

THE NEW VALUE FRONTIER



# Kyocera CSR Report

– Economic, Social and Environmental Reports –

# 2010

# The Editorial Policy

Kyocera Group is pursuing the development of business activities to become an innovative enterprise that continues to grow, and to help build a sustainable society. We, the Kyocera Group, are deeply grateful for the backing of our customers, employees, shareholders, investors, business associates and local communities. The support of all Kyocera Group stakeholders makes it possible for us to work toward our goals.

The purpose of this report is to highlight various Kyocera Group activities and enhance communication with all who may be interested.

We hope the report will aid understanding of Kyocera Group and promote good communication. Information and other matters supplementing this report can be accessed via the Kyocera Group website.

The current report includes feature articles on matters about which Kyocera Group particularly wishes to inform all stakeholders. Furthermore, this booklet was produced with all possible consideration for reducing environmental impact. In continuation from the 2009 CSR Report, this report is printed in monochrome, thereby reducing CO<sub>2</sub> emissions by about 531.6 kg. Additionally, the paper used for the outer cover was manufactured using green electricity, with no CO<sub>2</sub> output.

We would like to make use of your views on Kyocera Group operations in future activities. Therefore, please take a few minutes to complete and return the questionnaire at the back of this booklet.

## ▶ Guideline References

- Ministry of the Environment  
“Environmental Report Guidelines (Fiscal Year 2007 Version)”
- GRI\* “Sustainability Reporting Guidelines, Version 3.0”

\*Abbreviation for Global Reporting Initiative. GRI is an international organization established in 1997 to draft a sustainability report framework that can be applied to organizations worldwide.

## ▶ Scope of the Report

Kyocera Corporation and consolidated subsidiaries: 200 companies\*

Kyocera in this report refers to the stand-alone unit of the Kyocera Corporation. Where the scope of the report differs from the above, it is specified.

\* Excludes 2 non-consolidated subsidiaries accounted for using the equity method and 10 affiliate companies.

## ▶ Period Covered by the Report

April 1, 2009 – March 31, 2010

However, certain parts of the report and its data refer to earlier matters and future expectations.

## ▶ Performance Information: Policies and Criteria for Compilation and Reporting

Policies and Criteria	
Economic Performance	Drawn from the “Documents Accompanying the Invitation to Attend the Regular General Meeting of Shareholders” and others.
Social Performance	Description is based on “Consumer Products Safety Law”, “Law for Employment Promotion, etc. of the Disabled”, “Industrial Safety and Health Law”, “Subcontractor Act” and others.
Environmental Performance	Description is in accordance with environmental laws, and based on internal rules including the “Kyocera Environmental Management Standard”, “Waste Material Disposal Regulations” and “PRTR Management Standard.”

## ▶ Previous Report    ▶ Future Report (Planned)

June 2009

June 2011

## ▶ Other Related Materials (Latest Publications)

Corporate Profile (June 2010)

Financial Statements (June 2010)

## ■ Corporate Overview (As of March 31, 2010)

Name of company: KYOCERA Corporation  
 Established: April 1, 1959  
 Representative: President Tetsuo Kuba  
 Capital: 115.7 billion yen  
 Sales: Consolidated 1,073.8 billion yen  
           Non-consolidated 473.7 billion yen  
 No. of group companies: 213 companies

KYOCERA Corporation:	1 company
Consolidated subsidiaries:	200 companies
Non-consolidated subsidiaries:	2 companies
Affiliate companies:	10 companies

No. of employees: Consolidated 63,876 people  
                           Non-consolidated 14,179 people

Main business activities:

1. Components Business
  - Fine Ceramic Parts Group
  - Semiconductor Parts Group
  - Applied Ceramic Products Group
  - Electronic Devices Group
2. Equipment Business
  - Telecommunications Equipment Group
  - Information Equipment Group
3. Others

\* Capital and sales revenue figures have been rounded up or down to the nearest 100 million yen.

\* The number of consolidated employees excludes employees in equity method non-consolidated subsidiaries and affiliate companies. The number of employees in Kyocera stand-alone units excludes expatriated employees.

## ▶ Inquiries

KYOCERA Corporation Headquarters CSR Division  
 6 Takeda Tobadono-cho Fushimi-ku Kyoto 612-8501, Japan  
 URL : <http://www.kyocera.co.jp>  
<http://global.kyocera.com>

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Environmental information was verified by an independent institution and acknowledged with receipt of the logo to the right. The reliability of the environmental information in this report satisfies the "Environmental Report Assurance / Registration Mark Conferral Criteria" set by the incorporated body, The Japanese Association of Assurance Organizations for Sustainability Information (J-SUS).



# Top Management Message

**Corporate Motto:** “Respect the Divine and Love People”

敬天愛人

Preserve the spirit to work fairly and honorably, respecting people, our work, our company and our global community

**Management Rationale:**

To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.

**Management Philosophy:**

To coexist harmoniously with our society, our global community, and nature. Harmonious coexistence is the underlying foundation of all our business activities as we work to create a world of prosperity and peace.



*Kazuo Inamori*

**Kazuo Inamori**  
Founder and Chairman Emeritus

With the Industrial Revolution as a springboard, modern civilization has accomplished dramatic development. This was built on the curiosity and inquiring spirit of humankind. At the same time, the incessant desire for greater prosperity and greater convenience has been a driving force behind development.

Application of the intelligence possessed by the human race has advanced development of science and technology, enabling us to build a materially affluent society. Today, though, we are faced with global environmental concerns and energy problems. Even so, humanity longs for yet greater prosperity and, with insatiable desire, continues to aim for economic growth.

However, I believe we will tumble down the slope toward ruin, unless we cease to live lives of desire. The downfall of humankind will be our fate unless we return to a moderate way of life that allows all living things in the life system called Earth to coexist and live together.

The time has come for us to examine with humility the state of civilization to date. We now need to think earnestly about how to use economic growth to enable all of humankind to live materially and mentally prosperous lives. Economic growth should thus be rooted not in personal desire and ego, but in consideration of others, in love and in compassion.

The management philosophy of Kyocera Group is founded on <Living Together>, with three pillars of Coexistence: Coexisting with Our Community, Coexisting with Our Global Society, and Coexisting with Nature. The concept of coexistence is the starting point of our corporate activities. Based on this concept, Kyocera Group will continue as a corporate group operating in the best interests of humanity and society.



*M. Kawamura*

**Makoto Kawamura**  
Chairman



*Tetsuo Kuba*

**Tetsuo Kuba**  
President

At the heart of Kyocera Group management is the corporate philosophy known as Kyocera Philosophy. This philosophy explains the importance of fair business practice, undertaken in accordance with the ethics, morals and social norms normally possessed by people everywhere. Ultimately, it comes down to one criterion for making decisions: "What is the right thing to do as a human being?"

Kyocera Group has continued to promote management by all employees, through practice of the Amoeba Management System, a management control method developed by Kyocera. At the same time, we have engaged in highly transparent corporate activity through timely disclosure of information to customers, employees, shareholders, investors, business associates, and all other stakeholders.

Moreover, since establishment of the company, Kyocera has actively engaged in social contribution activities as a corporate citizen, from the perspective of the corporation as a member of society. Furthermore, we have endeavored to promote environmental management, through development of products friendly to the global environment, activities for prevention of global warming, and more. For Kyocera Group, CSR is in no way a new concept or sense of values. CSR is none other than practice of Kyocera Philosophy, at the heart of Kyocera Group management. We believe practice of Kyocera Philosophy builds mutual trust with stakeholders, and contributes to sustainable growth by Kyocera Group as well as the wholesome development of society.

We will continue to engage in balanced corporate management from three perspectives: economy, society and environment. We will be very pleased if this CSR Report gives you a better understanding of Kyocera Group business activities. Your ongoing support of our operations is greatly appreciated, and we welcome your opinions.

# Kyocera Group : Origin of the Management

The origin of Kyocera Group management is Kyocera Philosophy, a philosophy of life based on the real-life experiences and empirical rules of Kazuo Inamori, founder and chairman emeritus of Kyocera Corporation. With “What is the right thing to do as a human being?” as its most essential criterion, Kyocera Philosophy expounds the significance of commitment to fair management and operation in compliance with the most fundamental human ethical and moral values and social norms.

## ■ What is Kyocera Philosophy (Corporate Philosophy)?

### ▶ Kyocera Group Management Rationale

The Management Rationale of Kyocera Group is: “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” The “material and intellectual growth” for which we aim includes the pursuit of economic stability. Furthermore, it entails the pursuit of mental riches as a human being, in the shape of life with purpose and job satisfaction through self-fulfillment in the place of work. Additionally, the steady refinement of

technology allows us to provide the world with wonderful products one after another, and thereby contribute to the advancement of science and technology. At the same time, by steadily raising profits as a company we aim to contribute to improvement of common welfare, through increased tax payments and other means. The guidelines for action in pursuing the Management Rationale are set out in Kyocera Philosophy. As a way of thinking for leading wonderful lives, we are striving day by day to practice Kyocera Philosophy.

### ▶ Origin of Kyocera Philosophy

In 1959, with the generous support of the people around them, company founder Kazuo Inamori and seven other colleagues established Kyoto Ceramic Co., Ltd. Starting with a meager amount of capital, the company had no imposing office building or elaborate machinery in the beginning. All it had were fellow companions who shared the joys and sorrows and formed a close bond as members of one big family. Inamori then decided to base the management of the company on this bond of human minds. This is because he believed that while human minds are extremely changeable, they are also most dependable once the minds are bonded by strong trust.

Later, Inamori encountered many difficulties in managing Kyocera, but he overcame them each time believing in the

strong bond of human minds. Kyocera Philosophy was thus born as he debated his life and work.



Company members around the time of foundation

### ▶ Basic Ideas of Kyocera Philosophy

Kyocera Group believes that decisions should always be made through reason and with “What is the right thing to do as a human being?” as the basic criteria to achieve compliance with public morals.

The criterion of “What is the right thing to do as a human being?” is based on the fundamental ethical and moral values of the natural goodness of human beings: “Don’t be greedy,”

“Do not cheat people,” “Do not lie,” and “Be honest” are teachings we all received from our parents as a child and represent the most basic principles of a human being.

We believe that when making decisions and taking action in daily life, we should resort to the criterion of “What is universally right as a human being” and not the criterion of “What best suits our own convenience.”

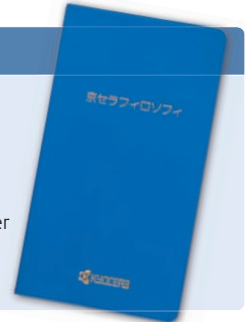
## ▣ Kyocera Philosophy Pocketbook

Kyocera Group distributes a Kyocera Philosophy Pocketbook to every employee so that each and every employee can use, learn, and practice Kyocera Philosophy on every possible occasion. Kyocera Philosophy Pocketbook is the condensed essence of Kyocera Philosophy with a brief explanation accompanying each item and comprises four categories (“The Heart of Management,” “To Lead a Wonderful Life,” “At Kyocera, Everyone is a Manager,” and “Performing Our Daily Work”) and 78 items. As well as the Japanese language, the Pocketbook is published in English, Chinese, German and Czech. Furthermore, Portuguese, Thai, Korean and Spanish editions are being prepared in various regions. As in Japan, overseas Kyocera Group employees receive the Pocketbook

as study material to help them become familiar with Kyocera Philosophy.

### Kyocera Philosophy Pocketbook

- I. What Kyocera Aims For
- II. Kyocera Philosophy
  - 1. The Heart of Management
  - 2. To Lead a Wonderful Life
  - 3. At Kyocera, Everyone is a Manager
  - 4. Performing Our Daily Work
- III. To Become an Excellent Leader



#### Management Based on the Bonds of Human Minds

Kyocera started as a small suburban workshop – with no money, credentials or history. Meager technology and 28 trusty comrades were all that we could rely on.

Kyocera’s management is based on all employees exerting their full efforts and managers dedicating their lives to merit their trust; all believing in each other, none working for selfish motives. All united to make Kyocera a company that they can be proud to work for.

Human minds are said to be easily changeable. Yet, there is nothing stronger than the human mind. Kyocera developed into what it is today because it is based on the bond of human minds.

#### Pursue Profit Fairly

A company must be profitable to survive. Being profitable is neither shameful nor unrighteous.

A price that is determined through free-market competition is a fair price, and the profit earned is a just profit. Fierce competition promotes rationalization, while raising added value increase profit.

Today’s world is rampant with management that disdains tedious efforts, seeking instead to make a quick fortune through speculative or illegal deals. Kyocera’s management, however, must persist in doing business fairly, pursuing a fair profit and contributing to society.

#### The Result of Your Life or Work = Attitude x Effort x Ability

The outcome of our life or work is the product of three factors: attitude, effort and ability.

Effort and ability range from 0 to +100 points. As these two numbers are multiplied rather than simply added, it means that persons who exert unbeatable efforts to compensate for their only “average” ability can accomplish more than geniuses who rely just on their ability while making only a minimal efforts. This product is further multiplied by attitude, which can range from –100 to +100. Depending on our attitude, the outcome of our work and our life can change by 180 degrees.

Thus, while ability and effort are important, it is our attitude that counts the most.

#### Maximize Revenues and Minimize Expenses (Measure Your Inflow and Control Your Outflow)

Managing a business is a simple matter. It is based on maximizing revenues and minimizing expenses. Profit is simply the difference between the two, and a result of this effort. Therefore, we need to be concerned only with maximizing revenues and minimizing expenses.

We must not be trapped into the so-called “common sense” fixation that raw material costs must be a specified percent of Net Production, or that Sales Promotion must be a set percentage.

The important thing is to exercise our creativity and exert tenacious efforts to maximize revenues and minimize expenses.

<Excerpts from Kyocera Philosophy Pocketbook>

# Management Based on Kyocera Philosophy

For Kyocera Group to realize the management rationale, first the correct understanding and application of Kyocera Philosophy are essential. This applies also to “The 12 Principles of Management”, “Amoeba Management” and “Kyocera Management and Accounting Principles”, each of which is based on Kyocera Philosophy. Correct understanding and application are essential for future growth and development, for employees to maintain dreams, and for Kyocera Group to become a corporate group able to contribute to development of society.

## ▶ The 12 Principles of Management

The 12 Principles of Management are “fundamental management rules”. In other words, they do not change, regardless of any changes occurring in the business environment or conditions. They are the starting point of universal management, and represent the foundation of management.

1. Clearly state the purpose and mission of your business.
2. Set specific goals.
3. Keep a passionate desire in your hearts.
4. Strive harder than anyone else.
5. Maximize revenues and minimize expenses.
6. Pricing is management.
7. Success is determined by willpower.
8. Possess a fighting spirit.
9. Face every challenge with courage.
10. Always be creative.
11. Be kind-hearted and sincere.
12. Always be cheerful and positive.



## ▶ Kyocera Accounting Principles

Accounting is integral to the management of a company as it plays the key role as the compass that leads a company to the destination. When handling accounting matter, it is important to trace them back to their essence and take appropriate measures according to our primary criterion of “What is the right thing to do as a human being?.” Kyocera considers the ideal state of accounting to be showing the facts as they are, and recognizes the importance of fair and transparent management. Kyocera Management and Accounting Principles is a set of practical accounting principles designed to give a correct understanding of the realities of the company and the directions to be taken.

In Kyocera Group, each employee is encouraged to understand and become familiar with “Kyocera Accounting Principles”, and to act in accordance with the principles. This becomes a sound foundation not only for fair accounting activities, but also for the long-term development of the company. A Kyocera Accounting Pocketbook has therefore been prepared, and copies are issued to employees throughout Kyocera Group.

### Kyocera Accounting Pocketbook

- Introduction : Adhere to Fundamental Rules and Principles
- I. The Principle of One-to-One Correspondence
  - II. The Principle of Double-Checking
  - III. The Principle of Perfectionism
  - IV. The Principle of Muscular Management
  - V. The Principle of Continuous Improvement through Hourly Efficiency
  - VI. The Principle of Cash-Basis Management
  - VII. The Principle of Transparent Management



## ▶ Amoeba Management

Kyocera Group uses its own business administration method called “Amoeba Management”. “Amoeba management” is a method specifically developed to realize the corporate philosophy of Kyocera Group. Under the system, the company organization is divided into small groups called amoebas, which operate on a self-supporting basis. We believe that employees’ enhanced sense of participation in management and motivation engendered by “Amoeba Management” constitutes the source of the Kyocera Group’s strength. The small group system also serves to clarify the responsibilities of each member of the group, secure transparency in every detail, and enable a thorough check of efficiency. The small group system also serves to clarify the responsibilities of each member of the group, secure transparency in every detail, and enable a thorough check of efficiency.

### The Goals of Amoeba Management

1. Establishment of a market-oriented divisional accounting system
2. Fostering leaders with management awareness
3. Management by all



## ▶ Kyocera Employee’s Action Guideline

To ensure Kyocera Philosophy is reflected in diverse aspects of corporate activity, we have established a “Kyocera Employee’s Action Guideline”. The Kyocera Employee’s Action Guideline is a fundamental code of conduct for the day-to-day business activities of Kyocera Group employees.

In the midst of rapid globalization, sensible action and attitudes firmly based on a universal philosophy and transparent rules are keenly required of enterprises and businesspersons. We believe that an enterprise will not be able to continue its development and growth unless it, giving due consideration to the aforementioned requirements, strives to coexist and earn the solid trust of society. To broaden the understanding of guidelines for action, Kyocera has prepared a “Kyocera Employee’s Action Guideline Pocketbook” for distribution to employees throughout Kyocera Group.

### Kyocera Employee’s Action Guideline Pocketbook

- [1] Basic Attitude
- [2] Working Attitude
- [3] Spirited and Motivating Workplace
- [4] Community Activities
- [5] Relationships with Clients and External Organizations
- [6] Legal Compliance
- [7] Information Handling
- [8] Behavior in Foreign Countries
- [9] Global Environmental Protection Activities





## Kyocera Accounting Pocketbook

### Accounting is Management's Compass

Accounting figures are like those on the instrument dials in an aircraft's cockpit. Just as a pilot flies a plane by looking at the instruments to judge altitude, speed and bearing, so do the managers of a company look at accounting figures to judge its state and navigate the way forward.

If the dials on the aircraft's instrument panels are wrong, the pilot will not be able to fly the plane correctly. In the same way, if the accounting figures are off the mark, the company is likely – at the very least – to fly in the wrong direction.

In other words, accounting plays the role of a compass for the company's managers. This role is pivotal to its progress, and is why accounting is so important.

"Kyocera Accounting Principles" can be most easily understood as a set of practical accounting measures. They are designed to enable managers to grasp the true state of the company and determine the direction in which it needs to go.

A solid understanding of these accounting principles by all Kyocera employees, gained through appropriate study and its subsequent application as the basis for action, will become the sound foundation for long-term growth of the company.

### Strive for Muscular Management

To provide both a living for employees and returns to shareholders, a company must achieve long-term growth even while fighting off fierce competition from market rivals. To do this, just as athletes need to train their bodies continually, the company needs to maintain its muscular strength.

To continue the analogy, "muscular strength" means a lean body with conditioned muscles and no excess fat. The muscles of a company in this sense are the productive assets that generate sales and profits — namely, people, products, money, capital equipment and other infrastructure.

The excess fat is also easy to define. It constitutes redundant assets that do not contribute to sales or the generation of profit – for example, unsalable stock or idle equipment. Keeping either of these ties up a company's capital. They are equivalent to the company freezing some of its money, or carrying around excess weight. With all of this fat, it is impossible for a company to compete with and outperform its fierce competitors.

For a company to survive and grow continuously, it must shed any redundant assets and make maximum use of its productive assets. Train the muscles, trim the excess fat: this is the Principle of Muscular Management.

<Excerpt from Kyocera Accounting Pocketbook>

## Kyocera Employee's Action Guideline Pocketbook

### Compliance with Laws

Kyocera abides by legal requirements, and engages in corporate activities with a firm ethical perspective based on Kyocera Philosophy.

"What is the right thing to do as a human being?" is the criterion for making decisions. This wholesome ethical viewpoint is based on law and other social norms. Employees must never deliberately engage in or contribute to wrongful deeds for any reason, in business matters or otherwise. Furthermore, to avoid accidental or unknowing violation of law, please endeavor day by day to acquire knowledge of laws relating to business affairs and to daily life.

Please strive to act with healthy social common sense and a sense of justice.

### Corporate Social Responsibility

Through its business activities, Kyocera strives not only to provide a stable life to employees, but also to fulfill its social responsibilities by pursuing adequate profits and returning them to society via tax payments and dividends to shareholders.

At the same time, the company contributes to society through a variety of activities, including the promotion of global environmental protection activities and the provision of support to social and cultural activities.

We ask all employees to engage diligently in the company's business with a full awareness that you are part of Kyocera, a company committed to fulfilling its social responsibilities, and to combine their active efforts to achieve the lofty goal of contributing to society by increasing profits and developing the company.

<Excerpt from Kyocera Employee's Action Guideline Pocketbook>

# Kyocera Group CSR Demonstrates the Practice of Kyocera Philosophy

Since the company was established, Kyocera has followed its Management Rationale, “To provide opportunities for the material and intellectual growth of all our employees, and through our joint effort, contribute to the advancement of society and humankind.” By using “What is the right thing to do as a human being?” as the decision-making criterion, management has been based on the “Kyocera Philosophy”. “Fairness, impartiality, justice, effort, courage, philanthropy, modesty and good faith” are among the basic human attitudes we encourage. Applying these as our code of conduct in “a spirit of caring for others”, Kyocera has continually “endeavored to make products that benefit the world”. In other words, for Kyocera Group, CSR is certainly not a new concept. It is none other than an application of the basis of our management – Kyocera Philosophy. Application of Kyocera Philosophy builds mutual trust with people who have interests in the company. Ultimately, it contributes to sustainable development of Kyocera Group and the healthy development of society.

## ▶ The Objective of CSR Activity

Advancing organizational CSR activities based on application of Kyocera Philosophy builds mutual trust with people who have interests in the corporation. It forms the foundation for sustainable development of the Kyocera Group, while contributing to the healthy development of society.

## ▶ CSR Activity – Matters of Priority

- Return to the Origin of the Amoeba Management System
- Strengthen Corporate Governance
- Enrich Social Contribution Activities
- Enhance Communication with All Stakeholders

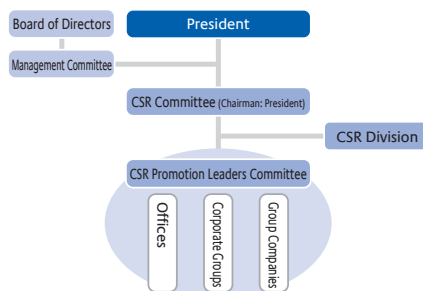
## ▶ CSR Promotion System

### CSR Committee

The CSR Committee is an organization chaired by the President with General Managers who are involved in CSR matters as committee members. The committee considers and plans important matters relating to CSR, and promotes CSR activities for Kyocera Group.

### CSR Promotion Leaders Committee

The CSR Promotion Leaders Committee is made up of Promotion Leaders, appointed by divisions, involved in CSR matters. The committee advances CSR activities in individual work areas.



The CSR Promotion System

## ▶ The Scope of CSR Activities

Kyocera Group is strengthening its management foundation in the area of corporate governance. The Group is aiming for well-balanced CSR activities from three perspectives: economic, social and environmental.



### Business Activities that Promote High Profitability

Corporations have an obligation to provide better products and services through their activities, thereby contributing to improving the quality of life for people. They also have an obligation to give back to society some of the profits thus obtained, through taxes and other means. Increasing profits raises the stability of a corporation, and therefore raises the value that can be returned to society. This is one reason why corporations should always strive to be highly profitable.

### Activities that Contribute to Society

Kyocera Group believes creating products and services that are useful to people in diverse fields contributes to the advancement and development of humankind and society. We believe corporations are also members of this society. Kyocera Group therefore takes an active interest in issues affecting communities and society, and endeavors to find solutions. Additionally, through cultural activities and the arts, we are actively contributing to the economic and cultural development of society.

### Environmental Protection Activities

Environmental problems are among the crucial issues threatening the continued existence of humankind. In acknowledgement of this situation, environmental protection activities by Kyocera Group include the active development of environmentally friendly goods. Emissions and waste are processed so that they are returned as closely as possible to their natural state.

### Highly Transparent Corporate Activity

Kyocera Group has always engaged in highly transparent business activity based on universal ethics. Furthermore, through the prompt disclosure of information, we have tried to keep society as a whole informed of the state of Kyocera Group, thereby increasing trust.

## ▶ Enhance Communication with All Stakeholders

### CSR Economic, Social and Environmental Report Meetings

CSR Economic, Social and Environmental Report Meetings have been held by Kyocera Group (in Japan) each year since FY2005. Their purpose is to raise the level of mutual communication with local communities – an important group of stakeholders in Kyocera Group.

Factories and offices invite residents, government representatives, business associates, nearby companies and other people from the communities in which they are

located to attend the meetings. Participants hear reports on economic, social and environmental approaches by the Kyocera Group as a whole and by the local establishments.

After the meetings, visitors inspect production processes, discharge water treatment facilities and other environment-related facilities. The visitors also take part in Q&A sessions on Kyocera Group CSR, exchanges of views, and other activities for building mutual communication.



Shiga Prefecture Governor, Yukiko Kada, inspecting the discharge water treatment facility at Shiga Gamo Plant



Fukushima Tanagura Plant



Osaka Daito Office

**FY2010 Meetings 17 places**  
**No. of participants: 449 people**

#### ■ Comments and Opinions from Participants

- I was impressed by the advances in energy-saving, and how production lines are efficiently run by only a small number of personnel.
- The plant manager himself explained CSR activities. Accountability is high.
- Listening to the explanation of environmental accounting, I left with a good understanding of how profit is invested in the environment.
- The management rationale and the education processes for spreading it among all employees are outstanding.
- The Onsite Environmental Classes and other events for local children are greatly appreciated. I hope also to see participation in local culture.

