, English, Simplified Chinese, Traditional Chinese, Indonesian, Vietnamese, and Portuguese. In the fiscal year ending March 2024, 496 employees took the course. We will continue to provide similar e-learning courses to our employees while communicating with our business partners in the hope that they will support and adopt our human rights initiatives.



● Identification of Human Rights Issues

We have identified key human rights issues within the Murata Machinery Group based on the results of performance and situation assessments. Moving forward, we will implement measures in order of priority, starting with the most critical items.

The following are the seven highest-priority human rights issues within our company.

Top Priority Issues

- Ensuring Responsible Procurement Practices (Strict Management of Business Partners)
- Personal Information Management
- Prohibition of Harassment
- Occupational Health and Safety

Priority Issues

- Prohibition of Discrimination
- Working Hours (Right to have Breaks and Days Off)
- Wages (Right to an Adequate Standard of Living)

*Regarding forced labor, child labor, and the rights to freedom of association and collective bargaining, the investigation found no occurrences or negative impacts on human rights.

Health and Safety

The Muratec Group makes protecting the health and safety of its employees a top management priority. We have established the Muratec health and safety philosophy and policy to realize a safe and comfortable working environment and promote the mental and physical health of our employees. That's why we have established an occupational health and safety management system headed by the president and CEO. The health and safety committee of each business site carries out their own actions while the EHS Committee, based out of the head office, implements group-wide initiatives with an eye to making continuous improvements.

Health and Safety

■ Company-Wide Implementation of Health and Safety Activities

The Inuyama Health and Safety Site*1 based on the Inuyama Plant acquired ISO 45001 certification, an international standard for occupational health and safety management systems. We conduct activities such as risk and compliance assessments, annual internal audits, and management reviews, and we extend these activities to sites that are outside the scope of certification. As part of maintaining this certification, we are also working to horizontally expand the standard to affiliated companies*2 within the Inuyama Plant and the Murata Tool Gifu Factory.

Since last fiscal year, we have been focusing on efforts to prevent the recurrence of workplace accidents. In addition, this fiscal year, we are placing a strong emphasis on reviewing our risk assessment methods.

*1 Inuyama Plant (including affiliated companies), Ise Factory, Toyohashi Factory, and Murata Tool Gifu Factory

*2 Affiliates operating at the Inuyama Plant: Murata Systems, Murata Engineering, Muratec Sales, Techno Advance, Muratec CCS (logistics), and Murata Tool

TOPICS 1

Retrofit of Door Handles on Evacuation Routes

To ensure that employees can evacuate more safely and quickly during emergencies, we are undertaking efforts to retrofit doorknobs and door handles along evacuation routes with panic handles (panic hardware) or lever handles.

A panic handle refers to a door handle that opens with a single action of pushing the handle in the direction of travel. Unlike round doorknobs, it does not require the user to grip and twist the handle. This type of handle allows individuals with limited hand mobility to open the door simply by pushing

it with their body, enabling a quicker evacuation.

In fiscal 2023, renovations were completed at two locations: the Ise Plant and the Muratec Mechatronics Oita plant. Moving forward, we plan to implement similar measures at other domestic manufacturing sites, including the Inuyama Plant.



TOPICS 2

Installation of a Lactation Room “Mother’s Room”

As part of our efforts to improve the workplace environment, we established a new lactation room, “Mother’s Room,” within the clinic at the Inuyama Plant starting in June 2024. Women returning to work after childbirth may experience health issues or a decrease in milk supply if they do not have a clean and calm place to express milk at work. The installation of the lactation room is a measure to support returning employees, allowing them to continue working with peace of mind while ensuring the health of both mother and child.

The lactation room is designed with a special focus on hygiene and privacy, providing a clean and cozy space equipped with a handwashing station and sanitizing supplies. The room is a private, lockable space. Additionally, a freezer is equipped to allow for the storage of breast milk.

We will continue our efforts to improve the workplace environment to ensure that our employees can maintain their physical and mental health while working.



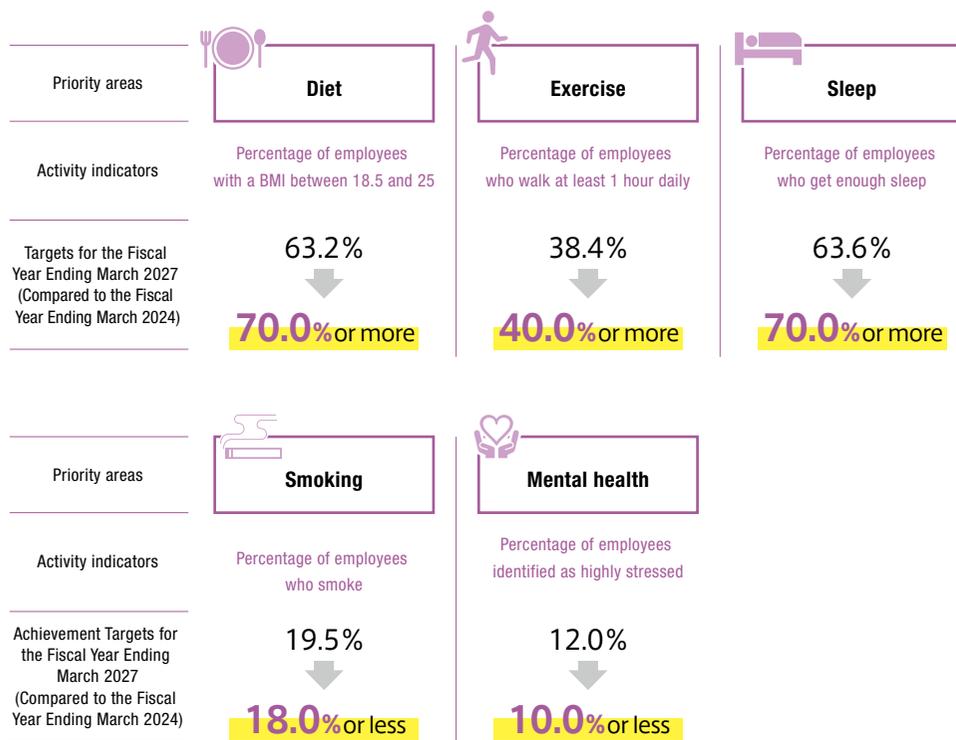
Employee Health Initiatives

Health and productivity management

The Muratec Group believes that the mental and physical health of each and every one of its employees is crucial to bringing “prosperity to each of our employees” and leading “society to a better tomorrow” as set forth in its corporate philosophy. We are working to improve the workplace environment as we provide ways for employees to play a more active role so they can achieve healthy growth.