### CSR Report Reading Assemblies

CSR Report Reading Assemblies have been held by Kyocera Group (in Japan) each year since FY2006. They are designed for employees – stakeholders working together to promote CSR activities – to deepen understanding of CSR measures and its specific activities.

For employees, Reading Assemblies are opportunities for understanding measures undertaken by Kyocera Group as a whole. They stimulate awareness of participation in CSR activities, while helping to confirm a sense of value and sense of purpose regarding work.

**FY2010 Reading Assemblies 31 places**  
**No. of participants: 3,754 people**

#### ■ Main Opinions from Participating Employees

- The assemblies were a great chance to learn about the kinds of activities and support for society Kyocera is involved in.
- I saw how the environmental safety activities normally implemented in sales offices are conducted by the company as a whole. I intend to use what I have learned in future activities.
- The Assembly raised my awareness of our role not just in daily business affairs, but also within society.
- Kyocera Group is fulfilling responsibility toward society in many ways. I understood the company is not content with the current state and is taking up challenges in many areas.



Kagoshima Sendai Plant



Nagano Okaya Plant

# Corporate Governance

With Kyocera Philosophy as the foundation, Kyocera Group upholds equity and fairness, faces all situations with courage and conscience, and sustains highly transparent systems of corporate governance and internal control.

## ■ Corporate Governance

### ▶ Basic Policy for Corporate Governance

#### Definition

Structures that ensure the Directors conducting business manage the corporation in a fair and correct manner.

#### Purpose

To maintain the soundness and transparency of management and to achieve fair and efficient corporate management through which the management rationale of Kyocera Group can be realized.

The Board of Directors shall instill the “Kyocera Philosophy,” which is the basis of Kyocera Group’s management policy, into all Directors and employees working in the Kyocera Group, and establish a sound corporate culture. The Board of Directors shall establish proper corporate governance through the practice of Kyocera Philosophy.

### ▶ System for Corporate Governance

The Board of Directors of the Company determines, pursuant to the basic policy described above, the below-outlined system for corporate governance of the Company, which is the core company within Kyocera Group, to ensure that the Directors conduct business in compliance with all applicable laws and regulations and the Articles of Incorporation. The Board of Directors continually seeks the ideal system for corporate governance, always evolving and developing its existing corporate governance system.

#### Organs of Corporate Governance

The Board of Directors shall establish a corporate structure in which the Corporate Auditors and the Board of Corporate Auditors will serve as organs of corporate governance pursuant to the provisions of the Articles of Incorporation, as approved by the General Meeting of Shareholders of the Company. Directors of the Company shall strictly observe the following, to ensure effective audits by the Corporate Auditors and the Board of Corporate Auditors:

- ① Matters relating to employees to facilitate the tasks of Corporate Auditors
  - For the purpose of assisting Corporate Auditors and the Board of Corporate Auditors, Corporate Auditor offices shall be established under the Board of Corporate Auditors. Employees assigned to these offices shall fall within the jurisdiction of each Corporate Auditor.

#### ② System for reporting to Corporate Auditors

- In the event that any Director becomes aware of any matter that breaches or may breach any law or regulation or the Articles of Incorporation, or in the event that any Director becomes aware of any matter that may cause substantial damage to Kyocera Group, he or she shall immediately report it to the Board of Corporate Auditors.
- In the event that any Corporate Auditor or the Board of Corporate Auditors requests a report from any Director pursuant to the Regulations of the Board of Corporate Auditors, the Director shall comply with such request.
- Representative Directors shall cause the internal audit department to regularly report the status of the internal audit to the Corporate Auditors. In addition, upon request from the Corporate Auditors, Representative Directors shall cause any specified department(s) to report the status of their business conduct directly to the Corporate Auditors.
- Representative Directors shall also maintain a “an internal system for reporting complaint to the Board of Corporate Auditors,” established by the Board of Corporate Auditors, under which employees, suppliers and customers of the Company may submit complaints directly to the Board of Corporate Auditors.

#### ③ Other systems to ensure effective audits by the Corporate Auditors

- Representative Directors comply with the following requests from Corporate Auditors.
  - a. Attendance at important meetings;
  - b. Inspection of minutes of important meetings, important approval documents, and agreements, etc.; and
  - c. Meeting with Representative Directors to exchange opinions regarding management of the Company in general.

#### Kyocera Philosophy Education

Representative Directors of the Company shall undertake “Kyocera Philosophy Education” from time to time in order to instill Kyocera Philosophy into the Directors, including themselves, and employees of Kyocera Group.

### ▶ Appointment of Independent Directors/Auditors

To ensure effective oversight from an independent standpoint, Kyocera appoints two independent outside corporate auditors, generating no conflict of interest with Kyocera's general shareholders. The two corporate auditors are appointed as Independent Directors/Auditors, as prescribed by Tokyo Stock Exchange and Osaka Securities Exchange.

## ■ Internal Controls

### ▶ Basic Policy for Internal Controls

#### Definition

Systems to be established within the corporate organization to achieve management policy and master plans in a fair manner, in order for the Directors undertaking management of the Company to effectuate Management Rationale.

The Board of Directors of the Company shall establish internal controls through implementation of Kyocera Philosophy.

## ▶ System for Internal Controls

Under the policy as described above, the Board of Directors shall cause Representative Directors to establish the systems described below. In addition, the Board of Directors shall constantly evolve and develop such systems, seeking an ideal system of internal controls.

① Management and maintenance of information relating to business conduct by Directors

- Establishment of the “Kyocera Disclosure Committee”
- Proper maintenance of information relating to business conduct by the Directors in accordance with applicable laws and regulations and the internal rules of the Company.

② Internal rules and systems relating to management of risk of loss, and systems to ensure that business conduct by employees is in compliance with applicable laws and regulations and the Articles of Incorporation

- Establishment of a “Risk Management Department”
- Establishment of an “Employee Consultation Center” as an internal system of reporting complaints.

③ Systems to ensure efficient conduct of business by Directors

- Delegation of authority, clarification of related responsibility and efficient and effective conduct of business via an executive officer system
- A system for Executive Officers to report the status of business execution to the Board of Directors

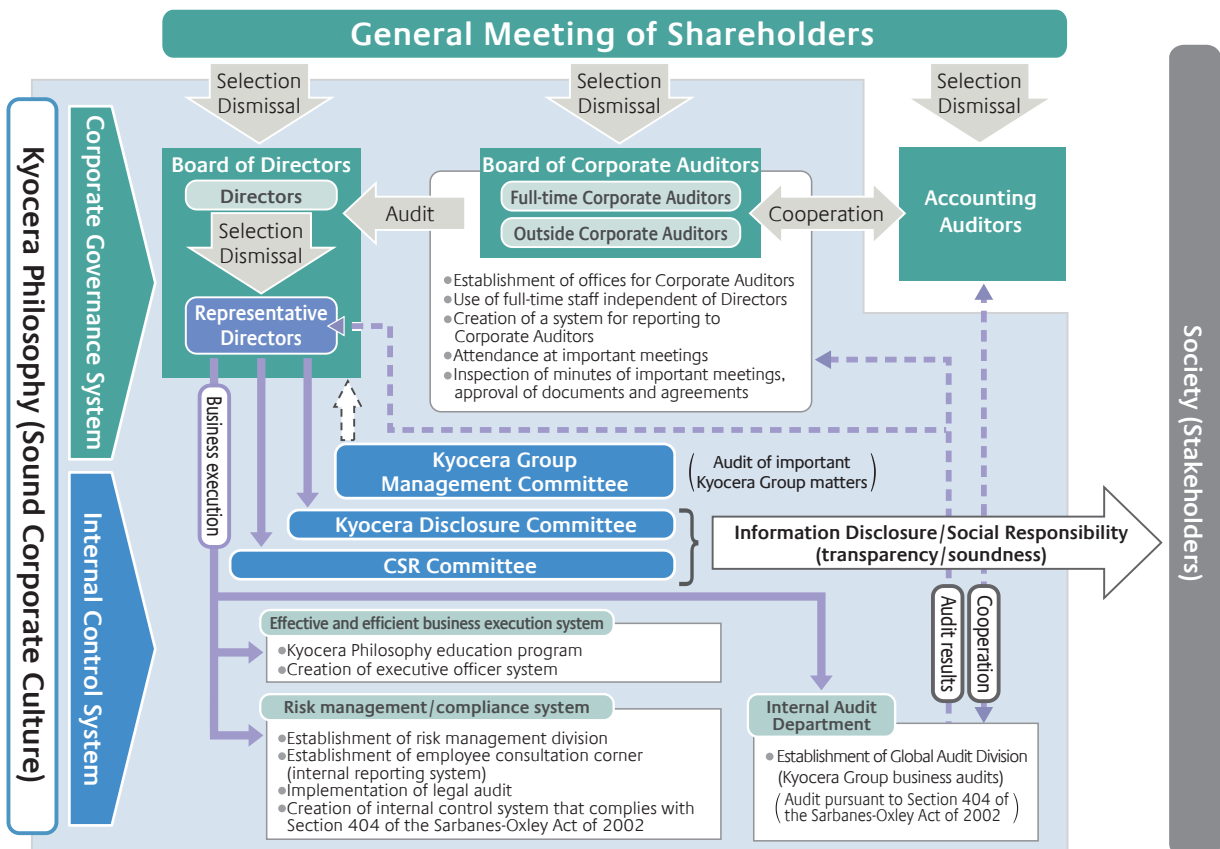
④ System to ensure appropriate business conduct at Kyocera Group In addition to the matters described in ① through ③ above,

- Establishment of the “Kyocera Group Management Committee”
- Establishment of an “Internal Audit Department”

## ▶ Exclusion of Antisocial Elements

Kyocera Group policies on corporate governance and internal control include prevention of criminal involvement in management activities and prevention of damage by such elements.

As the basis of measures for exclusion of illegal activities, the Crisis Management Manual established by the Risk Management Department clearly states: “All companies are united in confronting illegal activities with determination.” Additionally, the Kyocera Employee’s Action Guideline specifies “a decisive attitude based on the law” in dealing with illegal activities.



# Corporate Governance

## Compliance and Risk Management

### Compliance System

According to Kyocera Philosophy, the basis for making decisions is the question: "What is the right thing to do as a human being?" All employees share this most fundamental code of conduct. Based on Kyocera Philosophy, "Kyocera Employee's Action Guidelines" are the foundation of compliance. Headquarters Risk Management Officers, Risk Management Sections in each Kyocera Group office (within Japan) and Risk Management Officers appointed in each business division, all work to ensure thorough knowledge of legal matters, as well as anticipation and prevention of risk. Kyocera's compliance system is thus steadily being strengthened.

### Risk Management

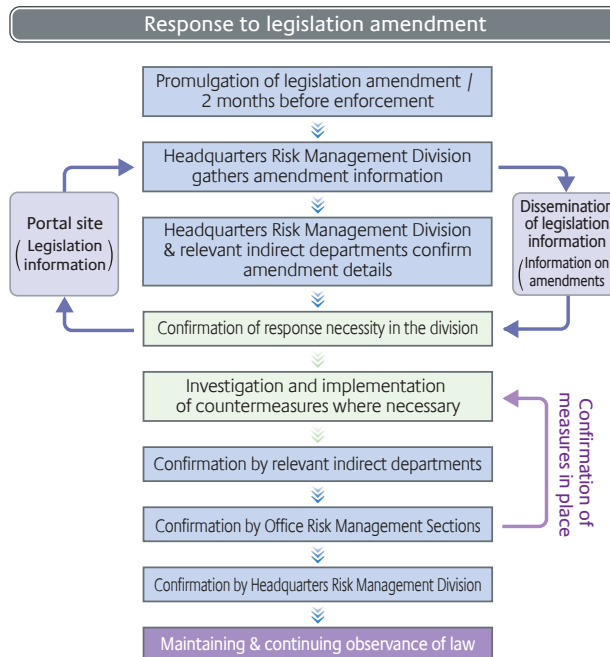
Aiming to become "An innovative enterprise that continues to grow," Kyocera Group supports global business development. This exposes us to increasingly diverse domestic and overseas risks stemming from political, economic and social changes. Appropriate safeguards are needed; therefore, Kyocera operates a total risk management system to prevent risks and implement countermeasures. Two systems have been prepared. The Compliance Management System aims for risk aversion in day-to-day operations. In an emergency situation, the Emergency Response System is activated to minimize damage, based on the Crisis Management Manual.

#### Basic Policy of Risk Management

1. Thorough legal compliance
2. Superior workplace ethics
3. Prevention and countermeasures within a total risk management system
  - Day to day operations: Compliance Management System
  - Emergencies: Crisis Management Manual / Emergency Response System

### Legislation Amendment Notification & Response System

On the company intranet, the Risk Headquarters Management Division provides a general outline of laws applying to Kyocera, the full text of the laws, information on legislation amendments and guidelines. Registered employees can freely reference this information. The intranet site thus serves to strengthen compliance. Furthermore, a "Legislation Amendment Notification & Response System" is in place to ensure necessary action is taken upon legislation amendment and enactment of new legislation. Compliance officers in relevant divisions are promptly notified of changes applying to Kyocera. Officers then ascertain whether action must be taken in the division, and implement measures as necessary.



### Compliance Training

Kyocera conducts compliance training at each level of the company as one measure for strengthening compliance. In FY2010, Compliance Seminars were held for plant managers, office managers, executive employees and new employees. Additionally, companywide training on individual laws was held in Seminars on the Personal Information Protection Act.

#### No. of People Attending Compliance Education Seminars (FY2010)

	No. of Participants
Compliance Seminars	703
Seminars on the Personal Information Protection Act	512

### Audit System

The same legislation check-sheet is used throughout Kyocera Group (in Japan) for self-auditing of compliance with legislation in each business division. Additionally, Headquarters Risk Management Division conducts legal audits of individual offices. In FY2010, 771 self-auditors underwent training on self-auditing. Legal audits were then conducted at 43 offices in Japan. Following, audits were conducted at 28 business group headquarters. By such means, Kyocera is aiming for thorough compliance with legislation.

## ▶ Employee Consultation Hot-line Center

At the Employee Consultation Hot-line Center, employees and part-time workers can discuss various issues, seek advice, and draw attention to actions that may be in violation of compliance. Privacy is explicitly protected, and consultations can be undertaken face to face. The Employee Consultation Hot-line Center investigates and ascertains the facts, and follows up with corrective action and preventive measures against recurrence. In FY2010, consultations were undertaken on 17 matters. All were fully resolved.

## ▶ Export Trade Control System

To ensure observance of laws relating to export transactions, Kyocera has established and is operating a response system concerning the Foreign Exchange and Foreign Trade Act, customs laws, and other legislation. Each business division has a Security Export Control Committee to deal with matters concerning the Foreign Exchange and Foreign Trade Act and other laws governing export trade. The committees operate in accordance with the Kyocera Corporation Security Export Control Regulation. Additionally, to ensure legal compliance as an authorized exporter under the Authorized Exporters' Program, export trade is implemented in accordance with "Kyocera Regulations on Legal Compliance by Authorized Export Businesses."

## ▶ Protection of Personal Information

Kyocera recognizes the importance of privacy concerning personal information and, as a responsible social citizen, does everything possible to safeguard such information. Kyocera has established a basic policy on the protection of personal information. A control system run by the Risk Management Division has been developed. Personal information is handled in keeping with strict requirements, and training is conducted accordingly. We are taking all possible steps to ensure the security of personal information.

## ▶ Measures for Business Continuity Management

Based on the Kyocera Business Continuity Management Manual, in FY2010 nine divisions clarified resources that are essential for business continuation. Each division undertook studies to ascertain weaknesses that



A briefing on business continuity management

would emerge in case of disaster, and examined necessary countermeasures. With revision of the manual in FY2011, the number of divisions preparing business continuity plans is being increased. In 2011, this activity will be deployed in turn in all

Group companies (in Japan). Activity aimed at ensuring Kyocera Group has strong crisis management is continuing.

## ▶ Protection of Intellectual Property Rights

The basic policy of Kyocera Group is to safeguard the yields of research and development by the Group as intellectual property rights, and to respect the intellectual property rights of others. Based on this policy, Kyocera Employee's Action Guidelines state: The intellectual property rights held by Kyocera are extremely valuable company assets. Please strive to safeguard intellectual property rights. Kyocera must also respect the intellectual property rights of others.

### Organizational Structure

Kyocera Group applies across-the-board measures relating to intellectual property. These include planning of intellectual property strategies, obtaining intellectual property rights for the company as well as their maintenance and management, and license negotiations on intellectual property rights. Intellectual Property Departments operate in main offices and factories. Additionally, a Liaison Officer responsible for intellectual properties is assigned to each business division. Intellectual property activities are thus undertaken in close cooperation with the relevant businesses. Furthermore, a representative office specializing in intellectual property is located in the United States. The office functions to acquire effective USA patents at lower cost.

## ▶ Information Security Measures

Kyocera Group is implementing effective and efficient use of information assets. Basic criteria that need to be observed have been clarified for handling of information assets by employees and other parties. Information security measures are being applied with the objective of attaining thorough protection of information assets.

### Electronic Information Security Measures in Kyocera Group

An Electronic Information Security Executive Committee, with Kyocera's president as committee chair, has been set up as one element of security measures. Additionally, electronic information security management policy and 22 management regulations have been established as the core of security measures maintenance. All Group companies are managing and using information assets, based on the management policy and related regulations.

# Topics of Interest 2009-2010

The following pages introduce Kyocera Group topics of interest for FY2010.

**2009 Apr.** Integration of Communications Equipment Sales Departments in the U.S.

To further strengthen the overseas sales structure of its communications equipment business, Kyocera integrated the sales, marketing and service departments of KYOCERA Wireless Corp.\* with KYOCERA SANYO Telecom, Inc. The integrated businesses began operating in April 2009 as KYOCERA Communications, Inc. We will continue with development aimed at establishing a strong business base and a highly profitable structure.



\* Remaining departments integrated with KYOCERA Communications, Inc. in April 2010.

**2009 May** Slim One-Seg Mobile Phone K002 Launched

Kyocera released the K002, a slim mobile phone equipped with one-seg (one-segment digital television reception) and Osaifu Keitai® (Wireless e-wallet)\* functions. At 10.9 mm, this was the slimmest mobile phone in the au line-up. It has a 3.2 megapixel camera and a 3.0 inch IPS LCD.



\* Osaifu Keitai is a registered trademark of NTT DOCOMO, Inc.

**2009 May** Business Tie-Up of Kyocera and AEON Co., Ltd.

Kyocera and AEON Co., Ltd. have agreed on a business tie-up. Through mutual cooperation, both parties aim for compatibility of: 1) Preservation of the global environment through reduction of CO<sub>2</sub> emissions and other measures, and 2) Mutual corporate growth, by offering goods and services to each other's customers. Both companies will propose ideas for new lifestyles in greater harmony with the environment. This will include promoting the spread of residential solar power generating systems, through sales activities at AEON shopping centers in Japan, information directed at AEON Card holders, and other means.



Joint press announcement

**2009 Jun.** 2009 BERTL's Best Awards Won in 10 Categories / Color MFP Receives 5-Star Rating

BERTL, Inc., the independent U.S. research company that assesses office equipment for business users, presented 2009 BERTL's Best Awards in 10 categories to KYOCERA MITA Corp. Following rigorous evaluation, the awards were presented for outstanding performance by MFPs, printers, software and other product categories. Moreover, the color MFP "TASKalfa" series received a 5-star rating, the highest possible evaluation.



The 5-Star Certificate

**2009 Jul.** Kyocera Mita Acquires All Shares of Two Korean Document Equipment Sales Subsidiaries of Chungho ComNet Co., Ltd.

KYOCERA MITA Corp. acquired all shares of two Korean document equipment sales companies. The companies were subsidiaries of Chungho ComNet Co., Ltd, a company specializing in sales of finance-related equipment and office equipment. The newly acquired sales companies began business in July as Kyocera Mita subsidiaries in Korea. Kyocera Mita is aiming to further enhance services by bringing the company even closer to customers.



**2009 Jul.** Development of High-Selectivity SAW Filter for Prevention of Wave Interference

KYOCERA KINSEKI Corp. developed a small SAW filter for use in preventing wave interference. The first of its kind in the industry, the SAW filter realizes high selectivity and low-loss characteristics in the 2.6 GHz high-frequency band for WiMAX and other next-generation high-speed wireless communications.



**2009 Aug.** New Sales Company Newly Established in India

As the Indian market is expected to continue growing, in order to bring business activity closer to local markets, Kyocera established a new sales company, KYOCERA Asia Pacific India Private Limited, to handle components and other products. The company began operating in August. India is one of the strategic markets in Asia, and Kyocera will continue to actively develop business activities in the area, endeavoring to strengthen sales.



**2009 Aug.** Successful in Development of Inkjet Printhead Achieving World's Fastest Print Speed

Inkjet printheads are key components of inkjet printers, and Kyocera's newly developed K14 Series inkjet printheads achieved the world's fastest printing speeds.\* The new printheads can print at 330 m/min at 600x360 dpi, 200 m/min at 600x600 dpi, and 150 m/min at 1200x1200 dpi. In each case, we have achieved the world's fastest printing speed. Kyocera will continue to lead the steadily evolving field of digital on-demand printing, through the application of our technological strength.



\* Based on Kyocera research (as of August 31, 2009). World's fastest inkjet printing using the drop-on-demand method.



**2009 Oct.** World's Thinnest One-Seg, Sliding-Face Mobile Phone SA001 Launched

Kyocera has merged the strengths of its technologies for developing thin-profile mobile phones sliding-face handsets to create the world's thinnest\* sliding-face phone with one-seg (one-segment digital television) reception. The SA001 is just 11.9 mm and has been released for sale.



\* Based on research by Media Interactive Co., Ltd. (as of August 31, 2009). The world's thinnest sliding-face mobile phone with one-seg reception.

**2009 Dec.** Large-Scale Solar Power Plants Using Kyocera's Solar Modules Start Operating in Spain

Two mega-solar power plants began operating in Spain. The large-scale Planta Solor de Dulcinea and Planta Solor de Don Quixote both use solar modules manufactured by Kyocera. Combined solar power output of the two sites is 47.3 MW.<sup>1</sup> The expected annual power output is equivalent to the total annual power consumption of about 17,700<sup>2</sup> average households in Spain.



Planta Solor de Dulcinea

<sup>1</sup> The installation ratio of solar modules made by Kyocera is about 83%, equating to 39.3 MW.

<sup>2</sup> Based on annual power usage of about 4,000 kWh per household.

**2009 Dec.** Tokyo No. 3 D@TA Center Opened

In December, KYOCERA Communication Systems Co., Ltd. opened a new data center, named "Tokyo No. 3 D@TA Center," in Tokyo's Shinagawa Ward. As the Company's consulting, design and construction, data center operation and other wide-ranging information-system services had been highly evaluated by customers, the new data center was started just two years after opening of the Tokyo No. 2 D@TA Center. KYOCERA Communication Systems will continue to provide complete support for customers' ICT strategies based on its considerable experience and high technological strength.



Opening Ceremony

**2010 Jan.** Kyocera Commissioned to Undertake Preliminary Studies for the Japan-US Collaborative Smart Grid Demonstration Project

Japan's New Energy and Industrial Technology Development Organization (NEDO, an independent administrative agency) selected Kyocera as one of the companies commissioned with taking part in the Japan-US Collaborative Smart Grid\* Demonstration Project, in New Mexico, USA.

\* Commonly used term referring to next-generation power networks that efficiently control electricity demand and supply, using information and communication technology. Smart grid technology is being designed for effective use of energy, and stable power supply even with input of large amounts of new forms of energy.

**2010 Mar.** New Solar Cell Factory Completed in Yasu City, Shiga Prefecture

To meet the expansion of global demand for solar energy, Kyocera established a new factory to raise solar cell production. Completed in March, the new factory is the largest in the Japan-Based Kyocera Group. Kyocera will continue to steadily strengthen production capacity, and to provide the market with high quality, highly reliable products. While working to further expand its solar business, Kyocera is also helping combat global environmental problems.



**2010 Mar.** Demonstration of Insulation Performance of World's Largest High-Purity Ceramic Ring

Japan Atomic Energy Agency (an independent administrative agency), Kyocera and Hitachi Hamauchi Electronics Co., Ltd. made a trial version of a large-scale insulator in a neutral beam injector (NBI) using the world's largest diameter, high-purity ceramic ring. The NBI is used to heat plasma and cause a fusion reaction in the International Thermonuclear Experiment Reactor (ITER). In high-voltage testing, insulation performance required by the ITER was demonstrated for the first time. The current results represent a great step forward for development of the ITER NBI. There are also high expectations for ripple effects of the technology into the semiconductor industry, theoretical fields such as particle physics, and others areas.



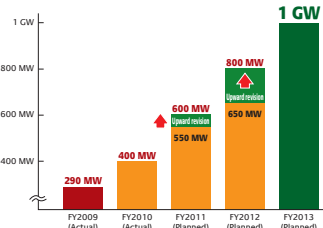
**2010 Mar.** Agreement Reached on Taking Over TFT-LCD Business

Kyocera, Sony Corp. and Sony Mobile Display Corp. (SMD) concluded a definitive agreement relating to the transfer of design and manufacturing operations concerning TFT liquid crystal display (LCD) equipment. Kyocera took over SMD's TFT LCD operations in Yasu City, via a corporate split. Kyocera continues to provide a wide-range of solutions to customers' demands, while strengthening liquid crystal display operations.



**2010 Mar.** Solar Cell Production Plans and Sales System Strengthened

In response to the growing solar energy market, Kyocera upwardly revised its solar cell production plans for FY2011 and FY2012. In FY2013, production is expected to reach 1 GW, or 2.5 times production in FY2010 (400 MW). Additionally, as the solar energy market is expected to continue growing, Kyocera is strengthening its sales system by expanding dealerships in Japan and abroad.





## Every Employee has a Central Role

The Amoeba Management System was created independently by Kyocera to realize Kyocera's management rationale and management philosophy. As a management control method, the Amoeba Management System supports Kyocera Group development. For Kyocera Group to grow and develop, and to contribute to the development of society, correct understanding of the objectives of this management method and correct application are essential.

The system is being applied not just in Kyocera and KDDI Corporation. Roughly 400 other companies are introducing the Amoeba Management System through consultation with Kyocera Group company.

Note: The content of this Feature Article is based on excerpts from the book Amoeba Management, written by Kazuo Inamori and published by Nikkei Publishing Inc.

### What is the Amoeba Management System?

When I started the company, I was an utter novice regarding management. I was constantly troubled over what I should rely on in managing the company. Before long, I reached the conclusion that 'people's minds' were of importance in advancing management. This became the basis of Kyocera's establishment.

Although the human mind is extremely mutable, when a bond of human minds has been formed there is nothing stronger. A study of history reveals countless examples of great things the human mind can achieve. Ultimately, I understood nothing was more certain in leading a group than relying on people's minds.



From the time of Kyocera's foundation, Dr. Kazuo Inamori, the founder, sensed the need for establishing a true management philosophy for the long-term development of the company. The philosophy would need to be shared by all employees. Furthermore, he realized the importance of a management accounting system giving an accurate and timely awareness of the state of operations in every part of the organization. Therefore, Dr. Inamori put his heart into establishing a philosophy and accounting system, while devoting his energy to technological development, product development, sales and other business activities.

In 1959, I established Kyocera through the good will of people who supported my endeavor. In 1984, I started DDI, the forerunner of KDDI. Both Kyocera and KDDI have continued to develop and produce high profits. Supporting these businesses is the Amoeba Management System – a management method based on a sound management philosophy and detailed divisional profit management.

As Kyocera rapidly developed and grew in scale, Dr. Inamori earnestly wished for joint managers with whom he could share both the joys and the sorrows, and the heavy responsibilities of business management. His solution was to divide the company organization into small groups, called Amoebae. Employees were selected from within the company and entrusted with

management of the Amoebae. The outcome was development of many leaders with managerial awareness – in other words, joint managers.

I set Kyocera's management rationale: <To provide opportunities for the material and intellectual growth of all our employees, and, through our joint effort, contribute to the advancement of society and humankind.>

Each employee began thinking of Kyocera as 'my company,' and began working hard as if he or she was a business owner. In place of a labor and management relationship, everyone began working as equals, sparing no effort in achieving the same objectives. A sense of true fellowship emerged among all employees.

Amoeba Management is a management control system that concentrates the powers of all employees. It enables management by all employees through independent profit management of small groups. For this to work, the existence of a management rationale and management philosophy enabling all employees to unquestioningly put all their energy into work is essential.

In the Amoeba Management System, planning is undertaken in the Amoeba, centered on the Amoeba leader. Goals are achieved through application of the wisdom and efforts of all Amoeba members. By doing so, we realize "Management by All" where every employee on the workforce has a leading role and voluntarily participate in management. Additionally, an original mechanism for detailed divisional profit management was constructed. This allows an accurate grasp of the state of business in each Amoeba. At the same time, management becomes transparent, enabling anyone to comprehend the business situation in each Amoeba unit. Furthermore, Amoeba Management must be integrated with the management philosophy. Therefore, all of the rules and mechanisms were clearly tied to Kyocera's corporate philosophy.

Disclosing the state of the company raises participation awareness of employees and can stimulate motivation. When I realized this, I decided to place the Amoeba Management System at the heart of Kyocera's management control. After that, from the aspect of management control, Amoeba Management became the driving force behind Kyocera's rapid growth.

# Objectives of the Amoeba Management System

Broadly, Amoeba Management has three objectives.

## Objectives of Amoeba Management



### Management Rationale / Management Philosophy

**Objective 1: Establishment of Market-Oriented Divisional Accounting System**

The basic principle of company management is to maximize sales and minimize expenditure. To apply this principle throughout all companies, large organizations are divided into small units. A divisional accounting system able to respond immediately to market changes is set up in each unit.

When Kyocera was established, fine ceramics were completely new materials. Repeat orders were thus rare. Orders received were for entirely new products. The products were delivered. Fresh orders were received for yet other unique products, and so on. In such circumstances, cost calculation delayed by several months was useless. Therefore, in a market undergoing bewildering change, timely cost management had to be exercised, as the product was being made. Meanwhile, Dr. Inamori realized "Maximize Revenues, Minimize Expenses" was a basic principle of management.

As the organization grew, Dr. Inamori sensed the limits of his ability to ensure thorough implementation of this basic principle throughout the organization. He thus divided the entire company into small unit operations, and set up a mechanism whereby the units would be buying and selling amongst each other within the company. By examining the state of profitability of each unit, the business operator can attain an accurate grasp of the company as a whole. The outcome is detailed management of the entire company. The resulting divisional accounting system could be called the prototype of the Amoeba Management System.

Management of small Amoeba organizations still required maintenance of revenue and expenditure accounts. A minimal level of accounting knowledge was necessary. To meet this need, Dr. Inamori devised the "Hourly Efficiency Report." This mechanism would enable anyone to understand the profitability state of an Amoeba, even without any special

knowledge. The Hourly Efficiency Report enables calculation not only of an Amoeba's revenue and expenditure, but also the added value derived from the difference between the two. Added value per hour, or Hourly Efficiency, is calculated by dividing Added Value by Total Hours Worked. This easily understood mechanism allows an Amoeba member to determine how much added value the Amoeba created in one hour.

Furthermore, comparison of Hourly Efficiency Report results with planned figures gives the Amoeba leader a timely grasp of progress of sales, production, expenditure and other matters planned at the beginning of the month. Countermeasures can therefore be promptly implemented as needed.

The basic principle of company management is maximizing revenues and minimizing expenses. To practice this principle throughout the company, the organization is divided into small units. Divisional profit management applied in each unit enables immediate response to market changes. This is the first objective of the Amoeba Management System.

**Objective 2: Develop Leaders with Managerial Awareness**

The organization is divided as necessary into small units, and reconstructed as a combine of small- and medium-sized enterprises. Entrusting management of each unit to an Amoeba leader fosters personnel with a sense of management.

As a company grows in scale, it becomes impossible for the top manager and people in charge of various divisions to directly manage the entire company. Division of the organization into small unit operations and implementation of independent accounting gives unit leaders accurate awareness of the state of their units.

Leaders entrusted with small unit operations are running organizations with a small number of members. This simplifies organizational operations, such as tracking progress of day-to-day work and process control. Leaders can satisfactorily operate their units, without high-level administrative skills or specialized knowledge.

A leader entrusted with management of even a small unit begins to see himself or herself as a "business owner." This awareness is accompanied by a sense of responsibility as a manager, and the leader therefore strives to improve unit performance as much as possible.

As a result, perspective changes from "what the company can do for me" as an employee, to "what I can do for the company," as a leader. This change in stance is the beginning of managerial awareness. Joint managers with a sense of managerial responsibility emerge one after another from among such leaders.

**Objective 3: Realization of Management by All**

The third objective is realization of Management by All. All employees unite efforts and participate in management for development of the company. This enables people to work with motivation and a sense of achievement.

In Amoeba Management, the company is broken down into small groups. All members of an Amoeba take part in management, centered on the Amoeba leader. Accordingly, all main information relating to the state of operations in the Amoeba and the company is passed on to all employees, via

morning gatherings and other means. Maximum possible disclosure of information on the company prepares the environment for voluntary participation in management by all employees. Management by all thus becomes possible. With active participation in management, employees strive independently to fulfill their functions and meet responsibilities. In such case, employees are no longer simply workers; they become partners working together and acquire awareness as managers. By fulfilling their own responsibilities, employees find pleasure and a feeling of achievement in their work. They can work toward the objective of contributing to the company, feeling their meaningful life.

**For Practicing of the Amoeba Management System****1. Effective Use of the Hourly Efficiency Report**

In the Amoeba Management System, a market-oriented divisional accounting system is used to implement the principle "Maximize Revenues, Minimize Expenses." Working toward achievement of the Master Plan, the business plan for that fiscal year, each Amoeba prepares an Hourly Efficiency Report every month.

Using this Hourly Efficiency Report correctly as a management improvement tool is fundamental.

**● Daily Monitoring of Progress (Presented during Morning Gatherings)**

During the daily morning gatherings, each Amoeba reports on totals accumulated to the previous day, on plans for the current day, and so on. Additionally, a combined morning gathering is held at the start of each month. In the monthly gathering, the state of orders, sales results, rates of progress toward targets, differences from the previous month, and other indicators are announced for each division and the entire company.

This is the infrastructure for disclosing the state of the Amoeba to which one belongs, and the state of the company overall. The level of management transparency is raised, and all employees can concentrate their power on the advancement of business. Moreover, Amoeba morning gatherings also lift the awareness of members, as leaders relate in their own words their strong desire to do whatever necessary to reach goals.

**● Defining Problems and Implementing Timely Countermeasures**

With the Hourly Efficiency Report, ascertaining and analyzing differences between plans and results are vital steps.

If monitoring of daily progress shows results are falling behind the plans, detailed analysis of the Hourly Efficiency Report will reveal the source of the problem.

Concrete measures for improvement can then be implemented immediately in response to a problem. For example, expenses could be reduced further in accordance

with the principle "Maximize Revenues, Minimize Expenses." Work practices might be amended or made more efficient, employees could be reassigned, and overtime might be revised. Action is thus taken to ensure achievement of goals.

**2. Aiming for Management by All****● Presentation of Group Management Direction**

A meeting for presentation of Kyocera Group Management Direction is held at the start of each year. In their own words, top management present the vision for the Group and concrete targets in detail. Employees unable to attend on the day will later without fail watch and listen to a video recording of the meeting. The purpose of Management Direction meetings is to share the targets for which all employees should aim.



Kyocera Group Management Direction Conference

**● Exchange through "Compa"**

In implementing Amoeba Management, it is important to build a familial relationship of trust day by day among employees. Therefore, "compa" are held and attended by all employees.

A compa is a social occasion used for rousing an Amoeba toward accomplishment of goals. Over a few drinks, members share their sense of achievement, talk about dreams for the future, and enhance unity in following the same direction (matching vectors) toward the next goals.



Seated in a circle during a "compa"

### 3. Undertaking Improvement Activities

Kyocera actively undertakes improvement activities with the participation of all employees. The objective of such activities is improvement of business management. Each Amoeba clarifies its most important work difficulties. All Amoeba members then work together on measures for resolving them. Improvement activities take the form of a competition. Elimination rounds are held each year in every district. Next, an all-company meeting for presentation of yields is attended by district representatives. The goal is horizontal deployment of activity content and invigoration of activities. Additionally, the Innovative Ideas Suggestion System has been developed as a bottom-up activity for participation by all employees. "We take responsibility for improving our own workplace" – The aim of the Suggestion System is to strengthen this workplace-oriented power, and to achieve an energetic and cheerful workplace for every employee. Points are awarded for suggestions later implemented. Individuals receive commendations according to the number of points, further stimulating this activity. In Kyocera, all employees are thus involved in such activities aimed at Maximizing Revenue & Minimizing Expenses. This leads to improvement of business performance.

### 4. Implementing Training to Promote Understanding

Kyocera Group endeavors to train personnel who will then be able to contribute to further business development. The aim of the Kyocera Management Studies Course is to ensure correct understanding of the Amoeba Management System, and to tie understanding to application.

Training sessions are held for directors and employees. Each session is on a specific theme. Participants listen to a video of Kyocera founder Kazuo Inamori talking about the Amoeba Management System, executives talking about personal experiences, and other topics. Breaking up into groups, participants then work on raising their understanding of Amoeba Management in small group discussions.

Training courses are held not just in Japan, but are steadily being opened overseas as well.

The goal of this operation is to enable Kyocera Group employees the world over to gain a correct understanding of Amoeba Management, and to put it into practice.



Group discussion

## To Become a Corporate Group that can Contribute to Development of Society

The economic situation continues to be opaque. Therefore, we feel practice of Kyocera Philosophy and Amoeba Management is of even greater importance in realization of Kyocera's management rationale.

During a speech titled "Recession as a springboard to the next stage of development," Kyocera founder Kazuo Inamori spoke of how even a deeply painful recession is an opportunity for

taking the next step toward growth. He said that to use the opportunity, it was important for everyone to maintain a bright and positive attitude. All employees needed to unite in applying repeated creativity and effort to overcome the predicament. Kyocera Group constantly aims for further growth and development, and to be a corporate group that contributes to the development of society.

### Surviving Recession: One Preventive Measure & Five Countermeasures

A preventive measure in preparation for recession

The most important course of action for dealing with recession is to build a business structure with consistently high profits. Consistently high profit means the business is unlikely to run a loss even if sales fall during a recession. A high-profit corporation is also able to increase retained earnings. This will enable the corporation to endure a prolonged recession in which profits do not rise for an extended period. Additionally, the corporation can undertake bold capital investment, by using excess cash to buy facilities that are cheaper than usual during the recession.

Countermeasures during recession

- ① **All employees engage in sales**  
All employees, certainly in sales, production and development, but also in indirect departments, unite in making proposals to customers and thereby increasing sales.
- ② **Putting maximum energy into new product development**  
This entails going to extra lengths to discover what customers want, and actively developing new products incorporating customer needs to the maximum extent. All sectors throughout the company cooperate in advancing development of new products. This means cooperation not just among engineering and R&D departments, but also sales, production and marketing.
- ③ **Reduce costs thoroughly**  
"Is the present method truly appropriate? Can we cut costs even further?" Review current methods and implement drastic reform.
- ④ **Sustain high productivity**  
As production volume falls, the people who are left idle on the production work floor are taken off the production line. They undertake other work in preparation for economic recovery. Work on the production floor thus continues as it would during the busiest times, with minimum personnel and the same degree of tension. Great effort has been put into improving productivity to its current level. Sustaining that level is extremely important.
- ⑤ **Building good human relationships**  
A recession is a prime opportunity to review human relationships in the workplace. Effort must be put into restructuring as necessary to create an even better work environment.

Note: The above material was extracted from the Seiwajuku Lecture by President, "Recession as a springboard to the next stage of development," printed in Seiwajuku Booklet, Edition No. 86. It summarizes a speech given by Dr. Inamori in May 2008 during the Seiwajuku Chubu Tokai District Regular Meeting.



## CSR Activities in China

Kyocera Group is engaged in global development of a wide variety of businesses, from materials and components to devices and equipment, as well as services and network operations.

Business is undertaken in countries with different cultures and commercial practices. For business activity to proceed smoothly, we develop businesses that are rooted in local communities, and contribute to development of local economies.

China, especially, has accomplished remarkable economic development. As of the end of March 2010, Kyocera had established 31 locally incorporated companies employing more than 16,000 people.

### Expanding Production and Sales Bases in China

Relations between Kyocera and China began in the mid-1980s. Repeated exchange with Chinese delegations set the foundation for a mutual linking of minds. The relationship materialized in 1987, when a Group company in Hong Kong began consignment production of compact cameras. Then, in 1994 we opened a representative office in Shanghai. The office studied business conditions in China and functioned as a window for negotiations with local bodies. Through these and other steps, relations with China grew and strengthened. Thereafter, we steadily opened and expanded production and sales bases.

The table below introduces the paths taken by five locally incorporated companies.

Company Name	Path	Business Activity
Dongguan Shilong KYOCERA Optics Co., Ltd. (SKO)	Established in Shilong in 1987, the forerunner of SKO was the first Japanese-owned company in Dongguan City. The company engaged in consignment production of cameras. SKO was established in 1995 to sell cameras in China. Relocating to a new site in 2001, SKO is now steadily expanding into businesses other than optical equipment. At present, SKO has more than 2,500 employees.	Production of cutting tools, thin film components, display components, applied consumer products, components related to optical equipment, etc.
Shanghai KYOCERA Electronics Co., Ltd. (SKE)	SKE was established in the Pu Dong district of Shanghai City in 1995. In 1996, the company began producing capacitors and chip resistors. To expand production, a new factory was built in the same district in 2000. The range of production items was subsequently increased, and today SKE continues to grow as a main factory with more than 6,500 employees.	Production of capacitors, piezo-electric components, ceramic packages, optical components (ferrules, etc.), automotive components
KYOCERA (Tianjin) Solar Energy Co., Ltd. (KTSE)	Established in 2003, KTSE was the first Japanese-owned company in China to produce solar cell modules. In view of expected growth of the solar cell market, a new production plant is being built to strengthen production capacity in the main market. It is due for completion in October 2010.	Production of solar cell modules
KYOCERA (Tianjin) Sales & Trading Corp. (KTST)	KTST was established in 2003 as a general sales company to sell Kyocera Group products in China. Kyocera became the first Japanese manufacturer to set up a company that sells both imports and locally manufactured goods in China. At present, the company has 13 bases in various areas of China, including Tianjin, Beijing, Shanghai, Shenzhen, Guangzhou and Dalian.	Import and sale of Kyocera Group products; stock, sale and after-sales services relating to goods produced in China
KYOCERA MITA Office Equipment (Dongguan) Co., Ltd. (KMCN)	KMCN was established in 2001, in a district near SKO in Shilong, Dongguan City, to manufacture MFPs, printers, etc. Today, KMCN is the largest production base in Kyocera Mita Group, with about 5,600 employees.	Production of MFPs, printers and related components, as well as auxiliary equipment.

### Locally Incorporated Companies in China Other than the Five Noted above

KYOCERA Management Consulting Service (Shanghai) Co., Ltd.	KYOCERA ELCO Hong Kong Ltd.
KYOCERA Asia Pacific Ltd.	KYOCERA ELCO (Dongguan) Electronics Co., Ltd.
Shanghai KYOCERA Sales & Trading Corporation	KYOCERA Chemical (Wuxi) Co., Ltd.
KYOCERA MITA Hong Kong Limited	KYOCERA Chemical (Hong Kong) Ltd.
KYOCERA MITA Industrial Co., (H.K.) Ltd.	KYOCERA TYCOM (H.K.) Ltd.
Tianjin AVX/KYOCERA International Trading Co., Ltd.	KYOCERA TYCOM Carbide Tools (Zhuohai) Co., Ltd.
AVX/KYOCERA (Shanghai) International Trading Co., Ltd.	KYOCERA KINSEKI.Hertz (Shanghai) Corporation
AVX Electronics (Tianjin) Co., Ltd.	KYOCERA Hong Kong CO., Ltd.
AVX/KYOCERA Asia Ltd.	KYOCERA Hong Kong Logistics Co., Ltd.
AVX/KYOCERA Hong Kong Ltd.	KYOCERA Hong Kong Investment Co., Ltd.
KYOCERA Electronic Devices Hong Kong Ltd.	Dongguan KYOCERA Realty Co., Ltd.
KYOCERA Electronic Devices Trading (Shanghai) Co., Ltd.	Shanghai KYOCERA Trading Co., Ltd.
KYOCERA Communication Systems (Shanghai) Co., Ltd.	KYOCERA (Tianjin) Telecom Equipment Co., Ltd.

Note: As of 2010 March 31.

#### Naming of "Kyocera Road" in Shilong, Dongguan City, China

After Kyocera began business in Dongguan City in 1987, other Japanese manufacturers arrived one after another. The economy of Dongguan City developed rapidly. Stating, "People who drink from a well do not forget their debt to those who dug the well," the government of Shilong built very amiable relations with the first-comer, Kyocera. Praising Kyocera's contribution, the government named the road in front of SKO, Kyocera Road.



## Practicing Kyocera Philosophy through Understanding and Permeation

As Kyocera Group develops global operation, various approaches toward sharing and practicing Kyocera Philosophy are taken the world over. These approaches rise above differences in language, ethnicity, religion and diverse perspectives of values. More than 25% of Kyocera Group employees are in China. Here too, steps are being actively taken to raise understanding and permeation of Kyocera Philosophy.

### Reading in Turn during the Morning Gathering

Employees read in turn from the Kyocera Philosophy Pocketbook and various other teaching materials, during the morning gathering at each workplace. During the readings, employees present personal views on themes relating to Kyocera Philosophy. The aim is to promote correct understanding of the Philosophy and to share the Philosophy throughout the workplace.

Divisional presentations of results are also held. These and other occasions raise management transparency, and help to build a foundation for concentrating energy of all employees on advancing business.



### Calling for Essays on Kyocera Philosophy

In 2007, we began calling for submissions in China for "China Kyocera Group Philosophy Essays." The objective of these essays is to spread awareness of the need for practicing Kyocera Philosophy. Employees look back over their day-to-day

work and summarize personal experience of events as they relate to Kyocera Philosophy.

Outstanding essays are commended and printed in the Collection of China Kyocera Group Philosophy Essays. The essays then become part of teaching materials used in readings and other occasions.

### Promoting Understanding through Training

In March 2006, Kyocera established the China Management Research Institute in Dongguan City. The purpose of the Institute is to plan, promote and support Philosophy education and other training of employees in Group companies in China. Top Management Philosophy Seminars are conducted for upper-level executives. Additionally, training sessions are held in stages for the various levels of middle management and for general employees. By these means, Kyocera aims to raise understanding and permeation of Kyocera Philosophy.



## Together with Employees

In China, as elsewhere in the world, employees are important stakeholders of Kyocera Group. Aiming for realization of the management rationale, local Group companies strive to build pride in the company and a sense of work as a worthwhile endeavor. Diverse personnel measures, activities for safety improvement and prevention of accident or disaster, and other approaches are being taken.

### Holding Skills Competitions

At KTSE production areas, energy is being concentrated on ongoing training based on codes of work practices, from the time an employee joins the company. The objective here is to raise quality of production processes.

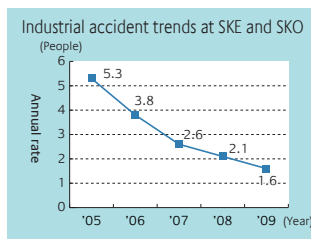
To raise the level of mastery of work processes, competitions are held in which employees compete using the skills they have acquired in business. Skills competitions are means for mutually raising skills levels, as all employees compete in such areas as work accuracy and speed. The skills competitions are therefore highly effective in improving work accuracy and speed. Not limited to production processes, they cover a wide range of areas, from inspection skills in Quality Departments to forklift operation skills.

Workplace members cheer each other on, and the events contribute much to stimulation of workplace teamwork.



### Safety Improvement / Prevention of Accident or Disaster

Kyocera Group basic policy on safety and prevention of accident or disaster is: <Providing a workplace environment where everyone can work safely and with peace of mind>. To realize this goal, SKE and SKO have obtained certification for the Occupational Health and Safety Management System OHSAS18001, and are implementing ongoing improvements. They are undertaking regular workplace inspections, reviewing codes of work practice, conducting risk perception activities, and activities relating to potentially dangerous incidents. Furthermore, meetings of safety & health committees and other events are held as venues for communication. Measures for prevention of industrial accidents have raised safety awareness of employees, and are reducing work-related accidents year by year.



\* Annual rate = no. of deaths or injuries per 1,000 employees in one year.



Certificate (SKE)

Certificate (SKO)

## Social Contribution Activities

From the time of foundation, Kyocera Group has maintained that "a corporation is a member of society." The Group has therefore actively contributed to society through diverse activities. In China too, social contribution activities have included academic and research support and cultural support, among other areas.

### ● Management of <The Inamori- Kyocera Western Development Scholarship Fund>

In 2001, Kyocera and the company founder Kazuo Inamori set up the <The Inamori-Kyocera Western Development Scholarship Fund> with a donation to the China Friendship Peace & Development Fund, via the Japan-China Friendship Association. China's inland western districts have been left out of the economic growth taking place in the eastern coastal regions. The Chinese government has therefore set out a Western Districts Great Development policy to put the western districts on the path of economic growth. The Inamori-Kyocera Western Development Scholarship Fund supports the policy through development of human resources.

The Scholarship Fund is aimed at university students in China's western districts, who are outstanding in character and academically, but are economically disadvantaged. Financial support is provided to help them complete their studies and become fine human resources in their specialized fields. The goal of the fund is development of education activity in China's western districts and the cultivation of human resources who will advance science and technology.

Every year, about 20 students are selected in each of the 12 universities in the western districts. So far, support has been provided for 2,436 people.



Scholarship Certificate Presentation Ceremony

### ● Invitations to the Friendly Exchange Mission of Chinese Children

Wishing to promote the growth of Chinese boys and girls, as well as friendship between Japan and China, Kyocera Group started a tour program to visit Japan called "the Friendly Exchange Mission of Chinese Children" in 1997.

The first tour group to visit Japan had 10 children from Shilong, in Dongguan City. The target areas have been expanded, and children are now being invited from Beijing City, Tianjin City, Shanghai City and Dongguan City. As many as 290 children have already visited Japan.

Tour groups visit Tokyo, Kyoto and other areas, where they experience Japanese culture. Tour participants have also spent two nights and three days in home-stays in Kagoshima, with Kyocera employees who concur with the aims of the tour and have opened their homes.

Kyocera Group hopes the experience of different cultures will help the children participating in the tours grow up to become broadminded leaders, as well as a bridge of friendship between Japan and China.



Children visiting Kyocera Headquarters

### ● Lectures and Publication of Writings by Kyocera Founder Kazuo Inamori

At the request of Chinese government institutions, universities, and other bodies, Kyocera founder Kazuo Inamori has presented many lectures on corporate management and corporate philosophy.

In June 2009, he spoke at Qinghua University (Beijing City) on "Recession as a springboard for the next stage of development," and at Beijing University (Beijing City) on "Why a philosophy is needed in management." On both occasions, interest was extremely high. Audiences filled the venues beyond capacity, and Q&A sessions following the lectures were very lively.