Since poor employee health and illness can lead to lower productivity and motivation, we have also made diet, exercise, sleep, smoking, and mental health priority areas to address and are working on continuous improvement.

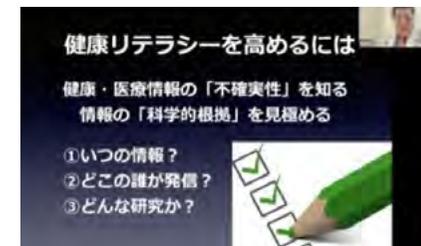
Muratec health and productivity management priority areas



Initiatives to Improve Health Literacy

Since last fiscal year, we have made it possible for employees to view their individual health checkup results (from the last five checkups) online. By enabling employees to easily compare their health status over time, we expect this initiative to raise health awareness and encourage improvements in lifestyle habits.

Additionally, last fiscal year, we held a seminar on the theme of “Health Literacy” with Dr. Hiroshi Fukuda, a specially appointed professor at Juntendo University Graduate School of Medicine, as the lecturer. The purpose of this seminar was to help employees develop the skills to obtain and effectively utilize accurate health information. The seminar provided explanations on how to discern and select the correct information from the vast amount of health-related data, promoting the improvement of employees’ health literacy and awareness.



TOPICS 3

Certified as a “Health & Productivity Management Outstanding Organization 2024 (Large Enterprise Category) White 500”

Our ongoing efforts in health and productivity management have been recognized, and we have been certified as a “Health & Productivity Management Outstanding Organization 2024 (Large Enterprise Category).” This certification honors organizations that practice particularly excellent health management. Additionally, among the certified companies, we have been selected as one of the “White 500,” a distinction awarded to the top 500 organizations in the Health & Productivity Management Survey conducted by the Ministry of Economy, Trade and Industry.

We are currently implementing various health management tools, including the “Karomama Plus” app, which helps track daily calorie intake and maintain mental health, the smoking cessation support program “ascure,” and “The CARE,” which allows employees to consult with external midwives and nurses through chat functions. Moving forward, we will continue to implement measures tailored to each employee’s health challenges, further promoting health and productivity management.



Together with Local Communities

We support the development of the next generation through interactions with children and students in our local community.

Cooperating in Manufacturing Experience Classes for Elementary School Students

Since 2010, we have been cooperating with booth exhibits and hands-on classes at the Kyoto Manabi no Machi Ikikata Tankyu-kan, an experiential learning facility in Kyoto. Our involvement is based on our support for the program's purpose, which is to enhance children's interest in advanced technology and the science that underpins it.

We have been sending employees as instructors for educational programs targeting elementary school students in Kyoto. In fiscal 2023, we conducted classes at a total of four schools, reaching approximately 220 students. To communicate how a machine works and how interesting it is, the classes included hands-on experiences where the students assembled and operated *karakuri* devices. The lessons were designed to impart the message that "various automation technologies support our daily lives".



Hosting Workplace Experience Programs for Local Students

At the Inuyama Plant, we host workplace experience programs for nearby middle and high school students. After a pause due to the COVID-19 pandemic, the program resumed in fiscal 2023. Over two days, students participated in tasks such as parts packaging and screw tightening, as well as learning about safety in manufacturing workplaces.

The Ise Factory provides on-site internship opportunities to local commercial high school students as part of their school's career education program. We design our internship program to help high school students gain a deeper understanding of manufacturing jobs and the mindset of professionals, so that they can use these insights when choosing a career path. Young employees served as trainers, conducting programs such as workplace observation (job



shadowing) and discussion sessions with employees.

At the Kaga Factory, we annually host long-term internships for local high school students, and in fiscal 2023, the program was conducted over a 10-day period. On the first day, a joint learning session was held for students interning at various companies in Kaga City, where one of our employees served as the instructor for a "Morale Training" session, emphasizing the importance of sincerity and passion in manufacturing. During the internship from the second day onward, students participated in the assembly of VORTEX spinning machines, where they learned about the mechanisms that ensure continuous high-quality production and observed the commitment of our employees to daily improvement.



Collaboration with Kyoto Kogakuin High School on Career Design Initiatives

Since fiscal 2020, we have cooperated with Kyoto Kogakuin High School in its "Fly into the Future Camp." We offer programs in line with the school's philosophy that states "it's important to find something that satisfies your intellectual curiosity and something that you want to explore." We hosted the World Cafe, where our younger employees and high school students talked about their dreams and visions for their future, following a presentation about the characteristics of B2B companies as well as our business and products. It provided high school students with an opportunity to envision their future and how they can achieve their dreams based on the experiences of our employees.

Additionally, as part of the school's SSH (Super Science High School) initiative aimed at nurturing female engineers, our female employees participated as instructors in the "Science Girls Development Program." This program included roundtable discussions with students, where our employees shared their own experiences in career selection and discussed the knowledge and skills necessary for engineers, providing students with a concrete starting point for considering their future career paths.



Initiatives for Quality Improvement

Under our corporate philosophy, we aim to further improve quality from the customer's perspective to consistently deliver high-quality products and services that serve as the foundation for customer satisfaction and trust.

ICT&Control Development Headquarters (ICC)

Quality Assurance Promotion Framework

Our company has obtained and continues to maintain ISO 9001 certification, the international standard for quality management systems, across all of our business divisions.

In each business division, we are committed to the continuous improvement of quality management through the following activities: (1) the creation and implementation of annual plans with quantified targets, (2) regular progress checks during management reviews, (3) sharing opportunities for improvement through internal audits, and (4) evaluations by certification bodies. Additionally, for critical and common issues, the quality assurance departments of all five business divisions participate in meetings to discuss these matters, aiming for company-wide improvements.

Case Examples of ICT&Control Development Headquarters (ICC)

>> About ICC

This department focuses on communication technology and embedded technology for devices and circuit boards, developing various devices and software that are provided to other business divisions within the company. Our department plays a key role in applying the technologies cultivated in the Information Equipment Division to the products and services of the industrial machinery divisions. By leveraging the diversity of our company's businesses, we aim to expand the range of proposals we can offer to our customers and enhance the value of our products and services through our development efforts.

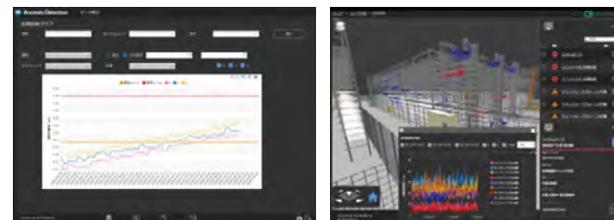
One example of ICC's development efforts is the "Environmental Composite Sensor," which measures temperature, humidity, sound, and vibration, collecting and storing data for use in machine monitoring, anomaly detection, and failure diagnosis. Additionally, we offer an image-based monitoring and diagnostic system by combining this sensor with a separately developed camera sensor unit. We have developed and implemented Environmental Composite Sensors tailored to the specific needs of the L&A, Clean FA, Textile Machinery, and Machine Tools divisions, contributing to predictive maintenance and the reduction of downtime for machinery and equipment.



Environmental Composite Sensor



Camera Sensor Unit



Monitoring and Diagnostic System

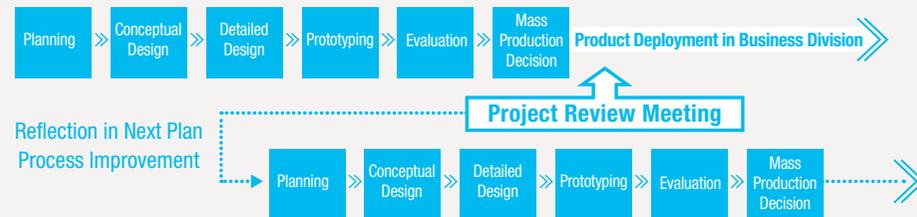
>> Initiatives for Product Quality Improvement

While each business division is responsible for the final quality assurance of its products, ICC also implements development verification and quality assurance processes equivalent to those of the business divisions. By ensuring the quality of products before delivering them as final products to the business divisions, ICC contributes to a two-tiered internal quality assurance process, thereby enhancing reliability. To further improve product quality, ICC has initiated a new initiative, in addition to the existing Design Review (DR) process, by introducing "Project Review Meetings" aimed at thoroughly reflecting on and verifying each project.

At the Project Review Meetings, we analyze and verify the discrepancies between the plan and actual outcomes, as well as identify and assess effective activities and issues after the completion of development. The insights shared during these meetings are then reflected in the planning of future projects, contributing to process improvements. As a result, we are beginning to see positive effects, such as a reduction in the gap between planned and actual outcomes.

Through these initiatives, we will continue to work on preventing the occurrence of quality issues, while also enhancing design productivity and strengthening the development of new technologies that contribute to solving our customers' challenges.

Design Review (DR)



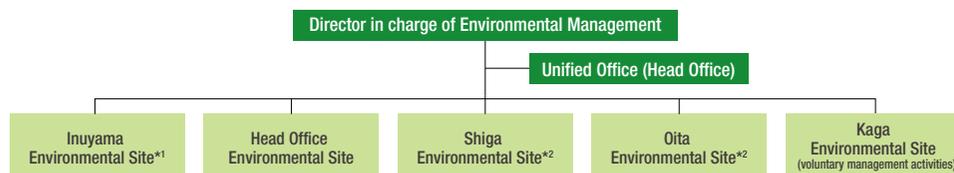
Environment

■ Our Environmental Philosophy

We recognize that the various global environmental issues facing us pose a significant risk to our company in continuing to provide value through our products and services. Natural disasters, which are on the rise due to climate change, may become a hindrance to business continuity, and tighter environmental laws and regulations could pose the risk of increased costs needed to ensure compliance. On the other hand, initiatives such as promoting the development of environmentally friendly products provide opportunities to enhance our corporate value.

■ Environmental Management Structure

Our company operates an environmental management system at each domestic site, with the Director in charge of Environmental Management serving as the responsible officer. This system drives our efforts to address environmental issues over the medium to long term.



*1 The Ise Factory is included in the Inuyama Environmental Site.

*2 The Shiga and Oita Environmental Sites refer to the Shiga and Oita factories of Muratec Mechatronics Co., Ltd.

■ Reducing Environmental Impact in Business Activities

Our company is actively working on reducing carbon dioxide (CO₂) emissions, water usage, waste generation, and the emission of chemical substances (VOCs) in our business activities. We have set fiscal year 2030 as our immediate target, and we are working towards reducing our environmental impact based on reduction goals established using fiscal 2018 as the baseline. Regarding CO₂ emissions, last fiscal year saw a decrease in emissions due to a reduction in production volume. Contributing factors to the decrease in emissions include the temporary shutdown of operations at the Inuyama Plant, which accounts for approximately 60% of the company's total emissions, due to renovations in the cafeteria, as well as the temporary shutdown of the third plant at Muratec Mechatronics' Shiga Plant during the construction of a new building.

We are also promoting the introduction of solar power generation facilities to increase the use of renewable energy. This fiscal year, we plan to install new solar power generation equipment at Muratec Mechatronics' Oita Factory, a group company.



*CO₂ emission factors for each power company were used starting from the results of the fiscal year ending March 2024.

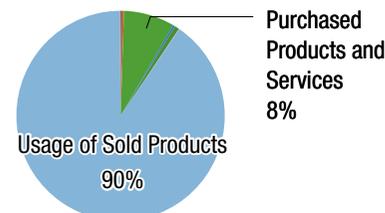
The total amount of waste generated also decreased by 12% compared to the previous fiscal year due to a reduction in production volume. At the Kaga Factory, which accounts for approximately 30% of total waste emissions, the decrease in waste was primarily due to the consolidation of manufacturing processes and the reduction in sludge generation during production following the replacement of painting equipment. Additionally, at Muratec Mechatronics' Shiga Plant, the temporary use of an external warehouse due to the construction of the new third plant contributed to a reduction in the use of packaging materials and wood (pallets) within the facility, further impacting the decrease in total waste.