Furthermore, many of Dr. Inamori's publications have been translated into Chinese and published.



A Compass to Fulfillment (Chinese-language edition)



Lecture at Qinghua University



Lecture at Beijing University

### ● Chinese-Language Publications

Title		
Sole author	Practical Study: Management Q&A – Energizing people	A Compass to Fulfillment
	Amoeba Management – Every employee has a central role	Kazuo Inamori's Philosophy: What is the purpose of our lives?
	Practical Study: Management Q&A – How to create a highly profitable company	For People and For Profit
	Kazuo Inamori's Pragmatic Studies: Management and Accounting	Your Thoughts Will Invariably Become Reality
	Questions and Answers for Practicing Management	Kazuo Inamori's Autobiography
	Elevate Your Mind, Expand Your Business – To lead a wonderful life	Life and Business Management: Seeking the right way as a human being
	A Way to Work	Respect the Divine and Love People: The foundation of my management
	The High Road of Life: Learning from the teachings of Saigo Nanshu	A Passion for Success
Common	A Philosophy to Save Humankind	Returning to Philosophy – Seeking a new spirit of capitalism

### ● Supported Establishment of Research Center of Kazuo Inamori's Management Philosophy, at Northeast Normal University

In 2001, Kyocera supported establishment of the Research Center of Kazuo Inamori's Management Philosophy, at the Japan Institute in Northeast Normal University (Changchun City, Jilin Province). The purpose of the Research Center is specialized research and broad dissemination of the management philosophy of Kyocera founder Kazuo Inamori.

The Research Center focuses on Kyocera as one of Japan's growth corporations and studies the management philosophy from an academic viewpoint. Research results are presented to the public.



Research Report



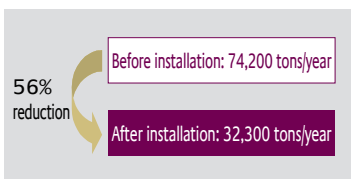
## Environmental Measures

To accomplish a Group-wide Environment and Safety Promotion Plan, Kyocera Group is working on global environmental management. Also in China, where business continues to expand, we are implementing diverse environmental measures aimed at prevention of further global warming, and realization of a recycling society.

### Environmental Measures

#### ● Installation of Heat Pump/Chiller Units that Use Waste Heat

SKE has installed two heat pump/chiller units that recover waste heat. Previously released into the atmosphere, waste heat can now be effectively used to efficiently supply hot water. Steam for space heating has consequently become unnecessary, and the system has reduced SKE's overall steam usage about 56%.



Waste-heat-recovery heat pump/chiller units

#### ● Recycling of Cyanogen-Contaminated Water

Following 1st-Stage construction at SKE in 2007, 2nd-Stage construction in 2009 focused on a recycling system for cyanogen-contaminated water. Discharge water containing cyanogens from plating processes is cleaned using ion-exchange resins, reverse osmosis membranes and other methods. The water is then ready for reuse in plating processes. Using this approach, SKE has achieved a complete recycling system. No cyanogen-contaminated water is discharged from the plant.



#### ● Participation in Afforestation Activities

China has set March 12 as Tree-Planting Day, and promotes nationwide environmental protection activities on that day.



Starting in 2009, SKO, KTSE and KYOCERA ELCO (Dongguan) Electronics Co., Ltd. have taken part in volunteer tree-planting activities together with local people.

### Solar Cell-Oriented "External Environment Classes"

In response to environmental problems that have emerged alongside rapid economic growth, since 2006 the Chinese government has been promoting the principle of joining economic development with environmental protection. Due to various environmental measures, environmental awareness has been rising, especially among people living in urban areas. There is also growing interest in solar cells and other forms of renewable energy.

In April 2009, KTST launched "External Environment Classes," with the aim of supporting environmental conservation in China.

Presented on the theme of solar cells, External Environment Classes are incorporated into school education. The classes are designed to deepen understanding of environment issues and energy, and thereby nurture consideration for the planet. Similar classes have been held in Japan since 2003.

In presenting classes in China, KTST employees themselves use know-how acquired in Japan to teach at schools in the cities Beijing, Tianjin, Shanghai and Shenzhen. So far, more than 1,600 children at 14 schools have taken part in the classes.

Every class has deepened children's interest in the mechanism of solar cells, environmental problems and other issues. All classes have been very lively, with children raising many questions and otherwise taking active part.



#### "Green" Evaluation Awarded by Wuxi City

In May 2009, KYOCERA Chemical (Wuxi) Co., Ltd. was awarded the "Green" title (the highest of five levels) by Wuxi City Environment Protection Bureau. The title was given in relation to information disclosure on environmental protection activities from April 2008 to March 2009.



#### "Environment Protection Good Faith Enterprise" Commendation

In November 2009, Shanghai City Pu Dong Conservation Association commended SKE as an "Environment Protection Good Faith Enterprise." The commendation was given in recognition of environmental measures, including installation of recovery facilities for organic solvents, installation of high-efficiency cooling/heating units, and other steps.





Recrystallized emeralds

## Turning Fine Ceramics into a Familiar Material

Kyocera's jewelry and fine ceramic applied products are an outcome of Kyocera founder Kazuo Inamori's strong desire to take fine ceramic materials beyond manufacturing and industry. He wanted fine ceramics to find widespread use in arts, in decoration, and in familiar daily necessities and household items.

In 1970, the 12th year of the company, Kyocera began research and development of recrystallized jewels. Kyocera was the first in Japan to succeed in making recrystallized emeralds. Later, we developed a ceramic knife, as well as other household items and daily goods. We had turned fine ceramics into a familiar material.

### Seeking Enrichment of the Senses

From olden times, jewels have adorned people and even enriched their feelings. However, due to reckless mining practices, sources of natural jewels have been steadily depleted. In 1970, Kyocera began research and development of recrystallized jewels. The company used the power of modern technology to reproduce the charms and beautiful "colors" inherent in jewels that are increasingly hard to find in nature. The founder of Kyocera, Kazuo Inamori, wished to offer people the true pleasures of wearing jewelry.

As R&D began, so too did a series of difficulties. In recrystallization, the crystal is grown around a seed crystal. At first, months were required just to produce a crystal no larger than a grain of sand. The results were far from anything that could be called 'jewels.' The people in charge of development racked their brains over how to grow large crystals. As a result of tenaciously applied improvements and ingenuity, accompanied by repeated failure and challenge, success in growing recrystallized jewels was finally achieved in 1975. Thus began development of Kyocera's jewelry business.

Kyocera now sells 14 kinds of recrystallized jewels. They are created using Kyocera's crystallization technology, and are identical to natural stones in composition. Known collectively

as "Inamori Stones," the most typical of these include emeralds, rubies, sapphires and alexandrite. Furthermore, Kyocera has succeeded in synthesizing opals, one of the best-known amorphous jewels. Kyocera's jewelry brand, Crescent Vert, is a favorite with many people.

Production of recrystallized jewels and synthesized opal aims at the highest possible quality of every stone. Therefore, internal flaws and impurities are few when compared with natural stones. Inamori Stones thus have vivid coloring and high crystal transparency. They are strong yet easy to cut, and feature abundant possibilities for variation of cut and size. Inamori Stones offer people the chance to wear beautiful jewelry at relatively low cost.



Blue sapphire ring and brooch

### Uses of Jewels Diversify as the Times Change

Since the collapse of the economic bubble in the 1990s, the trend of spending on jewelry has stagnated in Japan and abroad. Overall, the natural jewel industry appears to be in a prolonged state of disarray. Amid this environment, Kyocera is engaging in full-scale activity to create new markets using existing developed materials and various applied processing technologies. By expanding our sphere of business, we are

turning jewels into a familiar part of life. Kyocera's founder believes that jewels are adornments anybody can wear and enjoy. Returning to the founder's wishes and the origin of our jewel business, we are endeavoring to make beautiful jewels that will enrich their feelings and become an everyday part of customers' lives.



Car bejeweled with Kyoto Opals / Sold by Honda Net Nara Co., Ltd.



Kyoto Opal earphones / Sold by Hitachi Maxell, Ltd.



Used also in Buddhist prayer beads / Sold by Hasegawa Co., Ltd.



MR-G, the top model in the G-SHOCK range, enhanced with recrystallized rubies / Sold by Casio Computer Co., Ltd.

## ● Ties with Local Communities

"Kyoto Opals" were developed in Kyoto, the birthplace of Kyocera, for a broad range of industries. Since autumn 2008, they have been widely used by artisans in Kyoto's craft industries. Kyocera aims to provide artistic opportunities to local university students who are studying design and hope to become "expressionists." The company has therefore launched joint industry/university projects with Kyoto University and Kyoto Seika University.

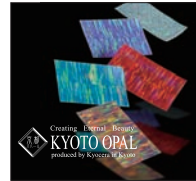
Kyocera will continue contributing to development of local industries. One path is the creation of new craftworks. This can be achieved through the fusion of Kyoto's traditional craft technologies with new materials and technologies, amid an environment of heightened sense of beauty.



"Jewelry Design Competition" – a project jointly sponsored by industry and universities



Badge acknowledging "Kyoto Accreditation – 1st Class"



Note:  
"Kyoto Opal" is artificial opal, developed in Kyoto using Kyocera's original jewel synthesis technology. Many crystalloid layers are placed one over another to reproduce the "color-play" effect of natural opal, and thereby radiate an eternal beauty and many-hued luster.

Flexible sheet processing by which Kyoto Opals became possible

## ▶ Adding Luxury to Lifestyles

Kyocera's application of fine ceramics to household items stemmed from the desire to "enrich people's lifestyles and culture with ceramic products; to build a new home culture using ceramics."

In 1984, while fine ceramics were drawing attention as a 'new wonder material,' Kyocera opened a display booth in the international craft exposition, Hand '84 Kyoto. The objective was to sell consumer products that made good use of the excellent characteristics of this material. In the International Science and Technology Exposition held the following year, EXPO '85, Kyocera's ceramic scissors were used for the tape-cutting during the opening ceremony. Furthermore, for the first time in Expo history, fine ceramics were used for the official commemorative medals. The emergence of fine ceramics in these and other ways impressed many people as the "arrival of the Renewed-New Stone Age."

Today, the most popular product among household items using fine ceramics is the ceramic knife. As department stores

and large discount stores began selling Kyocera's ceramic knives, the recognition level rose and they became a familiar product. Over the past 25 years, more than 5.5 million have been sold.

Moreover, the variety of ceramic items for kitchen use has since grown to include peelers, slicers (for thin slicing), knife sharpeners, graters and more.

Kyocera aims for widespread use of ceramics in society. We seek to make ceramics into more than just a material for industry, and are turning ceramics into a familiar and integral part of household items and daily necessities.



Peelers, slicers and other household items

## ▶ Various Approaches through Nutrition Education

Since enactment of the Basic Act on Nutrition Education in July 2005, awareness of our relationship with "diet" has been rising. The aim of "Nutrition Education" is to achieve better dietary lifestyles through enhancement of education relevant to the food we eat. Nutrition education is considered to be the foundation of the three pillars of basic education: intellectual education, moral education and physical education.

Kyocera began promoting nutrition education in 2004. Diverse activities have been designed to stimulate learning about the importance of nutrition, the joy of food preparation, and other matters, through parent-child communication.

Japan Private Nursery School Association (JPNSA, below) is a network of about 7,100 nursery schools nationwide. Kyocera is working with JPNSA to conduct nutrition education events at nursery schools, and other educational projects. One example is the "Oyakodecooking Project (Parents & Kids Cook Together)" jointly sponsored with Kid's Station (an all-cartoon children's television channel) and JPNSA. The Project presents the general nutrition education program "Oyakodecooking" on BS/CS

(satellite TV) and nationwide cable TV. Viewer participatory nutrition education campaigns are among other events.

Additionally, the same activities are also used to spread information relating to the Pink Ribbon Movement, a global movement aimed at fighting breast cancer. Many of the parents participating in the nutrition education activities are women in their 30s and 40s – an age group with a higher rate of breast cancer. Considering the many children taking part in the nutrition education activities, Kyocera wishes to provide support also for the health of parents, who are such an important part of the family and the lives of the children. Kyocera therefore supports the Pink Ribbon Movement.

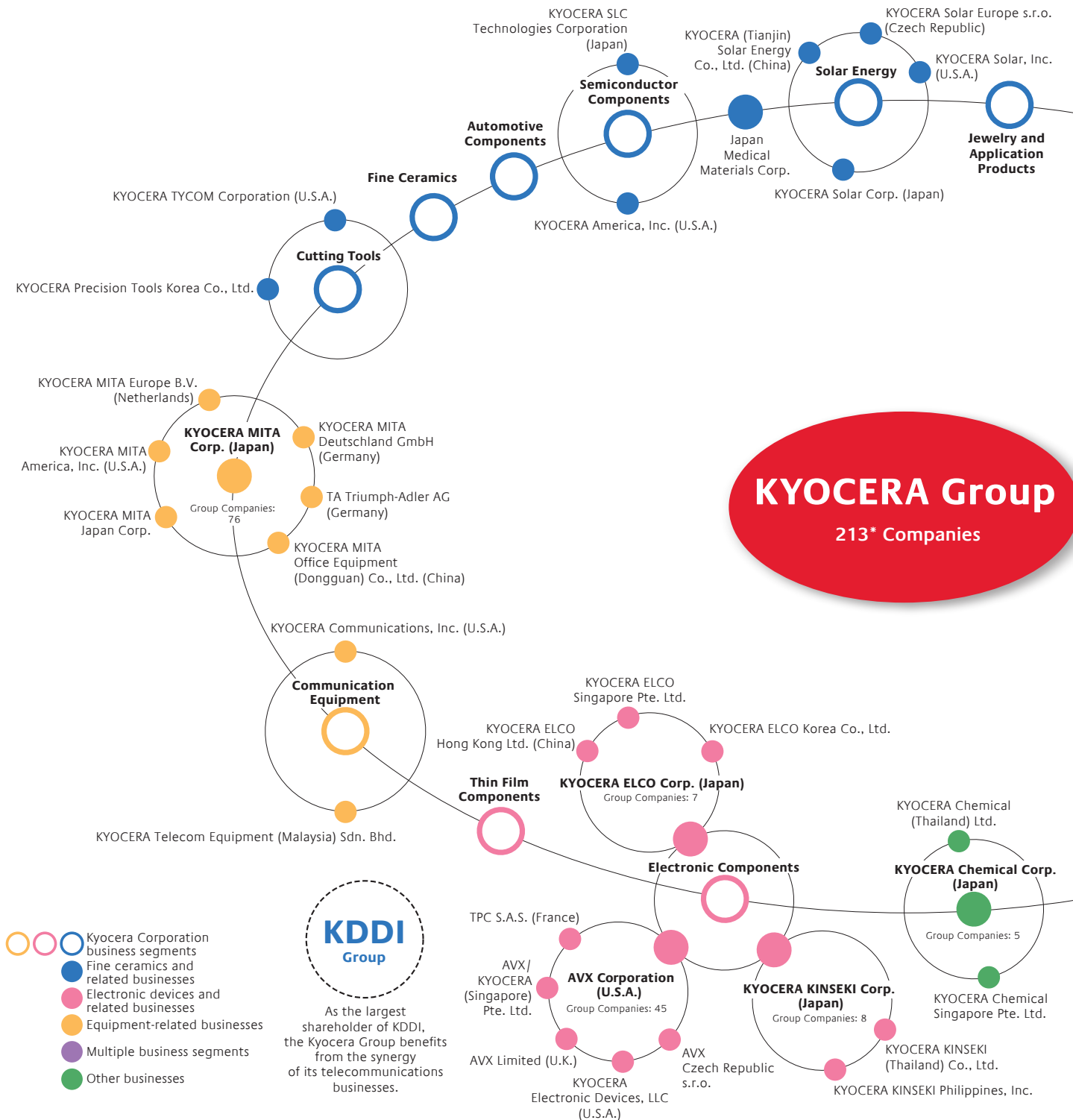


"Oyakodecooking Project"

# Creating Valuable Business

Kyocera's global operations include a diverse range of products: advanced materials, components, devices, equipment, networks and services.

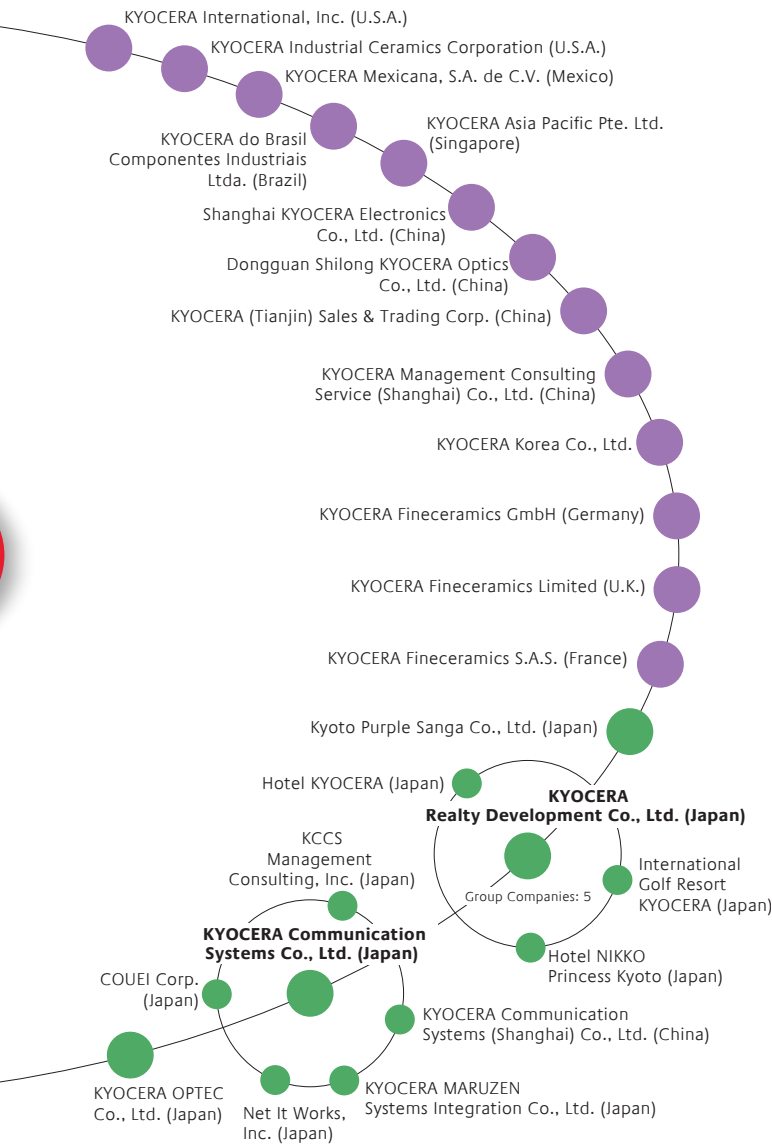
Such broad expertise allows Kyocera to integrate the full range of processes – from development and production to sales and logistics – within a single product line. This efficient utilization of corporate resources generates group-wide synergies that yield products of superior performance, functionality and value. Each product-line management team aggressively develops new products and markets by integrating Kyocera Group technologies to address emerging trends.





## ▶ Main Group Companies – Overview of Operations

- **KYOCERA MITA Corp.**  
Manufacture and sale of digital MFPS, printers, and other information equipment
- **KYOCERA Communication Systems Co., Ltd.**  
System integration, development and sale of software, construction & maintenance etc. of base stations for mobile wireless telecommunications, and management consulting
- **KYOCERA KINSEKI Corp.**  
Development and manufacture of crystal resonators, crystal oscillators, and SAW devices, etc.
- **KYOCERA ELCO Corp.**  
Development, manufacture and sale of electronic connectors
- **KYOCERA Chemical Corp.**  
Manufacture and sale of electronic component materials, electrical insulating materials, synthetic resin molded parts, molding dies and machinery, etc.
- **KYOCERA SLC Technologies Corporation**  
Development, manufacture and sale of organic packages and substrates
- **KYOCERA Solar Corp.**  
Sale, installation of solar power generation systems and associated equipment / related services
- **KYOCERA Realty Development Co., Ltd.**  
Holding, management and rental of real estate; management of Hotel KYOCERA, International Golf Resort KYOCERA, and Hotel Nikko Princess Kyoto
- **KYOCERA OPTEC Co., Ltd.**  
Manufacture and sale of lenses and precision optical products
- **Japan Medical Materials Corp.**  
Development, manufacture and sale of medical materials and equipment
- **Kyoto Purple Sanga Co., Ltd.**  
Management of "Kyoto Sanga F.C.", a professional soccer team, and sale of original team goods
- **Shanghai KYOCERA Electronics Co., Ltd.**  
Manufacture and sale of electronic components, fine ceramic products and automotive components
- **KYOCERA (Tianjin) Sales & Trading Corp.**  
Management and distribution of Kiyocera products made both in China and Elsewhere
- **Dongguan Shilong KYOCERA Optics Co., Ltd.**  
Manufacture and sale of cutting tools, thin film components, display components, applied consumer products, optics-related components
- **KYOCERA (Tianjin) Solar Energy Co., Ltd.**  
Development, manufacture and sale of solar cell modules and systems
- **KYOCERA Asia Pacific Pte. Ltd.**  
Sale of fine ceramic products and electronic device products
- **KYOCERA Telecom Equipment (Malaysia) Sdn. Bhd.**  
Manufacture of mobile phone handsets
- **KYOCERA Fine ceramics GmbH**  
Sale of fine ceramic products and electronic devices
- **KYOCERA Solar Europe s.r.o.**  
Manufacture of solar modules
- **KYOCERA International, Inc.**  
Regional headquarters for North & Central America
- **KYOCERA Communications, Inc.**  
Sale of mobile phone handsets / related services
- **KYOCERA America, Inc.**  
Manufacture and sale of fine ceramic products
- **KYOCERA Industrial Ceramics Corporation**  
Manufacture and sale of fine ceramic products; sale of electronic devices
- **KYOCERA Solar, Inc.**  
Development, manufacture, sale and service of solar power systems that can operate on or off commercial power grid
- **AVX Corporation**  
Manufacture and sale of a wide range of electronic components, including multilayer ceramic capacitors, tantalum capacitors, interconnect products



* KYOCERA Corporation:	1 company
Consolidated subsidiaries:	200 companies
Non-consolidated subsidiaries:	2 companies
Affiliate companies:	10 companies
<b>Group companies</b>	<b>213</b>
(As of March 31, 2010)	

Kyocera aims to be respected by society as “The Company” from the perspective of corporate ethics, while maintaining continuous sales growth and high profitability. To achieve this management vision, Kyocera’s management policy is to further drive business expansion by being “a creative company that continues to grow.” In order to implement this policy, Kyocera aims to increase corporate value by expanding businesses; namely by promoting efficient use of management resources and further strengthening consolidated group management.

## Overview of Business Performance for the Year Ended March 2010

Despite deterioration of the business environment until the second quarter, the profitability of the Components Business and the Equipment Business improved significantly from the third quarter. Consolidated net sales for fiscal 2010, however, amounted to ¥1,073,805 million, a decrease of 4.9% compared with fiscal 2009, mainly due to the impact of appreciation of the yen against the Euro and U.S. dollar.

In fiscal 2010 Kyocera continued working hard to improve profitability and strengthen the foundations of each business from fiscal 2009 by promoting cost-cutting measures including manufacturing cost reductions, and by improving productivity throughout the Kyocera Group. As a result, profit from operations for fiscal 2010 increased by 47.1% to ¥63,860 million, and income before income taxes increased by 8.6% to ¥60,798 million, despite the decline in sales and the recording of a one-time loss relating to WILLCOM, Inc.\* Net income attributable to shareholders of Kyocera Corporation for fiscal 2010 amounted to ¥40,095 million, an increase of 35.9% compared with fiscal 2009.

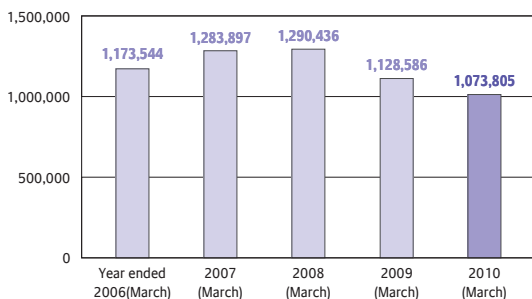
Average exchange rates for fiscal 2010 were ¥93 to the U.S. dollar and ¥131 to the Euro, marking appreciation by ¥8 (approximately 8%) and ¥12 (approximately 8%), respectively, compared with those for fiscal 2009. This appreciation resulted in declines in net sales and income before income taxes after translation into yen for fiscal 2010 by approximately ¥49.0 billion and ¥13.5 billion, respectively, compared with fiscal 2009.

\* For details, please refer to page 33, “A loss relating to WILLCOM, Inc.”

## Net Sales, Profit from Operations, Income before Income Taxes, Net Income Attributable to Shareholders of Kyocera Corporation (Consolidated)

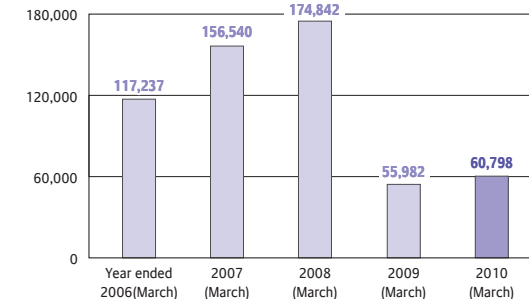
### Net Sales

Units [million yen]



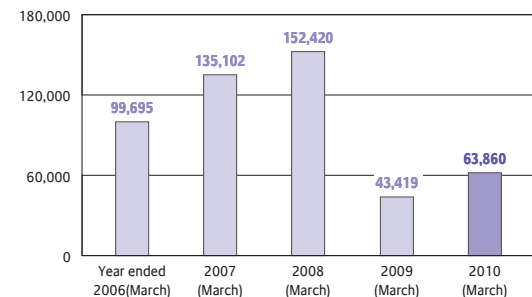
### Income before Income Taxes

Units [million yen]



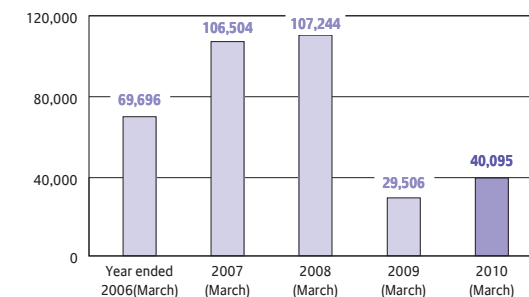
### Profit from Operations

Units [million yen]



### Net Income Attributable to Shareholders of Kyocera Corporation

Units [million yen]



\* Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. Figures shown in this report have been rounded off.