Water usage at our facilities is primarily for domestic purposes, though some water is used in cleaning processes during painting operations. Last fiscal year, domestic water usage at the Inuyama Plant decreased due to the temporary shutdown of the cafeteria, leading to a 10% reduction in total water usage compared to the previous year. VOC emissions were reduced by 18% in total compared to the previous year. This reduction was achieved by reviewing the paints used in the Machine Tools Division and eliminating the use of VOC-emitting solvents due to changes in product specifications.

■ Development of Products and Services for Decarbonization

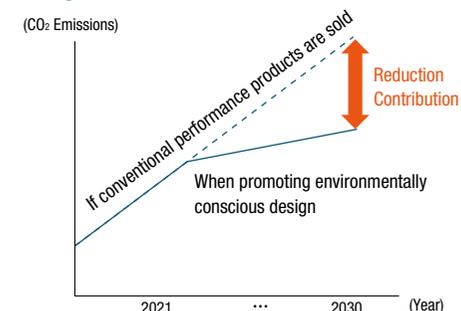
In our commitment to contributing to a decarbonized society through our products, we are focused on developing and providing environmentally friendly products with superior environmental performance. In addition to reducing CO₂ emissions from our business activities, we are also working on calculating and reducing CO₂ emissions from our supply chain (Scope 3: indirect emissions). The CO₂ emissions generated during the operation of products sold by our Textile Machinery Division, Machine Tools Division, L&A Division, Clean FA Division, and Information Equipment Division account for approximately 90% of our total CO₂ emissions. Therefore, we have defined and visualized the "contribution to reduction" through energy-saving measures and productivity improvements achieved by enhancing product capabilities. We are actively working to improve this indicator. Last fiscal year, we also worked on setting target values for the contribution to reduction by 2030.

Breakdown of CO₂ Emissions for the Murata Machinery Group (Scope 1·2·3)



*Actual Results for Fiscal Year Ending March 2022 (Baseline Year for Reduction Contribution Target)

Image of CO₂ Reduction Contribution

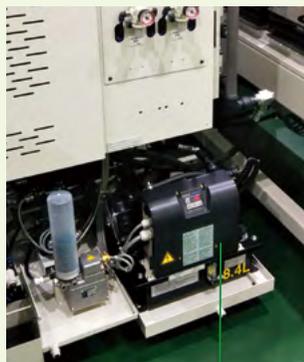


TOPICS 1

Reduction of Power Consumption by Improving the Efficiency of the Hydraulic Unit in Turning Machines

The Twin Spindle CNC Chucker, a flagship product of the Machine Tools Division, is a space-saving one capable of performing two-axis machining simultaneously with a single machine. This machine uses hydraulics, with one hydraulic unit installed for each axis. Since these hydraulic units account for approximately 15% of the machine's total power consumption, which is a relatively significant proportion, we have focused on developing technologies to reduce their power consumption.

To reduce power consumption, improving the efficiency of the hydraulic unit by operating the motor with inverter control is effective. Additionally, we aimed for further power savings by controlling the pressure of two axes with a single hydraulic unit through inverter control. To achieve stable pressure for both axes, it was necessary to ensure that the operation of the hydraulic equipment on one axis does not affect the pressure maintenance of the equipment on the other axis. By revising the hydraulic circuit and adjusting the control parameters of the inverter, we built a system where the axes do not interfere with each other. As a result, we were able to reduce the product's power consumption by 10%. This hydraulic unit system will be gradually installed in machines sold from 2024, contributing to the reduction of energy consumption at the customer's sites.



Hydraulic Unit

TOPICS 2

Environmental Load Reduction in New Model of Automatic Winder

The new model of the automatic winder, "Alcone," released by the Textile Machinery Division in 2023, not only features an energy-efficient design but also focuses on reducing environmental impact during the manufacturing process at the factory.

● Energy Conservation through Improved Operational Efficiency

By improving the control of high-power-consuming blowers and optimizing various controls and equipment efficiency, we enhanced the energy efficiency of the product. As a result, we reduced the electricity consumption per production unit (the amount of electricity required to produce 1kg of yarn) of the Alcone by 5% compared to the previous model.

● Reuse of Iron in the Manufacturing Process

At our Inuyama Plant, we reuse iron scraps and shavings produced in the sheet metal processing and machining processes, both within our facility and at our group companies, as material for the iron "drums," which are key components of our automatic winders. Approximately 60% of the iron material used in the drums is recycled internally, and we expect to save iron consumption by about 216 tons per year.

*In the case of 120,000 units/year (2023 production volume). The drum weight is calculated as 3 kg per unit.

● Changed the component joining method to laser welding

At the Kaga Factory, we are transitioning the joining process for various components from brazing with copper to energy-efficient laser welding. By switching to laser welding, we can significantly reduce the electricity used in the joining process, and it will also eliminate the need for propane gas and water. The transition is planned to be implemented in stages starting this fiscal year.

We will continue to work on various improvements aimed at reducing CO₂ emissions and optimizing the use of resources.



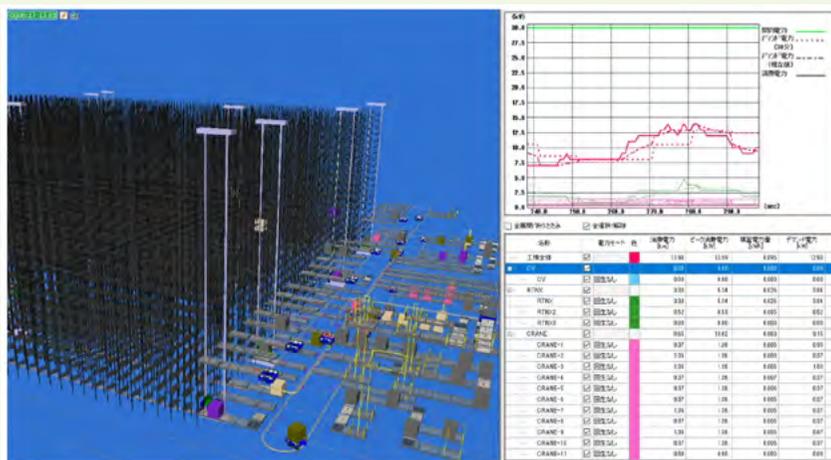
TOPICS 3

Power Simulation for Optimizing Power Capacity of Automated Warehouses

The L&A Division is advancing the development of a method to calculate the actual power capacity required for automated warehouses by using transport simulations to evaluate the entire system's power consumption. Traditionally, the maximum anticipated capacity (peak capacity) was presented to customers as the power requirement for the system. However, depending on actual operating conditions, this could lead to an excess in power capacity.

By incorporating power consumption calculations into the transport simulation, the L&A Division has enabled the provision of a more accurate rated capacity based on actual operating conditions. This rated capacity has been reduced by approximately 20-50% compared to the traditional peak capacity. When customers design their power supply systems based on this rated capacity, they can optimize the size of the power distribution equipment required for the automated warehouse. This optimization leads to a downsizing of power distribution devices and wiring, resulting in a reduction in the materials used.

Moving forward, we will continue to advance power simulation technology to optimize operating conditions and equipment performance from an energy consumption perspective. This development aims to realize an energy-saving operating system, contributing to more efficient and sustainable operations.



TOPICS 4

Initiation of Workwear Collection and Recycling

In 2023, our company renewed the workwear worn by our employees and established a internal system for the collection and recycling of used workwear.

The fabric used for the workwear is an original 100% polyester material that incorporates "RENU®", an eco-friendly material developed by ITOCHU Corporation, along with yarn produced by our textile machinery, the VORTEX spinning machine. Going forward, all used workwear will be collected and sent to our partner recycling facility, where the fibers will be shredded and processed into felt, to be repurposed as industrial materials such as automotive interior components through material recycling. In designing and producing the new workwear, we considered not only the use of environmentally friendly materials and recycling but also the improvement of safety and functionality. Regarding safety, we adopted anti-static features and reflective materials to enhance visibility, while repeatedly testing to ensure that there were no risks, such as hems getting caught in machinery or equipment. In terms of design, we implemented a universal design that accommodates all ages and genders, offering a wide range of sizes that take into account differences in body shape between genders. Additionally, we have started providing maternity workwear designed to accommodate the changes in body shape

during pregnancy, ensuring that pregnant employees can work comfortably and safely.

As part of our resource circulation efforts, we will ensure the successful implementation and operation of the full-scale collection and recycling of used workwear, which will be officially launched in the near future.



Collection Box



Maternity Workwear

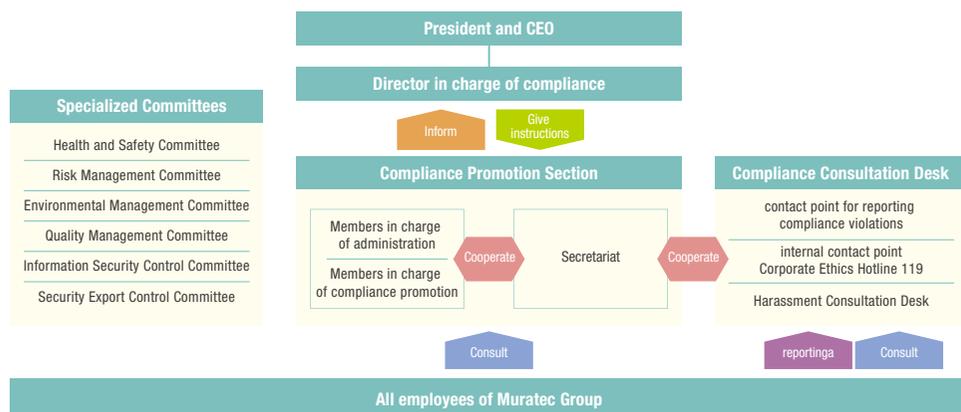
Ethics and Compliance

We believe it's vital not only to comply with all laws and regulations, but also to adhere to the ethical norms of society as well as the code of conduct and rules we set, and to maintain communication with our stakeholders if we hope to meet their expectations. In order to remain a company trusted by society, we are making group-wide efforts to maintain and strengthen compliance.

■ Compliance promotion

The Muratec Group has established a committee in order to ensure the implementation of internal controls. The heads and leaders of each division and group company departments serve as committee members. They focus on raising compliance awareness and ensuring compliance in their organizations (the number of committee members as of April 2024 is 208). At the same time, committee members serve as close advisors to employees in their respective departments.

■ Compliance promotion structure



■ Whistleblowing system

We have set up internal and external whistleblower hotlines for early detection and prevention of compliance violations.

In addition to establishing the Corporate Ethics Hotline 119 as an internal contact point, we now operate a comprehensive contact point for reporting compliance violations and seeking help from outside the company. Both contact points are designed to ensure confidentiality and anonymity, and prohibit retaliation or disadvantageous treatment of whistleblowers, so that employees and stakeholders can feel comfortable in providing information and requesting that issues be redressed. In fiscal 2023, we received a total of 46 reports and consultation requests at internal and external contact points and we appropriately addressed them.

Through this system, we will actively seek feedback not only from our employees but also from a wide range of internal and external stakeholders, and we will strive to promptly implement corrective and improvement actions within the company.

■ Ethics and Compliance training

The Muratec Group continuously conducts various types of training to spread and raise compliance and risk management awareness among all employees.

All employees receive two e-learning sessions and monthly compliance information materials throughout the year. Additionally, last fiscal year, we conducted training for Compliance Committee members, and it was attended by 128 people. We aimed at equipping them with fundamental knowledge of the laws surrounding businesses and teaching them how to handle compliance-related consultations within their respective workplaces. These sessions were led by external experts with specialized knowledge. We will continue to provide a various compliance training that are designed to prevent recurrence.

■ Operation of the Conflict of Interest Disclosure System

At the Murata Machinery Group, we have established guidelines for fair business practices through the "Muratec Code of Conduct." As part of these efforts, we launched the Conflict of Interest Disclosure System in February 2024, enabling employees to report any situations or potential risks of conflicts of interest to the company at any time. Through the implementation of this disclosure system and raising awareness among employees, we are committed to ensuring the avoidance of conflict of interest activities and addressing them promptly.

Risk Management

Business Continuity Planning (BCP)

■ Business continuity policy

At the Murata Machinery Group, we are advancing our efforts towards business continuity planning (BCP) with the primary goal of protecting lives and ensuring the continuation of business operations even in emergency situations. By conducting risk analysis to identify threats that pose significant risks to our company, we have created manuals and plans to address these risks, established a crisis management system, and continuously improved our approach through education and training. Our aim is to achieve a highly effective BCP.