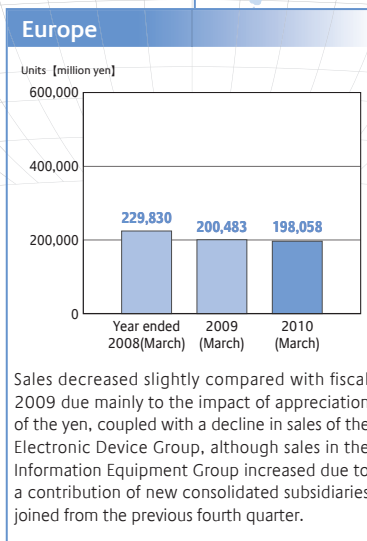
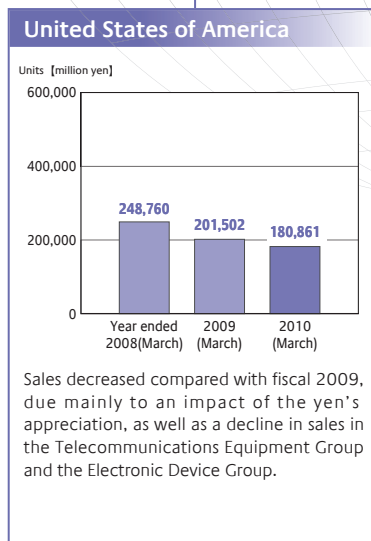
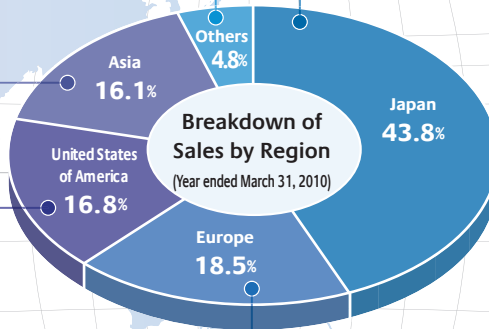
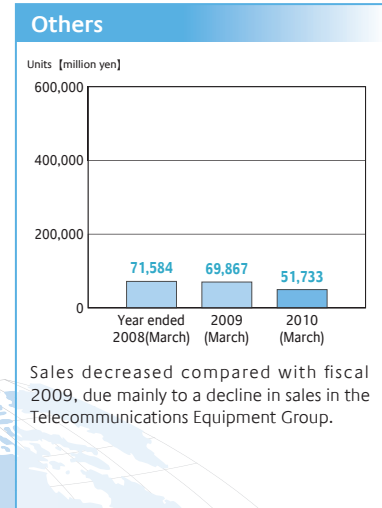
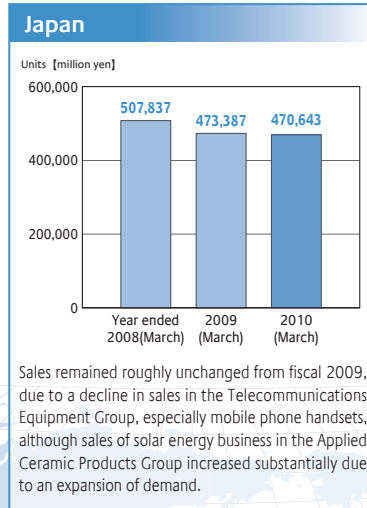
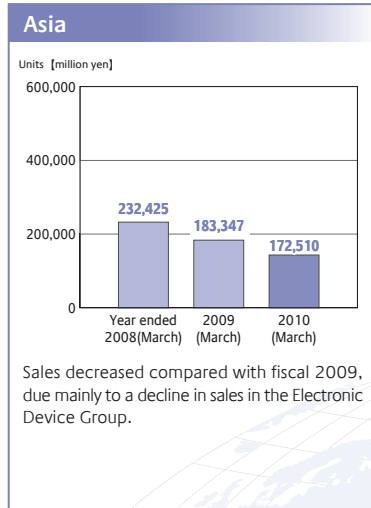
\* In fiscal 2007, KYOCERA Corporation sold its shares of KYOCERA Leasing Co., Ltd., a subsidiary engaged in financing services. As a result, business results and profit on sale of its shares of KYOCERA Leasing Co., Ltd. for fiscal 2007 were recorded as income (or loss) from discontinued operations in accordance with accounting principles generally accepted in the United States. As a result, figures for fiscal 2006 have been retrospectively reclassified.

\* In fiscal 2006 and 2007, income from continuing operations before income taxes and minority interests are presented in the income before income taxes section.

\* Net income attributable to shareholders of Kyocera Corporation is computed in the same manner as net income of fiscal years from fiscal 2006 through fiscal 2009.

## ■ The State of Sales by Region

The Kyocera Group is a diverse corporate group of 213 companies\* (as of March 31, 2010) with Kyocera as the core company. Cooperation and ties among the individual Group companies promote business development in countries all over the world. In addition to regional contributions which it makes with products and services, the Kyocera Group aims to contribute to employment and development in local cultures.



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## Components Business

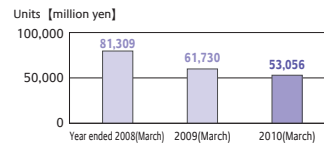
### Fine Ceramic Parts Group

Demand for digital consumer equipment parts, such as sapphire substrates for LEDs, has been on a recovery track since the commencement of fiscal 2010, and demand for industrial machinery components such as semiconductor fabrication equipment components and automotive components began to recover from the third quarter as well. However, such demand remained at a low level compared with fiscal 2009, and as a result sales and operating profit in this reporting segment for fiscal 2010 both decreased compared with fiscal 2009.

Net sales	¥53,056 million	down 14.1% year on year
Operating profit	-¥788 million	down ¥548 million year on year

- Information & Telecommunication Components
- Sapphire Substrates
- Components for Semiconductor Processing Equipment
- Components for LCD Manufacturing Equipment
- Automotive Components
- General Industrial Ceramic Components

#### Net sales



Ceramic Components for Semiconductor Processing Equipment

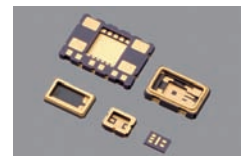
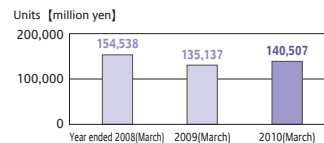
### Semiconductor Parts Group

Demand for ceramic packages for crystal and SAW devices and for CCD/CMOS sensors was strong, in line with resurgence in production of mobile phone handsets and digital cameras, etc. In addition, demand for organic packages showed signs of recovery. As a result, sales in this reporting segment for fiscal 2010 as a whole increased compared with fiscal 2009. Operating profit for fiscal 2010 increased significantly compared with fiscal 2009, due mainly to manufacturing cost reductions and improved productivity.

Net sales	¥140,507 million	up 4.0% year on year
Operating profit	¥17,235 million	up 98.8% year on year

- Ceramic Packages for Crystal and SAW Devices
- CCD/CMOS Sensor Ceramic Packages
- LSI Ceramic Packages
- Wireless Communication Device Packages
- Optical Communication Device Packages and Components
- Organic Multilayer Packages and Substrates

#### Net sales



Ceramic Packages for Crystal and SAW Devices

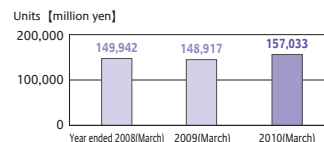
### Applied Ceramic Products Group

Overall sales in this reporting segment for fiscal 2010 increased compared with fiscal 2009. This was due to a significant increase in sales in the solar energy business resulting from efforts to expand production capacity for solar cells coupled with aggressive sales expansion measures to meet rising demand in Japan driven by governmental subsidy policies. Operating profit decreased compared with fiscal 2009 due to a decline in selling prices in the solar energy business in European and U.S. markets, to appreciation of the yen, and to deterioration in the cutting tools market.

Net sales	¥157,033 million	up 5.5% year on year
Operating profit	¥19,858 million	down 27.7% year on year

- Residential and Industrial Solar Power Generating Systems
- Solar Cells and Modules
- Cutting Tools
- Micro Drills
- Medical and Dental Implants
- Jewelry
- Fine Ceramic Application Products

#### Net sales



Solar Power Generation System installed in the city of Korat, Thailand

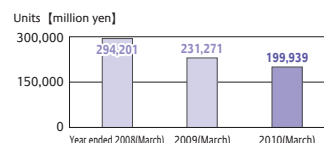
### Electronic Device Group

Although demand for ceramic capacitors, timing devices and connectors, etc. has recovered since the commencement of fiscal 2010 due to a recovery in production activities for digital consumer equipment, it did not reach the level recorded in fiscal 2009. The appreciation of the yen also produced a negative impact on sales. As a result, overall sales in this reporting segment for fiscal 2010 decreased compared with fiscal 2009. Operating profit for fiscal 2010 improved significantly compared with fiscal 2009, however, as a result of efforts to reduce manufacturing costs and to enhance productivity throughout the Kyocera Group.

Net sales	¥199,939 million	down 13.5% year on year
Operating profit	¥13,230 million, up	up ¥17,300 million year on year

- Ceramic Capacitors
- Tantalum Capacitors
- Timing Devices
- TCXOs, Crystal Units, Clock Oscillators and Ceramic Resonators
- SAW Devices
- RF Modules
- EMI Filters
- Connectors
- Thermal Printheads
- Inkjet Printheads
- Amorphous Silicon Photoreceptor Drums
- Liquid Crystal Displays

#### Net sales



Timing Devices



## ■ Equipment Business

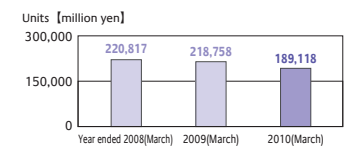
### ▶ Telecommunications Equipment Group

Sales in this reporting segment for fiscal 2010 decreased compared with fiscal 2009 amid a tough business environment attributable to weakened replacement demand for mobile phone handsets in the Japanese market and sluggish sales of mobile phone handsets in the U.S. market, despite efforts to expand sales of new models. Operating loss for fiscal 2010 decreased compared with fiscal 2009 despite the recognition of an impairment loss on account receivables from WILLCOM, Inc. in the fourth quarter, due to improved profitability arising from streamlining of operations, including reorganization of sales and development systems, and cost reductions.

Net sales	¥189,118 million	down 13.5% year on year
Operating profit	-¥14,726 million	improved by ¥2,987 million year on year

- CDMA Mobile Phone Handsets
- Personal Handy Phone System (PHS) related Products [PHS Mobile Phone Handsets and PHS Base Stations]
- Wireless Broadband Systems [WiMAX associated products]

#### Net sales



Mobile Phone Handset [K002]

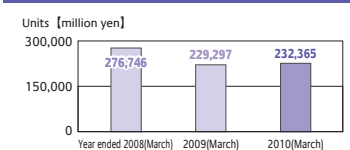
### ▶ Information Equipment Group

Sales in this reporting segment for fiscal 2010 increased slightly compared with fiscal 2009, due mainly to increased sales of new products and the contribution from new subsidiaries joined from the fourth quarter of fiscal 2009, despite persistent stagnation in demand due to severe curtailment of information technology investment by both Japanese and overseas customers and by yen appreciation. Operating profit for fiscal 2010 increased compared with fiscal 2009, mainly due to a sales increase in color machines and manufacturing cost reductions.

Net sales	¥232,365 million	up 1.3% year on year
Operating profit	¥22,091 million	up 63.7% year on year

- Color and Black & White Office Equipment such as ECOSYS Printers, Multifunction Peripherals
- Wide Format Multifunctional Systems
- Printer and Multifunction Peripherals Supplies
- Business Solution Services such as Managed Print Service

#### Net sales



Color Multifunctional System [TASKalfa 500ci series]

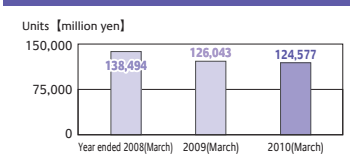
## ■ Others

Although sales in KYOCERA Communication Systems Co., Ltd. increased, sales from other consolidated subsidiaries as a whole decreased due to the stagnant business climate. As a result, sales in this reporting segment for fiscal 2010 decreased slightly compared with fiscal 2009. Operating profit for fiscal 2010 decreased compared with fiscal 2009, due to the absence of gains on sales of real estate, etc. which was recorded in fiscal 2009 in the amount of ¥9,352 million.

Net sales	¥124,577 million	down 1.2% year on year
Operating profit	¥6,769 million	down 52.0% year on year

- Engineering Business such as Telecommunication and Solar Power System, etc.
- Integrated Business of Information Systems and Network Infrastructure
- Data Center Business
- Management Consulting Business
- Chemical Materials for Electronic Components
- Electrical Insulators
- Molded Products
- Hotel Business

#### Net sales



Data Center

**A loss relating to WILLCOM, Inc**  
 On February 18, 2010, WILLCOM, Inc. filed a petition with the Tokyo District Court for commencement of corporate reorganization procedures, and on March 12, 2010, the Tokyo District Court decided to commence such procedures. During the third quarter, Kyocera recognized an impairment loss of ¥19,987 million on its investment in WILLCOM, Inc., reflecting Kyocera's belief that the decline in the value of such investment will not be of temporary nature. Taking into consideration the decision to commence corporate reorganization procedures, and based on publicly disclosed information such as the outline of the business revitalization plan of WILLCOM, Inc., etc., Kyocera also recognized an impairment loss of ¥8,961 million on its account receivables from WILLCOM, Inc. The one time impacts relating to WILLCOM, Inc. on Kyocera's profit from operations and income before income taxes for fiscal 2010 were losses of ¥8,961 million and ¥28,948 million, respectively.

Kyocera Group is constantly focused on developing valuable businesses. Based upon our Customer-First Principle, we are endeavoring to provide customers with products and services that bring complete satisfaction and enjoyment. By these means Kyocera is working toward the realization of “Quality Kyocera.” Kyocera Quality Policy has been established to set the quality goals for which we should aim. We have also established a product safety policy. The aim of this policy is product manufacture with the highest priority placed on the global environment and product safety.

## Thorough Application of the Customer-First Principle

### Kyocera Quality Policy

1. Kyocera places top priority on our environmental management and product safety systems.
2. Kyocera provides products and services to our customers that exceed their expectations by putting them first.
3. Kyocera aims to be a world leader in quality by doing every job right the first time.

Kyocera Group has established Kyocera Quality Policy to achieve production of quality goods that fully satisfy our customers’ need. We develop our businesses on the basis of the Quality Policy, and aim to always be a corporation that is worthy of trust anywhere in the world. To achieve product quality from the perspective of customers’ expectations, we have set up the Kyocera CS\* Improvement Committee. Moreover, to provide a high satisfaction level to customers, Kyocera is doing everything possible to ensure observance and correct application of the rules, starting at the planning stages.

\* CS ..... Customer Satisfaction

### Kyocera CS Improvement Committee

The Kyocera Group established the Customer-First Principle as part of the Management Direction. Pleasing customers and earning strong trust is one of the most important management issues. Chaired by Kyocera’s president, Kyocera CS Improvement Committee has representatives from throughout Kyocera Group (in Japan) serving as committee members. The Committee meets each month to advance activities for raising the level of customer satisfaction and improving quality.



### Ongoing Improvement of Quality Management System

Kyocera is continually improving the Quality Management System, based on international standards.

- Ongoing improvement of the Quality Management System in accordance with the international standard (ISO9001)\*
- Setting quality targets based on Management Direction and Quality Policy, preparing plans for reaching the targets and undertaking improvement activities
- Using Kyocera CS Improvement Committee to advance measures for prevention of quality problems and prevention of recurrence
- Sharing information on quality

\* Information on the state of international standard certification relating to the Quality Management System is in the section “Facts and Figures,” on Page 88.

### Kyocera CS Improvement Committee – Objective and Action

With “Practice the Customer-First Principle” as the objective, the Committee focuses on improvement of CS indices in each business division. Specific action includes the sharing of information on quality among divisions, prevention of quality problems before they occur, and prevention of recurrence.

### Reforming Awareness of Quality

One of the Committee’s priority issues is reformation of awareness of quality. In particular, the Committee is engaged in reforming quality awareness of workplace employees who are directly involved in manufacturing. Employees need to know how a product is to be used by the customer, and how it can contribute to society. Equipped with that knowledge, employees will be able to put their hearts into the manufacture of each product. “Quality First is the foundation of the workplace. Practice the Customer-First Principle with all your heart.” With this appeal to all employees, the Committee is striving to improve quality awareness.

## ▶ Product Safety Policy

1. Kyocera is fully acquainted with the latest information related to Product Liability and Product Safety.
2. Kyocera maintains the world-leading standard of Product Safety.
3. Kyocera systematically practices Product Safety in accordance with manuals.

“Safety is the utmost priority for all products made and/or sold by Kyocera. Regardless of form or function, they must not endanger a person’s life or well-being, nor inflict damage on property.” From that perspective, Kyocera has set a Product Safety Policy, in addition to a Quality Policy.

Kyocera has established Product Safety System Guidelines as a concrete code of action at all levels of corporate activity. Additionally, Guidelines for Product Safety Labeling serve as supplementary guidelines for understanding international standards relating to safety labels.

### Product Safety Action

The CS Promotion Department supports product safety action in coordination with individual business divisions and related departments.

- Based on Product Safety Policy as well as regulations and criteria applying in each business division, every process is scrutinized for product safety starting at the design and development stage.
- Using Kyocera’s official labeling checking system, relevant departments review user safety information such as product labels and operating instructions, to ensure observance of legal requirements and public standards.

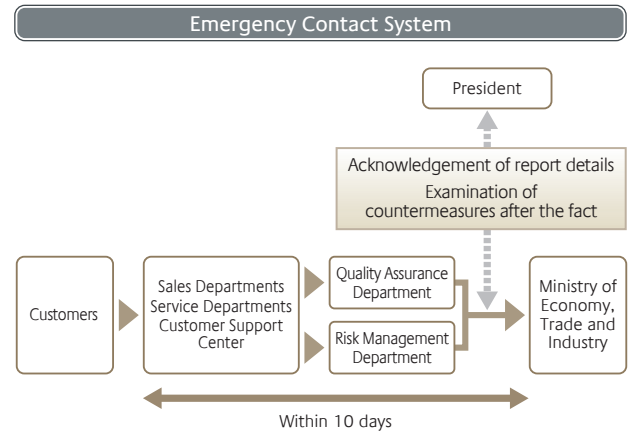
#### Official Labeling Checking System

The mechanism for checking sections of labels subject to legal and official standards, by specialized staff in each area of operation

Divisions	Relevant fields	Relevant documents
CS promotion	Safety labels	Labels & packaging
Risk management	Trademarks and patents	Written warranty
Legal affairs	Contracts etc.	Instruction manuals
Intellectual property		Sales promotion Documents
Public announcements		Catalogs
		Advertisements

### Response for Accidents Involving Company Products

In the case of a serious accident involving a company product, Kyocera has clarified emergency contact numbers for immediate response. The system enables immediate notification of reports from customers. At the same time, the Ministry of Economy, Trade and Industry is promptly advised of any matters, and information is disclosed on the relevant websites and in other media.



### Approaches Taken with Dealers (Cutting Tools [CERATIP])

To meet the diverse requirements of customers, Kyocera is striving to build a sales network enabling timely delivery of more than 20,000 standard cutting tools to end-users. The basis of standard cutting tools is sales-from-inventory. This requires a mechanism for delivering only the products required by the customer, at the required time, in the required quantity. In 2005, Kyocera’s inventory data was made available to dealers. Conversely, dealers provide Kyocera with inventory and shipping information. This allows Kyocera, and dealers who handle the wide range of goods, to maintain appropriate inventory levels. Kyocera strives to plan production based on this mutual disclosure of information.

Almost all dealers now provide the information to Kyocera. Based on this cooperation, Kyocera and dealers now maintain inventories at appropriate levels. This has improved the timeliness of product delivery.

By strengthening cooperative activity with dealers, Kyocera is striving to implement improvements and thus raise the level of customer service.



## ■ Responding to the Voice of Customers

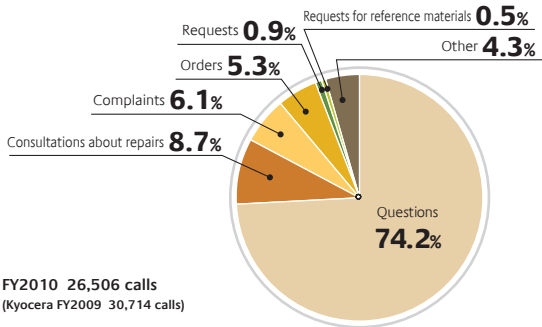
### ▶ Customer Support Center

Kyocera has a Customer Support Center (Call Center) to handle matters concerning consumer products for general customers. Kyocera aims to raise the level of customer satisfaction by always responding earnestly, correctly and promptly to customer inquiries, consultations, complaints, and other matters.

Valuable information and inquiries received from our customers are reported to top management and related business divisions in a timely manner, so that they are used to improve the quality of our products and services.

Private information on our customers is completely protected and controlled by corporate regulations on information security.

Breakdown of Inquiries (FY2010)



FY2010 26,506 calls  
(Kyocera FY2009 30,714 calls)

Compared with the previous fiscal year, the number of calls declined by more than 4,000.

The main reasons for the decline were:

- Fewer calls due to enhancement of the Kyocera website (increased information in FAQ, etc.)
- Fewer calls due to improved quality of PHS units



Common inquiries (Ceramic kitchen products / ceramic stationery)

### ▶ Development of Easy-to-Use Mobile Phones for Diverse Age Groups

Kyocera asks customers to answer a questionnaire on their usage of mobile phones. The results are then applied in product development.

The mobile phone "mamorino" in the au line-up has a user-friendly design allowing easy use by children. It is compact, fits comfortably in the hand and can be attached to a school bag. The main functions are limited to telephone (up to four numbers can be called), text messaging, and a GPS location checking function. The mamorino has a number of other functions for the safety of children, including an audio alarm and a light. Designed to support the security of children and the peace of mind of parents, the mamorino is the first mobile phone to be acknowledged by the Japan Parents and Teachers Association as a recommended product.



mamorino

Additionally, Kyocera is developing mobile phones with consideration for the needs of first-time users and senior citizens. In fiscal 2010, we released the "Simple Mobile Phone" K004 for the au line-up. This stylish mobile phone is easy on the eyes, has large keys and is easy to use. It features 10 "large" functions (large keys, large receiver volume, large ring volume, voice read-out, and others).

Kyocera will continue to develop products to satisfy customers of all ages, from children to seniors.



K004

The Management Rationale of the Kyocera Group is “To provide opportunities for the material and intellectual growth of all our employees, and, through our joint efforts, contribute to the advancement of society and humankind”. In our quest to achieve this Rationale, we constantly strive to optimize our organization. Kyocera is setting up personnel and education systems necessary to develop and train employees, while actively undertaking measures for improved safety and the prevention of accidents or disaster. Optimizing our organization gives employees a sense of pride in their company and the feeling that their work is worthwhile.

## ■ Personnel Matters

The “material and intellectual growth” targeted by the Management Rationale encompasses more than simply economic stability and prosperity. It embraces an enrichment of the spirit – something to live for and a sense of doing worthwhile work – through self-fulfillment. To achieve the Management Rationale, our personnel systems are adaptable to the characteristics and societal norms of individual countries. Such systems must be able to adapt to diverse values and the changing environment of an aging society, in addition to the changing labor environment that stems from mobility of employment and globalization of corporate activity.

### ▶ The Personnel Vision

To work continually on appropriate operation and improvement of various personnel measures. To create a workplace climate in which all employees can take pride in the company and feel that their work is worthwhile, while sharing both hardships and joys. To thereby contribute to achieving the Management Rationale.

### ▶ Respect for Human Rights

Aside from compliance with the laws of individual countries, the Kyocera Group explicitly prohibits the use of forced labor, child labor and other practices highlighted by the United Nation’s Universal Declaration of Human Rights, Fundamental Human Rights Convention by the International Labor Organization (ILO), the United Nations Global Compact, and other international conventions. The Kyocera Group also prohibits discriminatory treatment on the basis of gender, age, beliefs, nationality, physical features, etc. Furthermore, the Kyocera Group endeavors to exchange views and share information with employees through organizations such as labor unions and workplace associations. The Kyocera Group promotes development of appealing work environments that foster motivation to work. Meanwhile, great importance is placed on individual character and ability when hiring and appointing diverse talented people.

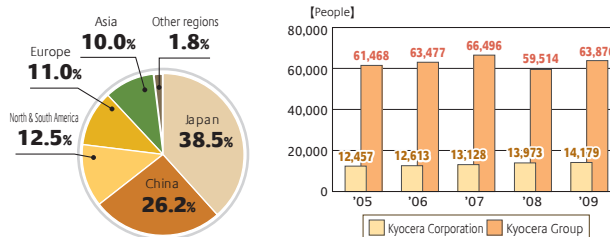
### ▶ Adapting to Globalization

Examination of employee ratios according to region indicates that about 2/3 of Kyocera Group employees are working outside of Japan. Since the first overseas office was established in 1968 (in the USA), localization has been the basic principle of recruitment and has always endeavored to appoint local employees to management positions. Furthermore, to foster a sense of unity among local employees, energy is put into various activities, such as sporting events.