■ Enhancement of Education and Training

To deepen employees' understanding of BCP, we conduct annual e-learning sessions, disaster drills, and evacuation drills, in addition to small-scale tabletop exercises at the department level, where employees experience recovery response. In fiscal 2023, these exercises were carried out across 87 departments. We also conduct an annual drill to verify inter-office coordination. Last year, we focused on the anticipated Nankai Trough megathrust earthquake, reviewing the procedures for requesting and providing support between offices. After each training session, we identify current challenges and incorporate these insights into future strategies, thereby advancing the development of a more effective BCP.



From the BCP Training Text

■ BCP that Assumes Diverse Risks

In addition to natural disasters, we are also advancing countermeasures against cyberattacks, which pose a significant threat to our company due to their potential severity and frequency, as well as other emergencies such as power outages. We have established response workflows and conducted tabletop exercises that simulate emergency situations to verify whether these workflows can be effectively utilized by the relevant parties. To prepare for the increasing diversity of risks, we will continue to identify various potential risks, prioritize our management responses accordingly, and enhance our strategies for addressing these risks.

TOPICS 1

Strengthening of Disaster Preparedness Supplies

At our Inuyama Plant, where the largest number of our employees work, we recently reassessed the required quantity of disaster preparedness supplies in response to the significant increase in employee numbers in recent years.

During the reassessment, we considered that while the previous approach focused on determining the content and quantity of supplies based on the policy of “quickly and safely sending stranded employees home,” the current mainstream principle emphasizes “not initiating unnecessary movement or returning home.”

To ensure the appropriate distribution of supplies to those returning home, those unable to return home, and recovery personnel during an emergency, and to facilitate swift business recovery, we made additional purchases of the following supplies.

- Stored water, stored food, additional emergency portable toilets
- Sanitary napkins
- Folding toilet seats, toilet tents, and carts necessary for those unable to return home
- Forklift-connected power sources and gas cylinder generators for temporary power supply to the disaster response headquarters

At our Ise Factory, where strong shaking and tsunamis are anticipated in the event of a Nankai Trough earthquake, we have reassessed the required quantities of supplies due to the increase in employees. In line with the outcomes of discussions with our employees, we have expanded our stockpile by adding more stored water and food supplies.



Inuyama Plant's Stockpile Warehouse



Ise Factory's Stockpile Warehouse

Supply Chain Management

We strive for mutual prosperity with our key business partners, the suppliers, based on a foundation of fair and equitable transactions and mutual trust. We also work to minimize supply chain risks in order to steadily provide value to society.

■ Compliance with Responsible Business Alliance (RBA)*¹ Code of Conduct

Our company supports and is committed to complying with the RBA (Responsible Business Alliance) Code of Conduct, in addition to the laws and social norms of each country. The RBA Code of Conduct sets standards for ensuring a safe working environment, treating workers with respect and dignity, fulfilling environmental responsibilities, and conducting business ethically.

In July 2022, our primary manufacturing facility, the Inuyama Plant, underwent a third-party audit known as the “VAP Audit,” based on the RBA Code of Conduct. Following corrective actions, we obtained the “Gold” certification in July 2023, and we are continuously working on further improvements.

In promoting compliance with our policies and the RBA Code of Conduct, we recognize the importance of understanding and cooperation from our suppliers and on-site partner companies. Therefore, we conduct initiatives such as holding informational sessions and meetings to ensure their alignment and collaboration.

*¹ The Responsible Business Alliance (RBA) is a non-profit organization that supports the rights and well-being of workers and communities worldwide affected by global supply chains. It has established a common code of conduct that covers labor, the environment, health and safety, and ethics with the aim of managing supply chain risks and improving the sustainability of industry supply chains.

● Deployment of the “Murata Machinery Code of Conduct for Business Partners”

In FY2023, we created the “Murata Machinery Code of Conduct for Business Partners,” which comprehensively outlines the requirements we expect our suppliers to follow, including elements of the RBA Code of Conduct. We have begun by distributing and communicating this code to our primary first-tier suppliers, requesting their cooperation in working together with Murata Machinery to ensure compliance. To deepen understanding, we have also visited the relevant suppliers or conducted online meetings to explain the purpose of this code of conduct and the specific initiatives required for compliance.

● Implementation of Supplier Survey

We conduct an annual survey with our primary first-tier suppliers to assess the extent to which they are implementing the practices outlined in the aforementioned code of conduct. In fiscal 2023, we received responses from 123 companies. The survey checks five specific areas based on the RBA Code of Conduct and our company policies. For suppliers whose scores indicate room for improvement, we utilized on-site audits and online meetings to identify current challenges and provide suggestions for improvement.

■ Supplier questionnaire results (fiscal 2023, five sections)

Section	Score Rate of 70% or Higher	Score Rate Below 70%
Labor	104 Companies	19 Companies
Health and Safety	93 Companies	30 Companies
Environment	72 Companies	51 Companies
Ethics	86 Companies	37 Companies
BCP	67 Companies	56 Companies

*Targeted at 123 primary suppliers.

● Implementation of Supplier Audits

We conducted on-site audits for 12 suppliers selected based on survey results and other company criteria to support their improvement efforts. Follow-up was provided by our company in response to questions regarding the approach to these efforts and the assessment of the current situation. No urgent issues, such as violations of laws or regulations, were identified.



● Conducting an explanatory session on the RBA Code of Conduct

In fiscal 2023, we also held explanatory sessions for contractors and staffing agencies working on our premises to help them understand the RBA Code of Conduct. Since this global standard includes aspects that may not align with or may be difficult to understand within the context of Japanese standards, we provided explanations with these considerations in mind. Additionally, we took this opportunity to request their cooperation in complying with the RBA Code of Conduct, to which they agreed.



● Expanding supplier diversity

We support the idea that promoting diversity in the supply chain will deliver new values, perspectives, and possibilities we never had before. We value doing business with companies run by women, sexual minorities, and people with disabilities (diverse suppliers). We will continue to encourage building a more diverse and inclusive supply chain through this initiative.

Information Security

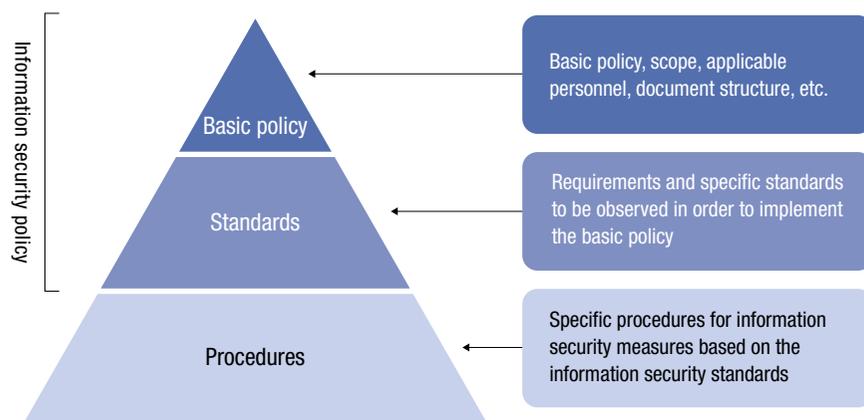
■ Basic overview of information security policy and initiatives

The Muratec Group believes that protecting important information assets, such as trade secrets and employees' personal information held by our company, confidential and personal information obtained from customers and suppliers, and information systems that have a significant impact on our corporate activities, is essential not only for business continuity and minimizing business risks, but also for maintaining the trust of customers and other stakeholders. We are implementing information security measures across the group in order to protect our information assets from information security breaches and minimize the impact of resulting damage. We hold regular meetings of the "Information Security Committee," under the Chief Information Security Officer. The committee discusses information security policies and measures to be implemented from a company-wide perspective, investigates and reports incidents, and considers ways to prevent any recurrence. In each division and department, the Information Security Committee members take the lead in implementing information security measures at a departmental level while working to respond promptly to any incidents that have occurred.

■ Structure of information security policy

The Muratec Group has spelled out its policies and action guidelines for information security measures implemented by organizations and employees in its basic information security policy and standards. In fiscal 2023, we revised our policies and countermeasure standards based on international standards (ISO/IEC 27001/27002:2022), which can also be applied to our overseas locations. We are working to strengthen our information security foundation using these globally unified standards.

We have also formulated specific implementation procedures, such as the information security manual and cloud security guidelines, based on the information security standards.



■ Implementing technical measures

In order to prevent information leaks and the shutdown of corporate activities due to cyberattacks, we implement advanced threat protection against sophisticated malware, vulnerability countermeasures for network devices, servers, and PCs, as well as internet/intranet traffic monitoring and analysis. We also back up critical data of one location at another location in a different region, enabling us to recover critical data in the event of a disaster, failure, cyberattack, or other emergency.

■ Conducting internal control audits

In order to evaluate whether information security measures and their operation are properly managed and implemented, we conduct annual audits of internal controls for information security, focusing on departments that maintain important information. When nonconformances are discovered through an internal audit, each department takes corrective action and reviews company-wide information security measures to make improvements on an ongoing basis.

■ Training for employees

Information security training for all employees is provided every year to raise awareness of its importance. We also provide education for information security managers annually to help them better understand their roles and objectives as well as improve their technical knowledge and skills. In addition to that, we provide educational resources to employees on incidents that have occurred within the company, techniques used in recent cyberattacks that have posed challenges worldwide, and how to handle such attacks.

Performance Data

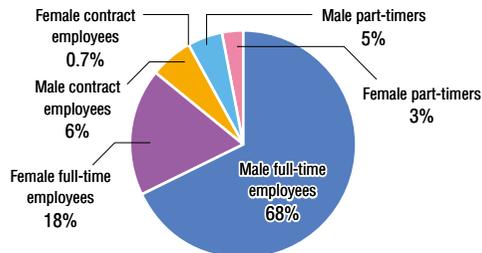
The data is for Murata Machinery, Ltd. (non-consolidated).

Workforce composition

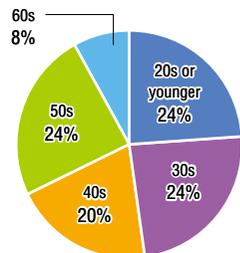
	Unit	2022	2023	2024	(Year ended March)
Full-time employees	Number of people	3,313	3,818	3,670	
Male		2,635	3,034	2,908	
Female		678	784	762	
Contract employees	Number of people	224	259	285	
Male		204	235	257	
Female		20	24	28	
Part-timers	Number of people	176	247	325	
Male		83	150	206	
Female		93	97	119	
Average age ^{*2}	Age				
Male		41.7	41.6	41.6	
Female		37.0	37.0	37.2	
Percentage of employees covered by collective bargaining agreements ^{*1}	%	55.5	53.1	52.5	

*1 Method of calculating the percentage of employees covered by collective bargaining agreements: Number of union members / Total number of employees (as of April 1, 2024)

Percentage of employees by type of employment



Percentage of employees by age group



Employee retention

	Unit	2022	2023	2024	(Year ended March)
Average length of service ^{*2}	Year				
Male		16.5	16.0	16.1	
Female		13.2	12.7	12.8	
Retention rate after 3 years of employment	%				
Male		92.6	91.8	93.8	
Female		96.6	90.5	81.8	
Voluntary turnover rate ^{*3}	%				
Male		-	2.0	2.1	
Female		-	4.5	2.8	

*2 Average age and average years of service: The calculation criteria were changed to be based on the affiliated company, and past figures were corrected accordingly.

*3 Method of calculating voluntary turnover rate: (Total number of employees leaving between April 1, 2023, and March 31, 2024) / (Total number of employees as of April 1, 2024)

Employment and wages

	Unit	2022	2023	2024	(Year ended March)
Number of new hires	Number of people	101	153	136	
Male		74	114	110	
Female		27	39	26	
Number of mid-career hires	Number of people	91	148	103	
Male		73	114	79	
Female		18	34	24	
Number of persons with disabilities hired	Number of people	86	96	103	
Employment rate for persons with disabilities	%	2.22	2.36	2.39	
Number of female managers ^{*4}	Number of people	89	105	120	
Percentage of female managers ^{*4}	%	5.48	6.25	7.05	
Number of foreign employees ^{*5}	Number of people	106	188	252	
Wage difference between men and women ^{*6}	%				
All employees		-	62.7	65.05	
Full-time employees		-	65.4	67.26	
Part-time and fixed-term employees		-	50.1	53.26	

*4 Subsection chief or higher positions

*5 Number of non-Japanese employees, including technical interns

*6 Women's wages as a percentage of men's wages

Work-life balance

	Unit	2022	2023	2024	(Year ended March)
Yearly average of number of annual leave days taken	Day	9.8	11.6	12.0	
Percentage of employees taking childcare leave ^{*7}	%				
Male		30.7	53.1	78.6	
Female		108.3	78.1	134.6	
Percentage of employees returning to work after childcare leave	%	100	100	100	
Male		100	100	100	
Female		100	100	100	
Number of employees working reduced hours for childcare ^{*8}	Number of people	100	98	104	
Male		0	2	2	
Female		100	96	102	
Number of employees taking family care leave ^{*9}	Number of people	2	0	3	
Male		1	0	1	
Female		1	0	2	
Number of employees working reduced hours for family nursing care ^{*10}	Number of people	1	1	2	
Male		0	0	0	
Female		1	1	2	

*7 Figures may exceed 100% due to the difference in the criteria of employees used for the numerator and denominator.