A sports festival (Group companies in China)

### Ratio & No. of Employees by Region (As of March 31, 2010)



### ▶ Approach to Labor-Management Relations

At Kyocera, great emphasis is put on building relationships based on trust and heart-to-heart bonds among employees. Labor-management relations at Kyocera go beyond the generally accepted idea of harmony between management and labor. At Kyocera, the basis of the relations is “coaxial labor and management,” where perspectives are shared on the same level. Sporting events, summer festivals and many other kinds of events stimulate and sustain such relations through unity in participation.

#### Regulations Review Project

The Regulations Review Project, undertaken jointly by labor and management, was launched in 2005. Employees’ needs and lifestyles are diversifying alongside changes in the environment of the times. Labor and management are therefore working together on checking criteria and standards, to ensure they are always appropriate, fair and impartial.

#### Labor & Management Exchange Conference

Meetings of labor and management representatives are held each month in Kyocera plants and offices. The purpose of the meetings is to verify working conditions for employees and workplace environment, and to actively exchange views on matters needing improvement, among other issues.



# Together with Employees

## Kyocera Group Sports Festival (Also called “All-Sports”)

All-Sports is a notable event jointly organized by labor and management. It is held to heighten mutual trust and solidarity in Kyocera Group through competition, victory celebrations and so on. Teams that win in regional preliminaries engage in heated competition.



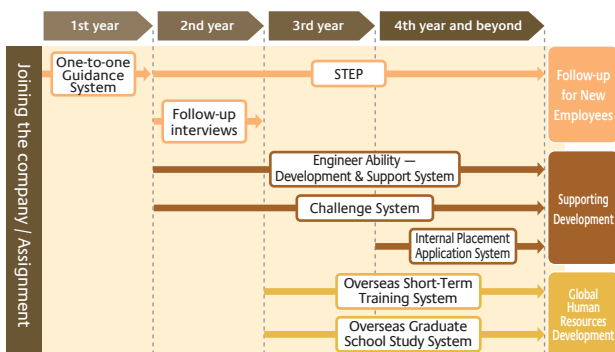
## Measures for Raising Workplace Vitality

Kyocera regularly conducts an awareness survey of all employees. The survey focuses on the level of satisfaction with work and workplace atmosphere, the management situation, the sense of trust in the company, and suggestions for improvements, etc. Responses from each organizational unit are analyzed, enabling diagnosis of “vitality level” in each workplace. Using results as one reference indicator, workplace leaders take the lead in improvement activities for heightening workplace vitality.

## Development of Human “Assets”

Kyocera regards human resources as human “assets” and supports activities enabling employees to raise awareness of personal development and their contribution in the workplace.

In particular, personal development can be achieved to a great extent through work. Therefore, Kyocera is striving to create a workplace environment that enables each employee to work cheerfully and energetically, and draws out “natural talents” to the maximum extent. Kyocera aims to match the ideas and ambitions of employees with the business requirements of the company, thereby realizing employee growth and company development simultaneously. The flowchart below illustrates the development of human assets.



## One-to-One Guidance System

### (Supporting Growth of New Employees)

A coach is assigned to each new employee. Based on personalized development plans, the coach gives fine-tuned guidance through communication with each individual. Additionally, opportunities are set up for each employee to meet with Human Resources Department staff. New employees can thus obtain advice from multiple perspectives. The Human Resources Department also conducts follow-up interviews in the second year of employment.

## STEP (Support Training and Education at Workplace)

Introduced in fiscal 2009, STEP is a mechanism for supporting the development of young employees. The participants in STEP include all employees with one to five years of experience at Kyocera. STEP provides periodic opportunities for communications between supervisor and subordinate. This allows subordinates to express their views and thoughts to their supervisors, while supervisors listen to their opinions carefully. Sharing thoughts in this manner builds workplace unity and supports the growth of young employees.

## Skill Development Support System for Engineers

This system supports engineers as they independently strive to enhance their qualities as engineers. Specifically, the system clarifies the ideal state of an engineer for each job category and grade, while giving a quantitative grasp of the skills needed to get there (specific job requirements and levels). Every year, each person sets a target and then undertakes skills development through on-job and off-job training. Results are evaluated once a year and engineers receive certification for a higher grade according to the level of achievement. This system leads to improved engineering capability for the organization as a whole.

## Challenge System (Superior-Subordinate Interview System)

Once a year, each employee shares work targets with a superior in an interview aimed at setting direction for skills development. With a clear understanding of his or her functions, each employee can concentrate independently on the work and skills development. Supervisors, by heeding subordinate feedback, can thus smooth the way for raising ability as an organization to reach goals and accomplish business affairs.

## Internal Placement Application System

When divisions anticipate the need for an addition of personnel for new operations, expansion of operations, or other purposes, the company can assign employees as necessary at an early stage. This system enables employees throughout the company to apply for placement. Employees can accept the challenges of diverse business fields of the Kyocera Group in accordance with their aspirations. The aim is to offer positions with heightened activity to talented people who have drive and ambition.

## Overseas Training Systems

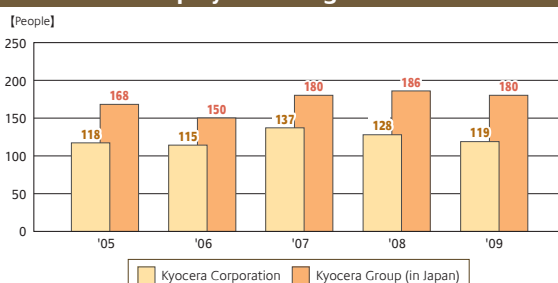
Kyocera has an Overseas Short-Term Training System and an Overseas Graduate School Study System. The objective of these systems is to cultivate human resources who can function on the global stage. The systems were established in 1984, and 116 people have been sent abroad for study since then. In FY2010, five employees were sent overseas for short-term training, and two employees were sent to study at overseas graduate schools. Kyocera is promoting cultivation of employees with improved language skills, the ability to obtain up-to-date knowledge and technology that can only be acquired abroad, and a sense of international awareness.

## A Balance of Work and Life

### Measures for Child Care and Nursing

To support the coexistence of work and home life, Kyocera introduced a child-care leave system in FY1993. In FY1996, Kyocera established a family nursing care leave system that surpasses legal requirements. Employees can take a maximum of one year off work to nurse family members. In FY2007, we introduced a short-time work system for pregnant employees and employees raising children, through the third year of elementary school. So far, 316 employees have used the short-time work system.

#### No. of Employees Taking Child-Care Leave



### Promoting Careers of Women in the Workplace

Promoting the role of women in the workplace is an important management issue. In January 2006, Kyocera set up the Positive Action Promotion Committee, chaired by the personnel director, and the Women's Activity Promotion Committee. While increasing the number of female employees and broadening job options for women, Kyocera is building a system to improve the balance of work and life, through introduction of the short-time work system and other measures.

### Return-to-Work System

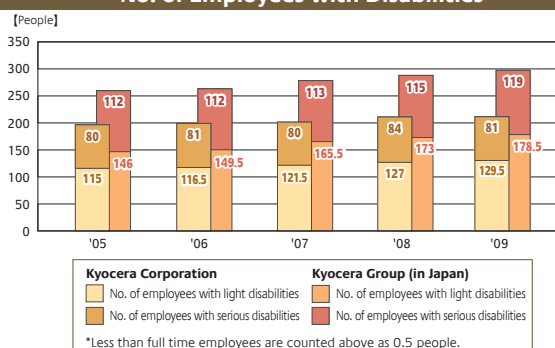
In December 2007, Kyocera introduced a system whereby people who left the company due to marriage, childbirth, childrearing, nursing care or other unavoidable reasons can return to work as regular employees. This system expands the options for working when thinking about plans for life, and supports realization of a balance of work and life for individual employees.

## Offering Employment Opportunities to Match Diverse Needs

### Employing People with Disabilities

Kyocera actively promotes an environment that supports the employment of people with disabilities and makes it easier for them to work. Each employee is assigned to a workplace upon consideration of aptitude, the nature of the work, and other matters. As of March 2010, the ratio of people with disabilities, employed by Kyocera, was 1.87%. This surpasses the legally required ratio (1.8%). Kyocera will continue to actively provide employment opportunities for people with disabilities.

#### No. of Employees with Disabilities



### Senior Employee Contract Workers

In FY2002, Kyocera introduced a system for offering reemployment to employees who have retired at the age of 60 years. This system satisfies the needs of both employees and Kyocera. For employees who have reached the regular retirement age, the system offers the chance to continue with meaningful work. At the same time, retired employees can continue using their acquired abilities and skills for the company. This contributes to further company development and perpetuation of our corporate climate and culture. The system thus satisfies the needs of both parties. Basic policy is to re-employ all applicants, and the number of senior employees is rising annually.

#### Senior Employee Contract Workers



## Employee Education

Since foundation of the company, Kyocera has practiced management based on Kyocera Philosophy. Kyocera Philosophy is the driving force behind Kyocera's development and it is essential that the Philosophy continues to be passed on correctly to employees. Therefore, study of the Philosophy is the cornerstone of training in Kyocera Group. Employees systematically study the fundamental ideas contained in the Philosophy and the management methods embodying those ideas. Spreading the practice and yields of Philosophy study throughout Japan and abroad, Kyocera Group cultivates human resources who can contribute to the advancement and development of humankind and society.



Kyocera Management Research Institute

### The Education Rationale

The Education Rationale is based on Kyocera's Management Rationale. Kazuo Inamori, the founder of Kyocera, devised the Management Rationale as the fundamental approach of Kyocera after thinking long and carefully about "why a company exists." The goal of the Education Rationale is to cultivate human resources who can contribute to achieving the Management Rationale.

Kyocera Group cultivates highly capable human resources who acquire Kyocera Philosophy and contribute to the advancement and development of humankind and society, while pursuing the global development of Kyocera and the happiness of all employees through earnest efforts and a focus on creativity.

### Education Objectives and System

To realize the Education Rationale, Kyocera Group has set five Education Objectives. An education system corresponding to each of the five is being constructed to achieve these objectives.

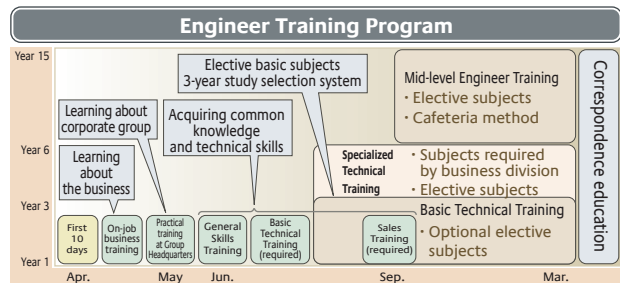
	Training Type	Education Objective
1	Philosophy Education	Spreading Kyocera Philosophy among all employees
2	Management Education	Cultivating executives with high-level management skills
3	Skills-specific Training	Cultivating human resources with job skills that meet specific qualifications
4	Technical Training	Cultivating human resources with high-level specialized knowledge and high technological skills
5	Job-specific Training	Cultivating professional human resources for specialized job types

Training Type	Top Management	Mid-level Employee	Employee	Part-time Employee
Philosophy Education	Inside Japan: Director & Executive Philosophy Training	Supervisor & Assistant Supervisor Philosophy Training	Employee Philosophy Training	Part-time Employee Training
	Outside of Japan: Top Management Seminars	Middle Management Seminars	Employee Philosophy Training	
Management Education	Kyocera Business Management Course			
	Plant Manager & Division General Manager Training	Sales Manager Training	HA Training*	
Skill-specific Training	Management Skills Training	Administrative Skills Training	Supervisory / Leader Skills Training	Advanced General Skills Training
				General Skills Training
Technical Training		Mid-level Engineer Training	Specialized Technical Training	Basic Technical Training
		Product Manufacture Skills Training		
Job-specific Training		Sales Dept. / Administrative Dept. Training		
	Other Training	Research Task Reports / Chinese Language Studies / Correspondence Education / e-Learning / etc.		

\*HA: Human Assessment

### Engineer Training System

Engineer training policy is: "To cultivate creative and innovative professional human resources, possessing high-level specialized knowledge and high-level technical skills covering all areas of business – manufacturing, engineering, development, sales, and administration". The engineer training program is based on this policy. Employees attend Basic Technical Training from their first year with the company through the third year, followed by Specialized Technical Training until the end of the sixth year. Mid-Level Engineer Training is held for engineers from their seventh year until the 15th year. This includes learning how to apply their expertise in management, through Management of Technology (MOT) studies. In FY2011, education content is being revised to enhance practical relevance of training on quality.



### FY2010 Education Results

In FY2010, employee courses on Kyocera Philosophy (the cornerstone of employee education) and other topics had as many as 78,738 students in Japan and abroad. Courses in Philosophy education have been held continually since FY2003. Regular and systematic training is implemented for all employees at all levels of employment, from top management to part-timers, with the aim of sharing, spreading and sustaining the Kyocera way of thinking. Participation in the Kyocera Business Management Course has been expanded to include top management, mid-level employees and general employees. Employees study Amoeba Management (a business management method developed by Kyocera) and Kyocera Management & Accounting Principles, among other topics. Additionally, training for mid-level engineers has been enhanced for better application of engineering expertise in management.



### No. of Employee Training Course Participants (FY2010)

Name of Course	Philosophy Education		Management Training <sup>*2</sup>	Skills-specific Training <sup>*2</sup>	Technical Training <sup>*2</sup>	Total
	Domestic	Outside of Japan				
No. of Course Participants <sup>*1</sup>	45,941	16,503	7,800	4,021	4,473	78,738

\*1 Figures above refer to training conducted by training departments within Kyocera.

\*2 Figures refer to Kyocera Group (in Japan)

### Leader Training - For Directors and Executives

Leadership Courses I and II for directors and executives were held to cultivate leaders who can contribute to profitability improvement and building workplaces which can overcome recessions. The leadership courses used the Defining Lecture [Saigo Nanshu-o Ikun (The Final Teachings of Saigo Takamori)], given by Kyocera founder Kazuo Inamori. The courses reviewed the ideal state of a leader. They reconfirm the ideal way of thinking and attitude as well as responsibilities as a leader. The aim of the courses were to strengthen the leadership wielded by people in positions of responsibility in the workplace.



### Defining Lecture [Proficiency in Product Manufacture]

The Defining Lecture [Proficiency in Product Manufacture] was presented in each factory. The lecture is a systematic summary of the fundamental way of thinking and knowledge of product manufacture, traditionally passed on in the production workplace. This Defining Lecture includes important general action guidelines, not only for production departments, but also for employees in development, sales and indirect departments. The lecture has therefore been published under the title *Talking About Proficiency in Product Manufacture*. It is used as teaching material for sustaining

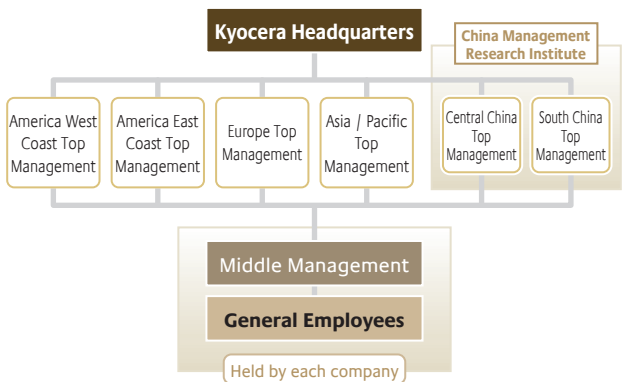


strong capability on the work floor in Kyocera Group, and to help employees on the work floor go about their business filled with vitality.

### Globalization of Philosophy Education

Philosophy training is held regularly each year throughout Kyocera Group. The training is designed for people working at all levels and classifications – directors, regular employees, part-timers and contract workers. The same program is used all over the world. Sharing Kyocera Philosophy throughout the Group and basing business activity on Kyocera Philosophy generates true motivation and the desire to work. We believe that practice of the Philosophy can help each person lead a wonderful life. This, in turn, leads to realization of management that meets the expectations of stakeholders, and further strengthens the management foundation. Outside Japan, Kyocera has divided the world into five regions: North America, China, Europe, Asia and Pacific.

The Group companies in all regions maintain mutual cooperation and hold regular Philosophy training. Specifically, Top Management Philosophy Seminars are held continually for directors and senior managers; Middle Management Philosophy Seminars are organized for leaders in the mid-level employee class. The Top Management Philosophy Seminars in particular are vital opportunities for people at the senior management level to study the Philosophy. Additionally, Accounting Courses for studying the Amoeba Management System and Kyocera Management and Accounting Principles have been held since fiscal 2008.



## ■ Safety & Health / Fire & Disaster Prevention

Provision of a safe and healthy work environment is a major requirement for achieving the material and intellectual growth of employees, as set out in the Management Rationale. Therefore, Kyocera Group actively promotes safety and health alongside disaster prevention activities, while concentrating on building a corporate climate embodying the concept of "Safety First."

### ▶ Countermeasures for New Influenza

Kyocera Group (in Japan) has prepared an "Avian & New Influenza Countermeasures Action Plan." Diverse countermeasures have been put in place, with the basic objectives being preventing infection of employees and others, preventing the spread of infection, and the continuation of business.

The plan was put into action upon outbreak of the new influenza pandemic in April 2009. A Response Headquarters, with the Kyocera president as director of operations, was set up and measures for prevention of infection and the spread of infection were implemented.

### ▶ OHSAS18001 Measures

Starting in April 2005, OHSAS18001 standards were progressively introduced in companies of Kyocera Group (in Japan). Certification has been obtained by 126 sites – almost all Group bases.

In 2009, the system was revised in response to revision of standard requirements relating to observance of OHSAS18001, effects of education and training (capability), and the occurrence of accidents or disasters. System revisions of assessment of observance, certification of capability, and responses in case of accident or disaster, have resulted in an effective mechanism for further reduction of accidents or disasters.

#### OHSAS18001-Based Improvement – Example 1

<Improvement of raw material infusion process (Kagoshima Sendai Plant)>  
Handling the heavy load generated while transferring raw materials from steel buckets into tanks is a one-person operation. A hand-lifter capable of doing the infusion work was developed, eliminating the need to handle a heavy load.

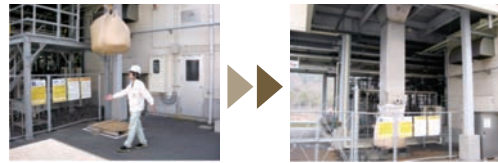
As a result, the risk of back injury resulting from this process was greatly reduced.



#### OHSAS18001-Based Improvement – Example 2

<Improvement of container bag exchange operation (KYOCERA SLC Technologies Corporation, Kyoto Ayabe Plant)>

Dehydrated sludge from the discharge water treatment facility is collected in container bags weighing about 500 kg when full. The bags were suspended roughly 3 meters above the ground, and were lowered to the ground by crane. Ducting was installed so that the bags could be filled while sitting on the ground. This removed the risk of bags falling due to errors in crane or slinging operation.

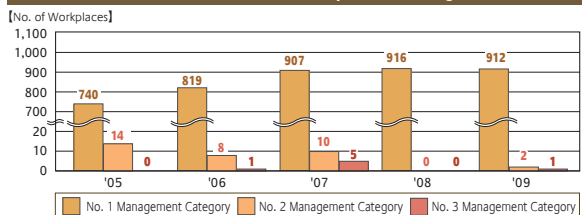


### ▶ Creating a Comfortable Work Environment

To realize "A workplace environment where employees can function safely and with peace of mind", Kyocera Group (in Japan) is applying independent management standards at less than 1/10th of the concentrations permitted by law, particularly in work areas handling dangerous and hazardous chemical substances. Work environment measurements taken in FY2010 showed 912 (99.6%) of the 915 relevant workplaces in Kyocera Group (in Japan) were in the No. 1 Management Category (meaning no further improvement is required).

Concerning the three workplaces not in the No. 1 Management Category (2 are in the No. 2 Management Category; 1 is in the No. 3 Category), causes have already been ascertained and improvement plans are being implemented.

#### Environment Measurement Results at Workplaces Handling Chemical Substances

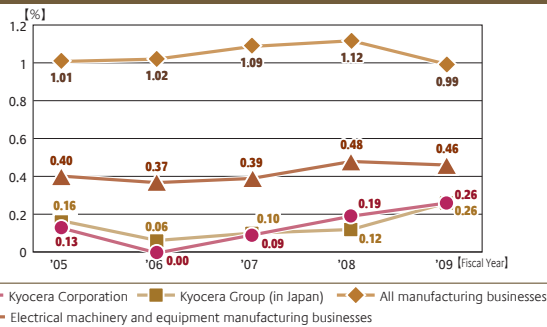


\* Graph shows figures for Kyocera Group (in Japan)

## ► Kyocera Group (in Japan) Safety Record

In FY2010, the rate of absence from work due to work-related injury in Kyocera Corporation and Kyocera Group (in Japan) was 0.26%. This result was significantly better than the safety record for the entire manufacturing industry and the electrical machinery and equipment manufacturing industry. However, the safety record has deteriorated for three consecutive years. Therefore, measures for preventing employees from becoming complacent and raising the safety awareness are now being implemented.

**Rate of Absence Due to Work-Related Injury**



● Kyocera Corporation    ■ Kyocera Group (in Japan)    ◆ All manufacturing businesses  
▲ Electrical machinery and equipment manufacturing businesses

\* Work-injury absence rate: No. of injured / 1,000,000 hours  
\* Calculation of no. of days' absence is based on standards used by the Ministry of Health, Labor and Welfare.  
\* Work-injury absence rates produced by the Ministry of Health, Labor and Welfare use <Calendar Year> data.  
\* From FY2010, work-injury absence rates for KYOCERA Corporation and Kyocera Group (in Japan) are based on <Fiscal Year> data. Figures for previous fiscal years have therefore been recalculated.

## ► Community Disaster Prevention Agreement Reached with Yokohama City (Tsuzuki Ward)

Kyocera's Yokohama office has entered a Community Disaster Prevention Agreement with the local community, Yokohama City Tsuzuki Ward Fire Department and Tsuzuki Ward Office. The agreement defines emergency cooperative activity in case of a major disaster, such as an earthquake, and was made at the request of the local community and administrations. The Tsuzuki district is mainly a white-collar worker residential area. Kyocera is asked to cooperate in emergency activities to the maximum possible extent, should a major disaster occur during the day and other times when there are few people who can help. For example, if disaster strikes, open areas will be set up as temporary emergency shelters, and Kyocera will provide stretchers, AEDs (Automated External Defibrillators) and other rescue equipment.



## The 6th Environment & Safety Promotion Plan and Results

Name of Plan	Goal Content	Scope*	Reference or Index	FY2010 Goals	FY2010 Results	FY2011 Goals	Long-Term Goals (FY2018)	
Safety & Health Promotion Plans	1. Work-Related Injury Reduction Plan							
	(a) Reduction of work-related injuries	KYOCERA Corporation / Domestic / Overseas	Frequency of work-related injuries in 2007	75% reduction	45.0% reduction	Zero cases 87.50% reduction	Zero cases	
	(b) Reinforcing workplace supervision system by increasing personnel qualified in safety and disaster prevention issues	KYOCERA Corporation / Domestic	No. of personnel required by law	30% increase	89% increase	50% increase	—	
	(c) Accident-free commendation system	KYOCERA Corporation / Domestic	5 commendation levels (500 days to 2500 days)	Kyocera Group (in Japan) ongoing operation	Ongoing operation	Ongoing operation	—	
	(d) Introduction of risk assessment in Group companies (overseas)	Overseas	—	Ongoing operation at all overseas production sites	Ongoing operation	Ongoing operation	—	
	2. Promotion Plan for Creating Comfortable Workplace Environment							
	(a) Setting independent standard for workplace environment management	KYOCERA Corporation / Domestic	Chemical substances (less than 1 / 10th of legal standard) Noisy operations (constantly 80dB)	Ongoing application of independent management standards	Ongoing application	Ongoing application	—	
	(b) Strengthening management and introducing improvements at workplaces handling chemical substances	KYOCERA Corporation / Domestic	—	Implementation of workplace improvements (dust)	Ongoing implementation	Ongoing implementation	—	
				Implementation of workplace improvements (organic solvents)	Ongoing implementation	Ongoing implementation	—	
				Enhancing worker health education for supervisors and workers	Ongoing implementation	Ongoing implementation	—	
(c) Strengthening management and introducing improvements at noisy workplaces	KYOCERA Corporation / Domestic	—	Improvements at Nos. 2 & 3 Management Category workplaces, strengthening supervision, enhancing worker health education for workers in noisy environments Time restrictions for hazardous work at No. 3 Management Category workplaces	Implementation of improvement plans & strengthening supervision Criteria are being examined	Ongoing implementation of improvement plans & strengthening supervision Time restrictions for hazardous work at No. 3 Management Category workplaces	—		
3. Mental Health Promotion Plan								
(a) Reducing unscheduled leave-taking	KYOCERA Corporation / Domestic	No. of people commencing leave in FY2008 due to mental health problems	10% reduction	22.2% reduction	15% reduction	50% reduction		
(b) Enhancing mental healthcare	KYOCERA Corporation / Domestic	—	Enhanced supervisor training (2 hr/year) & general employee training (1 hr/year)	Ongoing implementation	Ongoing implementation	—		
Fire & Disaster Prevention Promotion Plan	1. Reducing fire & explosive accidents							
	(a) Strengthening standards for storage of dangerous materials (strengthening internal standards)	KYOCERA Corporation	Workplaces storing dangerous materials at less than the small-stock quantity specified by Kyocera Corporation in-house standards (0.02~0.2 times the specified quantity) hold no more than is required for use in a single week	60%+ conformity	68% conformity	100% conformity	—	
		Domestic		30%+ conformity	18% conformity	60%+ conformity	100% conformity (FY2012)	
	(b) Strengthening requirements for installation of automatic fire alarms	KYOCERA Corporation / Domestic	Buildings or no. of rooms legally exempt from need to install automatic fire alarms	Countermeasures completed: 60%+	Countermeasures completed: 26%	Countermeasures completed: 100%	—	
	2. Implementation of earthquake measures							
	(a) Setting fixation standards for machinery and equipment	KYOCERA Corporation	—	—	Countermeasures completed: 20%	Criteria are being examined	Countermeasures completed: 40%	Countermeasures completed: 100% (FY2014)
Domestic		—			—	Countermeasures completed: 20%	Countermeasures completed: 100% (FY2015)	
(b) Installation of emergency equipment	KYOCERA Corporation	—	—	Emergency equipment installation	In progress, based on preparation of advancement plans	—	—	
	Domestic			—	—	Emergency equipment installation	—	

\* Scope: Kyocera Corporation / Domestic = Kyocera Group companies in Japan / Overseas = Kyocera Group companies outside Japan.