*8 Number of employees using the relevant reduced work hour program as of April 1, 2024

*9 Full-time employees only *10 Number of employees who started a leave period in the fiscal year

Performance Data

Number of occupational accidents ^{**11}

	2020	2021	2022	2023	2024
Lost-time accidents (1 day or more of lost time)	6	1	2	4	3
Non-lost-time accidents (less than 1 day of lost time)	12	13	14	15	12

(Number)

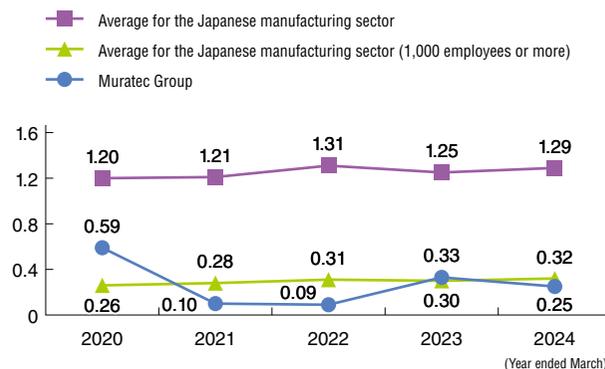
^{**11} All employees of the Muratec Group who work at its major locations (Head Office/Inuyama/Ise/Kaga/Muratec Mechatronics Co., Ltd. Shiga/Oita) including temporary employees but excluding employees of contractors

^{**12} The number of lost-time injuries that occurred in a workplace per million hours worked, a measure for the frequency of work-related injuries

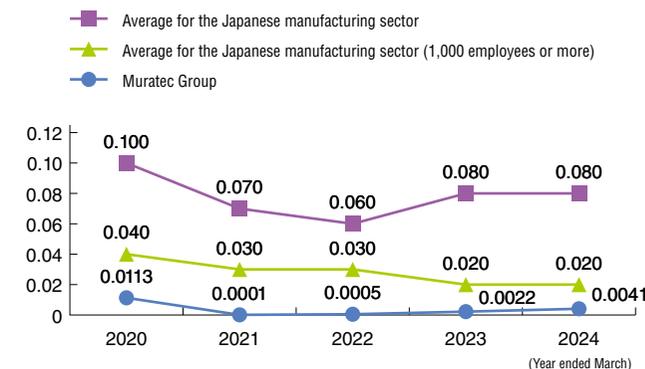
^{**13} The number of lost workdays per 1,000 hours worked, a measure for the severity of work-related injuries

^{**14} The domestic manufacturing industry average is quoted from the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents.

Frequency rate of lost-time injury ^{**12, 14}



Severity rate of lost-time injury ^{**13, 14}



Employee health

Category	Indicator	2022	2023	2024	Targets (for 2027)
Diet	Percentage of employees with a BMI between 18.5 and 25	64.6%	64.7%	63.2%	70.0% or more
	Percentage of employees who skip breakfast at least 3 times a week	22.3%	22.9%	22.5%	15.0% or less
Exercise	Percentage of employees who exercise at least 2 days a week	21.4%	22.3%	22.8%	25.0% or more
	Percentage of employees who walk at least 1 hour daily	36.8%	38.3%	38.4%	40.0% or more
Sleep	Percentage of employees who get enough sleep	65.1%	64.6%	63.6%	70.0% or more
Smoking	Percentage of employees who smoke	20.5%	20.3%	19.5%	18.0% or less
Mental health	Percentage of employees who underwent a stress check	91.7%	93.5%	92.8%	95.0% or more
	Percentage of employees identified as highly stressed in a stress check	13.1%	12.1%	12.0%	10.0% or less
Health checkup	Percentage of employees who had regular health checkups	100.0%	100.0%	100.0%	100.0%
	Percentage of employees identified as requiring a follow-up medical examination who submitted a medical report	88.0%	89.0%	90.8%	90.0% or more

Scope: Murata Machinery, Ltd., Muratec Mechatronics Co., Ltd., Muratec Frontier Co., Ltd., Murata Parts Sales Co., Ltd., Murata System Co., Ltd., Muratec CCS Co., Ltd., Murata Tool Co., Ltd., Techno Advance Co., Ltd., Murata Engineering Co., Ltd., Murata Kosan Co., Ltd., and Murata Machinery Health Insurance Association.

Environmental Performance Data ^{**15}

	Unit	2022	2023	2024
CO₂ Emissions ^{**16}				
Total Emissions	tCO ₂	33,279	33,193	27,639
Emission Intensity ^{**17}	%	85	73	62
Waste Emissions				
Total Emissions	t	6,480	7,127	6,256
Emission Intensity ^{**17}	%	78	76	69
Water Usage				
Total Emissions	m ³	209,650	207,964	186,678
Emission Intensity ^{**17}	%	90	82	74
VOC Emissions				
Total Emissions	kg	58,052	59,771	48,950
Emission Intensity ^{**17}	%	149	120	176

^{**15} Scope: Head Office, Inuyama Plant, Ise Factory, Kaga Factory, and Muratec Mechatronics Co., Ltd. (Shiga and Oita)

^{**16} Some values for the fiscal year ending March 2023 have been revised due to a review of the definitions.

From the fiscal year ending March 2024 onward, emission factors for each electric power company are used.

(Until the fiscal year ending March 2023, emission factors based on substitute values from the base year of March 2018 were used.)

^{**17} Values are set with the base year of March 2018 as 100%.