## ■ Kyocera Perfect 5S Promotion Activities

Perfect 5S is at the heart of work (5S: Seiri – Sort / Seiton – Set in Order / Seiso – Shine / Seiketsu – Sanitize / Shitsuke – Sustain). Kyocera Group efforts to implement the Perfect 5S system are called “Perfect 5S Promotion Activities.” They are being introduced globally. Kyocera Group aims to become <The Company> – a corporation that stands out among other corporations and earns the respect of society. The primary objectives of 5S activities are to maintain factories worthy of <The Company>, and to increase awareness and heighten the sensitivity of each employee. Ultimately, this will raise product quality, improve productivity, improve the utilization ratios of production facilities, and create a work environment in which everyone can work safely and with peace of mind.

### ▶ Perfect 5S Promotion System

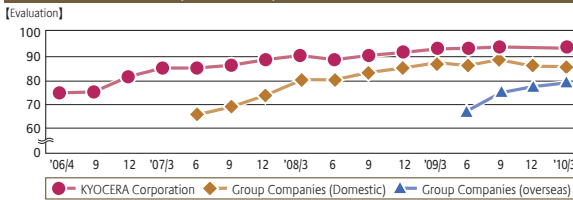
The Perfect 5S Promotion Activities organization is made up of 5S Promotion Committees at all companies, offices and sections. Each 5S Promotion Committee discusses and decides on the details of activities, evaluates results of inspections, and advises on improvements.



### ▶ Trends of 5S Inspection Evaluations

A standard 5S checklist is used throughout the Group to achieve objective evaluation of activity results. Inspection evaluations thus aim at raising the level of 5S management in the workplace.

Trends of 5S (average) inspection evaluation points



### ▶ Development of Independent Activity

Perfect 5S Promotion Activities have heightened awareness and led to improvements. They are heightened sensitivity to slight abnormal sounds, vibrations, flaws, stains or other irregularities. Upon observance action can be taken promptly to restore the normal situation.

As a result of ongoing activity, the level of 5S management is rising. Activity has been established. Therefore, in FY2010 Kyocera Group (in Japan) shifted from the mutual inspection method used until then, to an independent inspection method. With activity being undertaken independently by each base, 5S management levels are being sustained and continually improved. In FY2011, Kyocera is planning to promote making the differences "visible," thereby strengthening capability on the work floor.

#### Example of Measures in an (Overseas) Group Company

At a workplace using large quantities of components, the components are placed and displayed according to the first-in first-out concept. Sorting and setting components based upon through inventory management, will lead to a higher level of quality.



Warehouse with thorough inventory management of components (KYOCERA KINSEKI Philippines, Inc.)

## The 6th Environment & Safety Promotion Plan and Results

Name of Plan	Goal Content	Scope*	Reference or Index	FY2010 Goals	FY2010 Results	FY2011 Goals	Long-Term Goals (FY2018)
Perfect 5S Promotion Plan	1. Increase in audit assessment scores	KYOCERA Corporation	Lowest score	+10 points	+4.5 points	+15 points	90 points
			Average score	+5 points	+8.4 points	+7 points	95 points
		Domestic	Lowest score	+10 points	-34.9 points	+15 points	90 points
			Average score	+15 points	+14.9 points	+20 points	95 points
			Lowest score	+15 points	+2.8 points	+20 points	90 points
			Average score	+10 points	+20.3 points	+20 points	95 points
2. Expansion to Group companies (overseas)	Overseas	—	Expansion to all offices	Implementation completed at all production facilities	—	—	
3. Application of the "Perfect 5S Certified Workshops"	KYOCERA Corporation / Domestic	—	Issue of certificate	Examination terminated (shift to independent inspections)	—	—	

\* Scope: Kyocera Corporation / Domestic = Kyocera Group companies in Japan / Overseas = Kyocera Group companies outside Japan.

Kyocera Group is striving to improve the transparency of business activities. At the same time, we are working to ensure the prompt, appropriate and fair disclosure of information to shareholders, investors and all others who have interests in the corporation.

## ▶ General Meeting of Shareholders

Kyocera regards the “General Meeting of Shareholders,” the highest decision-making organ of the corporation, as an important opportunity to communicate with shareholders and strives for openness.

The report we send to our shareholders is designed for clear understanding. It has considerable reference information, including photographs, graphs and explanations of end-of-year figures. We strive to ensure that the opinions of shareholders are reflected in management by sending out meeting notices to shareholders earlier than legally required and by making voting rights exercisable via the internet.



Reports to Shareholders

## ▶ Proactive Disclosure

Kyocera actively discloses information to shareholders and investors in Japan and overseas through Kyocera's website.

<http://global.kyocera.com/ir/index.html>

Kyocera opened corresponding site for Japanese individual investors in April 2009. This site provides a wide range of information including descriptions of business activities and financial information, Kyocera's strengths and management strategies, presentation materials for individual investors, business activities in environment & energy-related markets, which is our strategically important markets, and much more. Kyocera continues to update the website to shareholders and investors to promote understanding of Kyocera. There is an email notification service (Kyocera E-mail Alert) on Kyocera's website.

Visitors can register at the Kyocera website to receive prompt notification of latest news releases, and update, etc. by email.



The homepage for private investors.

## ▶ Profit Distribution

Kyocera has set a dividend policy focused on the link between consolidated results and dividend payout.

Specifically, the benchmark for the consolidated dividend payout ratio is 20% to 25%. Dividend payouts are determined from an overall perspective, taking into consideration funding needed for medium- to long-term corporate growth.

Based on this dividend policy, the annual dividend for the fiscal year ended March 2009 was set at 120 yen per share.

## ▶ Assessment of Socially Responsible Investment (SRI)

Socially Responsible Investment (SRI) has been expanding in recent years. Under SRI, in addition to financial analysis, investment-options selection is based on a corporation's social fairness and ethics, consideration for the environment and human rights, and other assessments of social responsibility. Kyocera Group is proceeding with diverse measures to fulfill the social responsibilities of the corporation. This stance is highly acclaimed and has earned the Group selection distinction as an investment benchmark stock.

### Main SRI Indices and Funds (also Eco-funds) in which Kyocera is Included

#### SRI Indices

- Ethibel Sustainability Index (As of April 23, 2010)
- Dow Jones Sustainability Index Asia Pacific (As of March 31, 2010)
- Dow Jones Sustainability Index Asia Pacific 40 (As of March 31, 2010)
- Morningstar Socially Responsible Investment Index (As of April 1, 2010)

#### SRI (Eco-funds) in Japan

- Sumitomo Shintaku SRI Japan Open "Good Company" Fund (As of December 24, 2009)
- Daiwa Eco-fund (As of February 22, 2010)
- Global Warming Prevention - Related-Shares Fund "Chikyuryoku" (As of June 22, 2009)
- Resona Japan CSR Fund "Seijitsu-no-mori" (As of March 15, 2010)
- Sumitomo Shintaku Japan Share SRI Fund (As of June 9, 2009)
- Natural Environment Conservation Fund "Oze Kiko" (As of November 5, 2009)
- Daiwa SRI Fund (As of May 19, 2010)
- Morningstar SRI Index Open "Tsunagari" (As of July 15, 2009)
- Eco-Partners "Midori no Tsubasa" (As of January 27, 2010)
- DIAM High-Rating Income Open SRI (Monthly Settlement Course)
- "Happy Clover SRI" (As of December 7, 2009)
- Pinebridge / Hirogin Japan Share CSR Fund (As of March 10, 2010)

To our business associates, procurement departments are windows into the company. We must constantly be wary of buyer's logic, or the logic of a party in a stronger position. To consistently engage in fair purchasing activities, we have adopted the following rationale: "Purchasing is the face of the company. Always be fair. Let's become a reliable and valuable Purchasing Group with gratitude toward others, humbly reflecting on our behavior and giving our best efforts at all times"

## Relations with Business Associates

Kyocera regards business associates as "valued partners" and places great importance on joint growth and mutual improvement achieved by learning from each other. For instance, for business associates actively suggesting improvements, both parties can apply knowledge and insight toward bettering the quality, environment, delivery time and cost of a product or service.

Furthermore, to deepen understanding of Kyocera's basic approach to business transactions, we actively visit suppliers and use various opportunities for communication. In this way, we are building partnerships based on mutual trust.

## Supplier Selection Policy

Kyocera adheres to the Supplier Selection Policy outlined below. If a new supplier seeks to conduct business with Kyocera, that prospective supplier is asked to provide a report giving a general overview of the company, and to complete a questionnaire about Environment-Related Activities.

The supplier is assessed and then selected or denied based on these materials and various findings as established in the Supplier Selection Policy. Similarly, established suppliers are periodically surveyed, assessed and reviewed.

### Supplier Selection Policy

- Whether the fundamental thinking of Kyocera Group is understood.
- Whether the thinking of the business operator and the management rationale of the prospective supplier are acceptable to Kyocera.
- Whether the company aims to improve management ability, technological strength and manufacturing ability; and whether business management is appropriate and stable in terms of scale and finances. (e.g.: VA/VE\* proposal strength)
- Whether the company excels in such areas as quality, price, delivery time, service response, etc. (e.g.: ISO 9000 series or equivalent quality management systems; lead-time reduction activity)
- Whether the company is seriously involved in global environmental conservation activity. (e.g.: ISO 14001 certification)

\* VA: Value Analysis  
VE: Value Engineering

## Supplier Seminars

Each year, business associates are invited to supplier seminars at Kyocera. The purpose is to give suppliers a better

understanding of the Management Direction, business policies and other facets of Kyocera Group, and to appeal for even greater cooperation in the future. In March and April 2010, Supplier Seminars were held at two locations – Osaka Daito Office and Kyocera Headquarters. They were attended by 635 people from 414 companies, involved in businesses related to communications equipment, semiconductor components, solar energy, cutting tools and automotive components.

During the seminars, top management explained the Management Direction, future goals, measures for dealing with management issues, as well as policies of the procurement departments and details of business development in the various business fields. A social gathering held after each seminar provided an ideal opportunity for exchanging opinions with business associates and for building relationships based on trust.

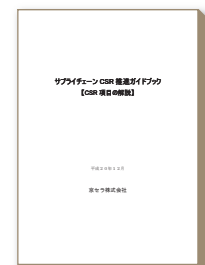


## Supply Chain CSR Questionnaire

Kyocera is systematizing CSR-related measures such as observance of laws and environmental conservation, while implementing diverse sustainability measures. To further promote these activities the cooperation of business associates has become essential.

We therefore prepared a "Supply Chain CSR Promotion Guidebook" and sent copies to our business associates. The aim is to gain the understanding of business associates regarding Kyocera's attitude to CSR. Moreover, business associates who first have dealings with Kyocera in FY2010 and later are asked to complete a "Supply Chain CSR Questionnaire." The purpose of the questionnaire is to give Kyocera an understanding of the current state of CSR measures being taken by each business associate.

In the future, Kyocera will be promoting various activities to encourage business associates to actively enhance measures relating to matters listed in the "Supply Chain CSR Promotion Guidebook."



The Kyocera Group continues to develop new technologies and provide high-quality, high-performance products. Our corporate activities are guided by the rationale of “Contributing to the advancement and development of humankind and society.” Recognizing that a corporation is a public institution, the Kyocera Group will continue to work actively not just in business, but also in contributing to society in diverse ways.

## Assistance with Academic Advancement and Research

### Support for the Inamori Foundation’s Kyoto Prize



Kyoto Prize awards ceremony

Based upon the belief of Kyocera’s founder, Kazuo Inamori, that “a human being has no higher calling than to strive for the greater good of humanity and the world,” the non-profit Inamori Foundation was established in 1984. The Kyoto Prize, organized by the Foundation, is an international award to honor individuals and groups that have made distinguished achievements in the three categories of Advanced Technology, Basic Sciences, and Arts and Philosophy. The laureates are awarded diplomas, Kyoto Prize medals and a cash gift of 50 million yen per category. In addition to the Kyoto Prize awards ceremony, various programs are held involving the laureates, including commemorative lectures, interactive workshops to allow participants to engage in lively exchanges, special classes at high schools, and a Kids’ Science Program that conveys the fun of science to elementary and junior high school students. Kyocera Group concurs with the objectives of the Kyoto Prizes. In 2009, 25 years after establishment of the Kyoto Prizes, Kyocera Group continued to provide active support.



The 2009 Kyoto Prize Laureates



Semiconductor scientist Isamu Akasaki (2009 laureate) presenting a Commemorative Lecture



Workshop given by composer-conductor Pierre Boulez (2009 laureate)



Drawing elementary school children and junior high school students into enjoyment of science, through “Kids Science”

### Assistance with the Inamori Frontier Research Center at Kyushu University

The Inamori Frontier Research Center was established at Kyushu University (Fukuoka Prefecture, Japan) to undertake research activities contributing to the harmony of minds and technology and to support the exchange and education of young researchers. Kyocera agrees with the goals of the Center, and has supported its operations since 2008 by donating scholarship funds.



Inamori Foundation Memorial Hall housing the Inamori Frontier Research Center

### The Kyocera Chair of Management Philosophy at Kyoto University

In 2007, Kyocera established the Kyocera Chair of Management Philosophy in the Kyoto University Graduate School of Management (Kyoto Prefecture, Japan) for the purpose of cultivating researchers. By doing so, Kyocera fosters a steady stream of business people who possess a universal philosophy of management and corporate ethics.



Academic achievement meeting

### Contributions to Alfred University

In 2005, Kyocera made a donation to Alfred University (New York State, U.S.A.), which is renowned worldwide for education and research in ceramics and glass, to help support the development of cutting-edge technologies. Additionally, the Inamori Kyocera Fine Ceramics Museum is scheduled to open at the university.

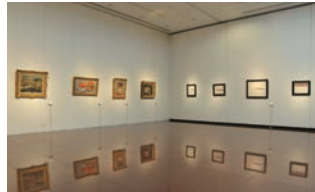


Alfred University

## Support for Culture and the Arts

### The Kyocera Museum of Art

At The Kyocera Museum of Art, which opened as part of Kyocera's social contribution activities in the headquarters building (Kyoto City, Japan) in 1998, many works of art are on permanent display, including Picasso's copper plate print series 347, Japanese paintings, Western-style paintings and sculptures. We hope visitors will take advantage of this cultural space to relax and appreciate art.



### Japanese Painting Exhibitions

In 1985, Kyocera co-sponsored the "Nihonga" Contemporary Japanese Painting Exhibition with Wacoal Corporation (now Wacoal Holdings Corporation), another company headquartered in Kyoto, Japan, exhibiting the work of 48 artists who represent major Japanese painting genres. Over two years, the exhibition travelled to seven cities in five countries in both Europe and North America.

The exhibition succeeded in enhancing truly amicable international relations by introducing contemporary Japanese painting — an original art form cultivated by traditional ancient aesthetics — outside Japan, providing a better understanding of Japanese culture among people in the West.

In October 2009, Kyocera co-sponsored another Japanese painting exhibition with Wacoal Holdings Corporation at the Museum of Kyoto, which provided an opportunity for many people to enjoy the original works of 45 artists that are maintained by the two companies.



Contemporary Japanese painting homecoming exhibition (1987)



Japanese painting exhibition (2009)

### The Kirishima International Music Festival

Kyocera supports the Kirishima International Music Festival (Kirishima City, Kagoshima Prefecture, Japan), which provides students with the opportunity to experience world-class musical performances. Classical concerts are given by musicians active on the world stage and workshops are held, which are very popular among participating students.



### Support for the CSIS Kyoto Forum 2009

In October 2009, the CSIS Kyoto Forum 2009 was co-sponsored by the Inamori Foundation and CSIS (Center for Strategic and International Studies), a major U.S. thinktank, which Kyocera helped support.

Under the theme "Japan-U.S. Relations in a New Era," cabinet members from Japan and U.S. diplomats engaged in broad-ranging discussions.



### Training Administrative Officials and Engineers from Developing Countries

Kyocera supports international training for administrative officials and engineers who will be the driving force in the growth of developing countries. We have hosted more than 240 people from 32 countries at Kyocera's headquarters to introduce them to fine ceramic technologies and products.



### Campaign to Deliver Picture Books to Children in Developing Countries

KYOCERA Communication Systems Co., Ltd. concurs with the activities of an international NGO that sends picture books to children in developing countries. The company is therefore taking part in volunteer work making picture books, which are delivered to children in countries including Cambodia, Myanmar, Laos and Afghanistan.





## ■ Environmental Protection Activities

### ▶ Donating Solar Power Generation Systems to Schools in Uganda, Nepal and Tanzania.

To help improve the educational environment in areas lacking electricity, Kyocera has been working on projects to donate solar power generating systems and electric equipment to a total of 50 schools in Uganda, Nepal and Tanzania over the course of five years, beginning in FY2010.

As a pioneer in the solar power business, Kyocera is committed to making contributions that improve educational standards in these countries to help the children — our future leaders — receive education in classrooms lit by solar electricity.



Presentation of the donation certificate to Ugandan Ambassador Extraordinary and Plenipotentiary to Japan (left)



Presentation of the donation certificate to Nepalese Ambassador Extraordinary and Plenipotentiary to Japan (left)



Presentation of the donation certificate to President of Tanzania (left)

### ▶ Support of National Parks

KYOCERA KINSEKI (Thailand) Co., Ltd. is engaged in environmental protection and activities that contribute to the local community. For example, since 2008 the company has been planting trees in a national park and participating in volunteer activity building simple dams using bamboo.

They also engage in various other activities including cleaning local schools and donating books.



## ■ Local Community Activities

### ▶ Support for the Kyoto Sanga F.C. Professional Soccer Team

In response to the high expectations of Kyoto residents calling for a Kyoto-based professional soccer team, Kyocera helped establish Kyoto Purple Sanga (now Kyoto Sanga F.C.) in 1994. In agreement with the J-League's "100-Year Vision" and with an understanding that corporations with a local presence have a responsibility to invigorate the communities they serve, Kyocera continues to support the team. Kyocera also supports the Sanga Cup Youth Soccer Championships and the Scholar-Athlete Project, which help develop soccer skills in players ages 18 and younger.



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### ▶ Support for the All-Japan Wheelchair Rider Ekiden

The aim of the All-Japan Wheelchair Rider Ekiden is to promote social participation and sports activities by people with disabilities. Kyocera has supported the race since it was first run in 1990.



### ▶ Headquarters Building Illumination and Christmas Concert

For the enjoyment of local people and visitors, the Kyocera Headquarters building (Kyoto City) is illuminated each night at the end of the year.

Additionally, since 2007, Kyocera invites the hand-bells clubs of local junior high school and high school and has Christmas concert.



Concert at the lobby of Kyocera Headquarters building

## ▶ Cooperation with Local Community Festivals and Organization of Summer Festivals at Plants and Offices

To help invigorate the communities near our plants and offices, the Kyocera Group actively supports local community festivals and events. Since 1972, annual summer festivals have been held at plants and offices around Japan to maintain close relations with the local people.



Hatsuuma Festival  
(Kirishima City, Kagoshima Prefecture)

## ▶ Local Community Beautification

The Kyocera Group aims to be an integral part of local communities. Regular beautification of parks and rivers occurs near Kyocera Group offices. In Hong Kong, more than 140 employees of KYOCERA MITA Hong Kong Limited and KYOCERA MITA Industrial Co., (H.K.) Ltd. took part in clean-up activities in local parks.



## ▶ Food Aid for Underprivileged People

At KYOCERA MITA America, Inc. and KYOCERA Solar, Inc., employees are bringing food for donation to local underprivileged people by local aid groups. KYOCERA do Brasil Componentes Industriais Ltda, too, is donating food for local underprivileged people at Christmas time.



## ▶ Donation and Volunteer Activities for Local Organizations

Each year since 1999, KYOCERA Precision Tools Korea Co., Ltd. has engaged in volunteer work. This includes sending food and collecting donations for organizations that support local children with disabilities, for foreign worker organizations, and other causes. In 2009, more than 200 employees participated and engaged in volunteer activities.



## ▶ Toothbrush Donations to Elementary Schools

Since 2000, KYOCERA KINSEKI Philippines, Inc. has donated toothbrush sets every year to children attending local elementary schools. This activity is part of the Philippine government's free "Toothbrush Program", and helps children become accustomed to brushing their teeth.



## ▶ Educational Assistance for Children in Thailand's Rural Regions

In the rural regions of northeastern Thailand, poverty prevents many children from proceeding to higher education because they often start working immediately after elementary school. KYOCERA MITA (Thailand) Corp., Ltd. is participating in a scholarship system being run by a Thailand NGO. The system supports education through graduation from junior high school.



### Other Main Contributions (FY2010)

- Assistance with Academic Advancement and Research**
- Donation to San Diego State University (USA)
  - Support for The 14th Youngsters' Science Festival in Kyoto
- Support for Arts and Culture**
- Support for The 7th Kyoto Intercollegiate Festival
  - Support for reconstruction of Miyanoura-gu (Shrine)

### Environmental Protection Activities

- Support for Kyoto Summit on Protection of Japan's Forests

### Local Community Activities

- Support for Kyoto Hanatouro (Flower & Lantern Path) Project 2009
- Support for the light pageant "Twinkle Joyo 2009"

### Disaster Relief

Kyocera Group supports victims of disasters causing extensive damage. In FY2010, donations were sent to victims of two disasters.

- L'Aquila Earthquake in Italy
- Haiti Earthquake

## Examples through the Years

Ever since it was founded in 1959, Kyocera has chosen business activities with the goal of contributing to the advancement of society and humankind. We do this by constantly striving to develop new technologies and offering highquality, sophisticated products to the market. We

also take advantage of diverse opportunities to contribute actively to society out of gratitude for both the tangible and intangible support we receive, which we believe has made the Kyocera Group what it is today.

<p>1963 ● Began contributing to annual year-end fundraising campaigns to help support local people in need.</p>	<p>1995 ● Supported research into the oldest civilization in China through commencement of the Japan-China Yangtze River Civilization Survey. (until 2001)</p>
<p>1969 ● Donated scholarship funds to Gamo Town (now Higashiomi City) in Shiga Prefecture, Japan and three grand pianos to elementary and junior high schools.</p>	<p>1996 ● Collaborated in establishing the U.S.-Japan 21st-Century Committee as a forum for specialists representing Japan and the U.S.A. to discuss mutual relations.</p>
<p>● Established the Inamori Scholarship Fund in the Kagoshima University Faculty of Engineering in Kagoshima Prefecture, Japan.</p>	<p>● Supported installation of a telescope at the Las Campanas Observatory in Chile through a donation to the Carnegie Foundation of the U.S.A.</p>
<p>1976 ● Established the Kyocera Children's Overseas Study Tour to promote international understanding. By 2000, 860 people had visited the U.S.A. in 25 tours.</p>	<p>1998 ● To promote cultural awareness, Kyocera opened both The Kyocera Museum of Art, a place where visitors can admire diverse artistic works, and The Kyocera Museum of Fine Ceramics, to aid researchers and students who are responsible for developing fine ceramic technology. Both facilities are located in the Kyoto headquarters building. (Japan)</p>
<p>1978 ● Established the Japan Study Tour for children of U.S. employees, to promote international exchange. By 2002, 514 people had visited Japan in 25 tours.</p>	<p>● Donated British Parliamentary documents, covering the period of 1801 to 1986 (about 8 million pages in more than 12,700 volumes), to the National Museum of Ethnology in Japan. In 2006, they were transferred to the Center for Integrated Area Studies (CIAS) at Kyoto University. (Japan)</p>
<p>1981 ● Collaborated in establishing the Reizeike Shiguretei Library (Foundation), for preservation of "Meigetsuki," the diary of Fujiwarano-Teika.</p>	<p>2000 ● Contributed to 50th anniversary events for the San Francisco Peace Treaty with Japan, to further Japan-U.S. friendship.</p>
<p>1983 ● Donated a 6-kilowatt solar power generating system to Kankoi Village in Pakistan, contributing to an improved quality of life in the nonelectrified village.</p>	<p>2001 ● Established the Inamori-Kyocera Western Development Scholarship Fund to aid regional development in China's western provinces by supporting students of science and technology.</p>
<p>1984 ● Supported the creation of the Inamori Foundation, which exists to recognize outstanding achievements that contribute to human peace and prosperity through a balance of science, technology and the human spirit.</p>	<p>● Held the U.S.-Japan Leadership Forum jointly with CSIS (Center for Strategic and International Studies), U.S.A., for world experts to discuss leadership.</p>
<p>● Donated the multipurpose Inamori Hall to the Kyoto Prefecture (Japan) trade fair center, Pulse Plaza.</p>	<p>2005 ● Supported the founding of the Inamori Academy of Management &amp; Technology (now the Inamori Academy) at Kagoshima University (Kagoshima Prefecture, Japan). The Academy was developed from the Kyocera Management Studies Course in the Faculty of Engineering, but is now accessible to all departments.</p>
<p>1985 ● Supported events surrounding the Kyoto Prize ceremony, an international awards event established by the non-profit Inamori Foundation in the same year.</p>	<p>● Kyocera made a donation to Alfred University (New York State, U.S.A.), which is renowned worldwide for education and research in ceramics and glass, to help support the development of cutting-edge technologies.</p>
<p>● Co-sponsored "Nihonga," a contemporary Japanese painting exhibition, with Wacoal Corporation (now Wacoal Holdings Corporation). Over two years, the exhibition travelled to seven cities in five countries, both in Europe and the U.S.A.</p>	<p>2008 ● Donated funds to Mie Prefecture (Japan) after discovery of the ancient manuscript "Suketsunebon Saiku Nyuougo-shu." The funds helped enable the prefecture to purchase the manuscript and make a replica so it could be added to the prefecture's Saiku Historical Museum collection.</p>
<p>1986 ● Donated a private collection of about 1,000 photographic works of art to The National Museum of Modern Art, Kyoto (Japan). Known as the Gilbert Collection, it was compiled by Arnold Gilbert and his wife, renowned American collectors of photographic art.</p>	<p>2009 ● Opened a corporate display area called the Kyoto Product Creation Center in the Kyoto City (Japan) Learning Pavilion, a municipal career education facility for elementary and junior high school children, to introduce Kyocera's manufacturing techniques.</p>
<p>1988 ● Supported construction of the Pavilion for Japanese Art at the Los Angeles County Museum of Art (U.S.A.).</p>	
<p>1991 ● Supported centennial events of The Ceramic Society of Japan, which was established to develop the science, technology and industry of ceramics.</p>	
<p>● Supported construction of the Japan Studies Institute at San Diego State University (U.S.A.).</p>	
<p>● Supported landscaping of the Kyoto Garden in London, contributing to Japan-UK cultural exchange</p>	
<p>1994 ● In the spirit of the J-League's "100-Year Vision," and in response to many local residents' wishes, Kyocera helped to establish the Kyoto Purple Sanga (now Kyoto Sanga F.C.), a professional soccer team that is helping to invigorate the region with management support from Kyocera</p>	

# Kyocera Group's Environmental Management

Under our corporate motto, "Respect the Divine and Love People" we have always positioned, at the center of all corporate activities, our three concepts of "Living Together": living together with our community, living together with our global society and living together with nature.

Kyocera Philosophy, which is the basis of management for the Kyocera Group, is founded on basic ethical values, morals, and social rules such as "doing what is right as a human being." Since our founding, we have also thoroughly practiced Kyocera Philosophy in the environmental arena.

## Promotion of Environmental Management Based on Management Rationale

The Kyocera Group handles many kinds of chemical substances in its production processes, including raw materials for fine ceramics and chemicals. When performing effluent treatment at our plants, we must purify discharge water to a state cleaner than that of the destination rivers before releasing it. Kazuo Inamori, founder of Kyocera, tells us that such water must be rendered as harmless as possible using the latest technology available.

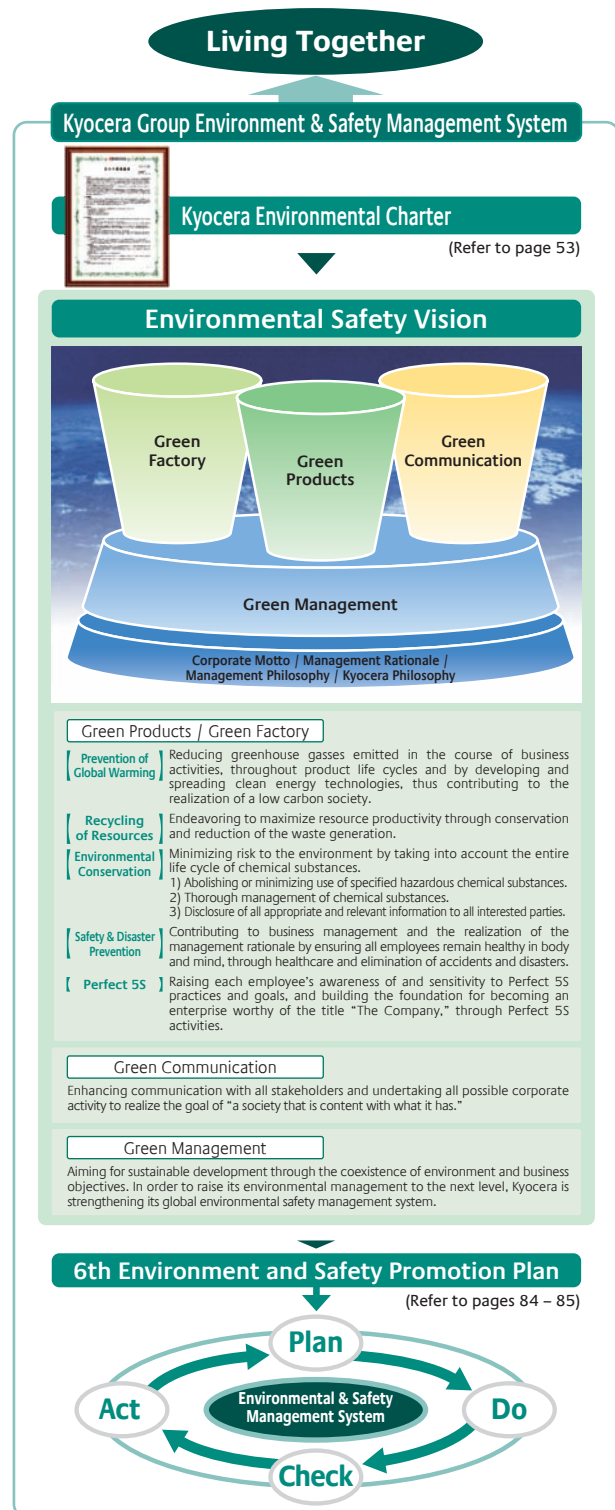
Since our founding, we have practiced complete control according to the "Kyocera Environmental Management Standard" we established based on the above policy, which is stricter than legal and public regulations.

The companywide environmental management promotion system was organized in 1990 when the Kyocera Green Committee was set up. In 1991, the Kyocera Group Green Committee was launched by organizing domestic and overseas group companies. We started implementing environmental protection activities by unifying all the group companies based on the Kyocera Environmental Charter established on October 1, 1991.

Since then, all the group companies have been working on "Sustainable Management" and aiming for sustainable development while achieving a good balance between ecology and economy.

## Kyocera Group's Environmental Management

The Kyocera Group has established a vision of environmental safety based on the idea of "Living Together." The vision underscores the Kyocera Environmental Charter, our fundamental philosophy on the environment, advocating a long-term view that takes into account current regulations, social trends, etc. Based on the Environmental and Safety Vision, we are drawing up the 6th Environment and Safety Promotion Plan, containing specific targets and action plans. These targets and action plans are broken down in the Environmental Management Systems based on the ISO 14001 requirements, which are now operating at all Kyocera sites in Japan and abroad. The Plan, Do, Act, Check (PDCA) cycle is applied monthly in order to spread continuous environmental conservation activities.



# Kyocera Environmental Charter (Extracted)

Established: October 1, 1991  
Previous revision: January 1, 2006

## I Preface

Technological progress and economic development in the industrialized countries have given rise to affluent societies with high standards of living. At the same time, they have led to the mass consumption of natural resources and mass discharge of chemical substances – which, in turn, now threaten to destroy the earth's ecosystem. In addition, explosive population growth and widespread poverty in developing countries have aggravated these environmental problems with large-scale deforestation. The social and economic activities of both advanced and developing countries are intertwined, and with all parties intent on greater material consumption, nature's recuperative powers have been exceeded. As a result, the Earth's natural capacity for recycling has been damaged on a global scale.

One of our major premises up to this time – that the earth's ecosystem is infinitely large – is now being rejected in favor of the idea that the Earth is a closed ecosystem. Such a change in view affects the very foundation of mankind's existence and demands a re-evaluation of the quality and quantity of the products used by mankind. This, in turn, will lead to a fundamental change in the industrial/technological system within which such products are manufactured.

In the course of history, mankind has witnessed three eras of rapid development: the Agricultural Revolution, the Industrial Revolution and the Information Revolution. It is generally felt that the current environmental movement will someday be regarded as mankind's fourth era of rapid development: the Environmental Revolution.

Our future thus requires new policy goals. These should state that development and economic growth may be pursued only when proper consideration is given to the balance between nature and society. In view of the fact that small acts by each of the more than six billion people on this planet could result in complete environmental destruction, it is essential to establish a basic philosophy of coexistence and co-prosperity between the developed and developing countries, between business and government, and between individuals and societies. All must be viewed as participants in the stewardship of "Mother Earth," not as opposing forces with conflicting interests.

The greatest responsibility for promoting the Environmental Revolution lies with the advanced countries. In particular, businesses in such countries play a vital role, as they control production technologies and are directly engaged in industrial activities.

## II Basic Management Philosophy

In accordance with our corporate motto – "Respect the Divine and Love People" – Kyocera has long complied with its management philosophy: "To provide opportunities for the material and intellectual growth of all our employees, and through our joint effort, contribute to the advancement of society and humankind." We try to conduct business in harmony with the life-giving force of our universe.

Kyocera had early insight into the mindset that today's global environmental problems make demands of every business enterprise. This mindset implies that business should uphold the dignity of man and contribute to the sustainable development of human society.

Based on the management philosophy stated above, Kyocera and its domestic and overseas affiliates will adopt comprehensive measures of environmental preservation – including energy conservation, global warming prevention, resource conservation, the development of environmentally friendly products, and improvements that contribute to global environmental protection in a sustainable manner.

## III Environmental Management Policies

In the course of business activities, Kyocera will take a serious view of global environmental protection in compliance with the Company's basic management philosophy, stated above, and will emphasize the following points:

1. Compliance with internal environmental standards that make global environmental protection our first priority;
2. Most efficient utilization of resources and development of innovative processing technologies;
3. Development of Earth-friendly products in two categories: (A) Environmental Improvement Products that will make a positive contribution and improve the global environment; and (B) Environmentally Gentle Products, that will impose a reduced impact on the global environment.
4. Cooperation with government environmental policies, and participation in or support of social contribution activities.

## IV Environmental Management Objectives

1. In order to minimize impact on the natural environment and any harmful effects on the ecosystem, Kyocera will establish and comply with internal standards which are more stringent than those specified by applicable international agreements, or the regulations of regions where the Company's facilities are located.
2. At all levels, Kyocera will scientifically study and evaluate the effects of business activities on the environment, and then take the necessary protective measures.
3. Kyocera will develop processing technologies and production facilities that will have maximum resource and energy efficiency in all production activities. At the same time, the Company will aim to reduce raw material and chemical consumption in all processes.
4. Kyocera will promote in-house energy conservation activities, such as more efficient use of electricity and fossil fuels, the introduction of high efficiency equipment, and the reutilization of thermal energy. At the same time, the Company will promote measures for global warming prevention.
5. Kyocera intends to purchase recyclable materials which contribute to resource conservation while maximizing resource-utilization efficiency by establishing recycling systems for wastewater and waste materials. The Company will take aggressive steps to recycle, decontaminate and reduce the volume of all waste.
6. Kyocera will increase its research, development and production of "Environmental Improvement Products" that make a positive contribution to the enhancement of the global environment.
7. Kyocera will increase its research, development and production of "Environmentally Gentle Products" that are gentle to the Earth and place a lighter burden on the environment at every stage of production, sales, distribution, consumption and disposal.
8. Kyocera will promote the "greening" (forestation) of its facilities in an organized effort to create grounds which are lush and inviting. At the same time, the Company will participate in and support social contribution activities.

## Major Activity Results of the 6th Environment and Safety Promotion Plan

The 6th Environment and Safety Promotion Plan began in April 2008. The plan details specific goals and action plans for the next three years through March 2011. Goals and actions plans are included for research and development, as well as, the spread and expansion of environmentally-friendly products and environmental protection activities at factories. Additionally the plan also includes the destination point ten years into the future (FY 2018), summarizing the plan in 13 plan documents.

### Major Activities in FY 2010

Global Environmentally Friendly Products Promotion Plan	<ul style="list-style-type: none"> <li>Introduced the concept of environmental efficiency and factors in products and began its application in product development.</li> <li>Promoted environmentally-conscious manufacturing and certified Kyocera's 19 new global environmentally friendly products.</li> </ul>
Products Environmental Quality Promotion Plan	<ul style="list-style-type: none"> <li>Revised the Kyocera Green Procurement Guideline based on the trends of laws and regulations such as European chemical substance control "REACH."</li> <li>Searched for newly added substances of very high concern in order to comply with European chemical substance control "REACH".</li> </ul>
Energy Saving Promotion Plan	<ul style="list-style-type: none"> <li>Reduced electricity consumption by reviewing production processes, introducing high-efficiency equipment and applying inverter technologies for pumps and fans.</li> <li>Reduced fuel use by consolidating baking furnaces and changing steam humidification to water humidification.</li> </ul>
Global Warming Prevention Promotion Plan	<ul style="list-style-type: none"> <li>Tool measures for energy conservation, such as introduction of high-efficiency heat pumps.</li> <li>Took measures to prevent global warming by minimizing gases such as PFC by installing a gas removal system using gas removal equipment and by setting up photovoltaic power system.</li> <li>Reduced CO<sub>2</sub> emissions resulting from freight transport by implementing a modal shift from by road to by ship and by reconsidering the freight route.</li> </ul>
Resource Conservation Promotion Plan	<ul style="list-style-type: none"> <li>Reduction of water consumption by introducing feed-water control according to production operations</li> <li>Introduced 33 new hybrid cars to reduce vehicle fuel consumption.</li> </ul>
Paper Resource Conservation Promotion Plan	<ul style="list-style-type: none"> <li>Reduction of paper consumption by promotion of digitalization of meeting material</li> </ul>
Packing Materials Improvement Promotion Plan	<ul style="list-style-type: none"> <li>Reduced packing material consumption by reducing the size of shipping trays and changing their material for semiconductor components.</li> </ul>
Kyocera Environmental Management Standard	<ul style="list-style-type: none"> <li>At the Shiga Yasu Plant, set up a new discharge water treatment facility where reduction of chemical consumption and recycling of treated water are implemented.</li> </ul>
Waste Reduction Promotion Plan	<ul style="list-style-type: none"> <li>Reduced sludge volume by processing the waste solution within the company and improving the effluent treatment method in order to reduce waste discharge.</li> </ul>
Chemical Substances Measurement Promotion Plan	<ul style="list-style-type: none"> <li>Reduced the amount of discharge/transfer of PRTR-Law-subject materials by improving the toluene recovery facilities and using substances not covered by the PRTR Law.</li> </ul>

\* For the target and achievement of each plan, refer to Pages 84 – 85.

\* For the targets and achievements of "Safety & Health Promotion Plans" (Page 43), "Fire & Disaster Prevention Promotion Plan" (Page 43) and "Perfect 5S promotion plan" (Page 44), refer to those relevant pages.

### Major Evaluation for Environmental Management

(Published in December 2009)  
**Seventh Place in the Manufacturing Industry's Overall Ranking for the 13th Corporate "Environmental Management Survey"**  
 (Hosted by: Nikkei Inc.)

Kyocera took the seventh place overall in the manufacturing industry's overall ranking for "Environmental Management Survey." The environmental management survey has been conducted every year since 1997. We took 10th place in 2007 and 9th place in 2008, being placed among the top ten for three consecutive years.

We were highly-acclaimed in the promotion of design and development of environmentally-friendly products, compliance with environmental regulations, improvement of environmental performance by introduction of hybrid cars, energy saving and waste reduction, and measures such as thorough wastewater management and gardening and planting activities. We received a high evaluation in all the following five areas: (1) environmental management promotion system, (2) pollution control/ responding to biodiversity, (3) resources recycling, (4) environmental measures taken for products and (5) efforts against global warming.

(Published in March 2010)  
**8th Japan Environmental Management Award "Award for Environmental Management Excellence"**  
 (Hosted by: Mie Prefecture)

The Kagoshima Sendai Plant received "Award for Environmental Management Excellence" in the environmental management category of the 8th Japan Environmental Management Award. This is the fourth time the Kyocera Group has received this award. Previously the Kagoshima Kokubu Plant (1st), the Tamaki Plant of KYOCERA MITA Corp. (2nd), and the Shiga Gamo/ Yohkaichi Plant (7th) have received the same award.

Recycling of used cutting tools, energy saving including heat shielding of the plant roof and wall greening, onsite environmental classes to elementary schools, and CO<sub>2</sub> reduction support at employees' families were all comprehensively evaluated. A wide variety of these environmental activities at the Kagoshima Sendai Plant led to us receiving this award.



# Kyocera Group Environmental Management Contribution Award

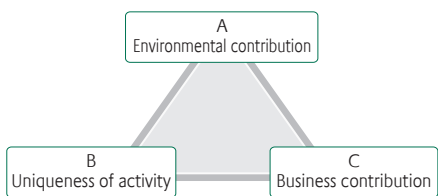
In 1996, the Kyocera Group introduced the “Kyocera Global Environment Contribution Award” for stimulating environmental conservation activities. With this system, the Green Committee evaluates unique and groundbreaking environmental protection activities that have contributed significantly to the global environment and have been conducted for one year and the Chairman (President) gives awards for this; a total of 74 awards have been given so far.

In 2009, this award began to cover the Kyocera Group (in Japan) and its name was also changed to the “Kyocera Group Environmental Management Contribution Award.”

### Categories for Selection

- “Global Environmentally Friendly Products” Category
- “Energy Conservation/Global Warming Prevention” Category
- “Resource Conservation” Category
- “Environmental Conservation” Category
- “Environmental Communication” Category

### Evaluation Point



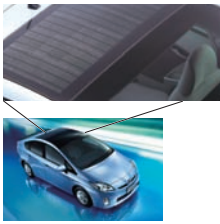
## 14th Kyocera Group Environmental Management Contribution Award

### Grand Award

#### “Global Environmentally Friendly Products” Category

##### Onboard Solar Cell Module

This is the onboard solar cell module to be mounted on the roof of a vehicle. Electricity generated by the module is used to ventilate the air inside of the car. It reduces the air-conditioning load when using an automobile, thus contributing to the prevention of global warming and energy conservation. It is durable to withstand use on the rooftop of the car, also contributing to improvement of resource cycling. (Refer to Page 66.)

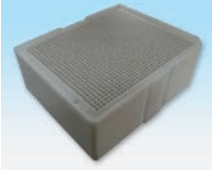


© Toyota Motor Corporation 2009

#### “Resource Conservation” Category

##### Reduction of Packing Material by Introducing a New Type of Tray

Changing to the new type of tray lead to a large decrease in the stock room for packing material, an increase in the volume of ceramic packages that can be transported at a time, and a decrease in the number of times of transportation. A large increase in the number of units to a tray has reduced tray material. Making trays returnable for some customers has reduced new packing material.

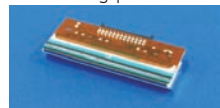


### Excellence Award

#### “Global Environmentally Friendly Products” Category

##### Thermal Printheads KPE Series

This edged type thermal head has been developed mainly for printing on plastic cards. Wiring design without thick film electrodes has been introduced to eliminate the printing and calcination processes for thick film electrodes, thereby implementing energy saving in the manufacturing process. The thermistor is designed to be located near the heater to quickly sense the temperature, also contributing to energy saving during use. (Refer to Page 65.)



#### “Global Environmentally Friendly Products” Category

##### High-Thermal-Conductivity Organic Paste

This is silver paste that has good heat radiation and reflow resistance after moisture absorption together with high heat conductivity. This lead-free product can be used as a substitute item for lead solder, contributing to reduction of harmful chemical substances at customers. It makes recycling of products easier, also contributing to improvement of resource cycling.



#### “Energy Conservation/Global Warming Prevention” Category

##### Energy Saving by Introducing a New Air-Conditioning Control System

The fully-automatic control system has been installed in the clean room in order to implement the optimized operation of air-conditioning equipment throughout the year. Introduction of this system reduces city gas and electricity for cold water and hot water for air conditioning, thus contributing to the prevention of global warming and energy saving.



#### “Energy Conservation/Global Warming Prevention” Category

##### CO<sub>2</sub> Reduction during Transportation by the Promotion of Modal Shift

Overseas products from the Kagoshima Kokubu Plant and Kagoshima Hayato Plant were transported to Osaka using trucks. Now, a new route using ferries with even lower environmental load has been established to reduce CO<sub>2</sub> produced during transportation. (Refer to Page 73.)

# Green Management

## ~ Basis of Environmental Management Promotion ~

### Environmental Management Promotion System

Kyocera established the Kyocera Green Committee and Kyocera Group Green Committee (KGGC), to allow the entire Kyocera Group to prepare for the promotion of environmental protection activities based on the Kyocera Environmental Charter.

The Kyocera Green Committee — consisting of the president as chairperson and departmental managers as members — is the supreme decisions-making body for Kyocera group companies in the environmental field. The Kyocera Green Committee's charter is to promote an environmentally-safe vision, as well as the ensuing targets, measures, and action plans for the Kyocera group.

The KGGC was established to spread the vision and targets determined by the Kyocera Green Committee among the Kyocera group companies. The KGGC periodically reviews the challenges of each group company and exchanges opinions. The KGGC also supports deployment of voluntary activities adopted by each area.

Targets and action plans determined by the Kyocera Green Committee are broken down in the Environmental Management System based on the ISO 14001 Standard. The Plan, Do, Act, Check (PDCA) cycle is applied monthly in order to spread continuous environmental conservation activities.

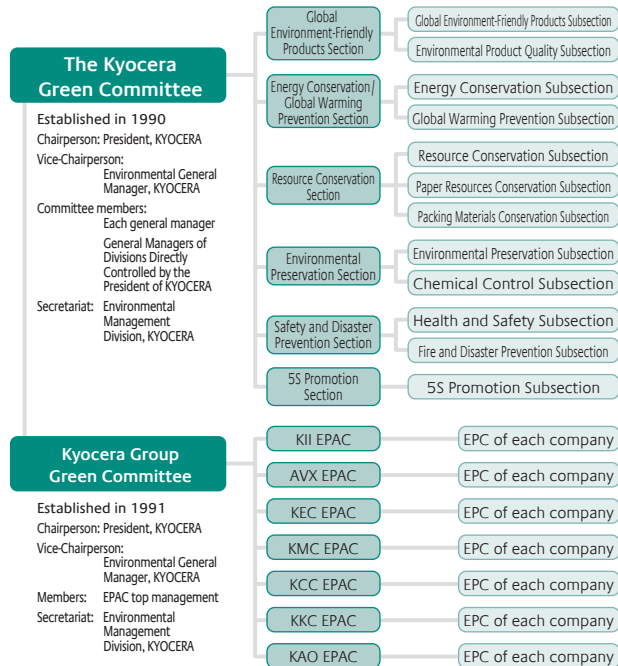
We adopted and applied an Environmental Management System in 1996 when the ISO Standard was established. We globally build systems in the following four categories and now deploy and apply them at all 385 locations at home and abroad.

#### Number of Locations Applying the Environmental Management System (as of March 2010)

Kyocera Group Integrated Environment & Safety Management System	201
Environmental Management System (individual certification)	79
Self-Certification Environmental Management System (AVX Group)	4
KGEMS*	101
<b>Total</b>	<b>385</b>

\* KGEMS stands for Kyocera Group Environmental Management System, and is Kyocera Group's own self-certification system, closely based on the ISO 14001 Standard.

The Kyocera Group (in Japan) applies and spreads the targets and measures determined at the Kyocera Green Committee through the Kyocera Group Integrated Environment & Safety Management System, as shown by the organization in the figure at the right.

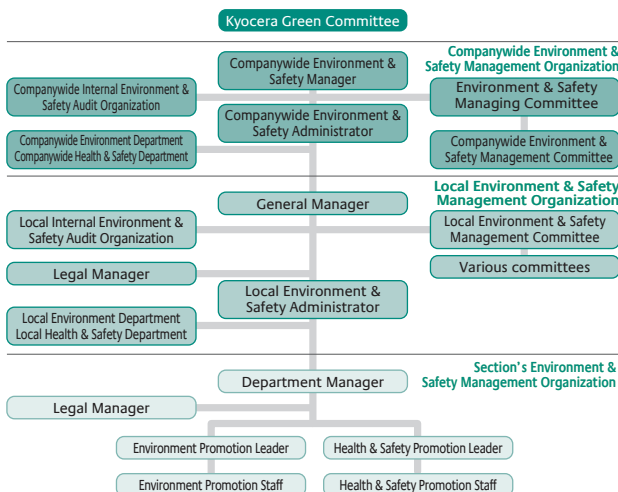


**EPAC: Environmental Protection Assurance Committee**  
 EPAC guides and supports each group company's Environmental Protection Committee (EPC) in promoting conservation activities based on the Kyocera Environmental Charter. In order to promote protection activities for the entire group, the EPAC also conducts audits in cooperation with each EPC. There are seven EPACs.

- KII (KYOCERA International, Inc.) Group
- AVX (AVX Corporation) Group
- KEC (KYOCERA ELCO Corp.) Group
- KMC (KYOCERA MITA Corp.) Group
- KCC (KYOCERA Chemical Corp.) Group
- KKC (KYOCERA KINSEKI Corp.) Group
- KAO (KYOCERA Asia & Others) Group

**EPC: Environmental Protection Committee**  
 An Environmental Protection Committee is set up at each group company. Each EPC independently makes, conducts and evaluates activity plans and periodically releases a report to EPAC.

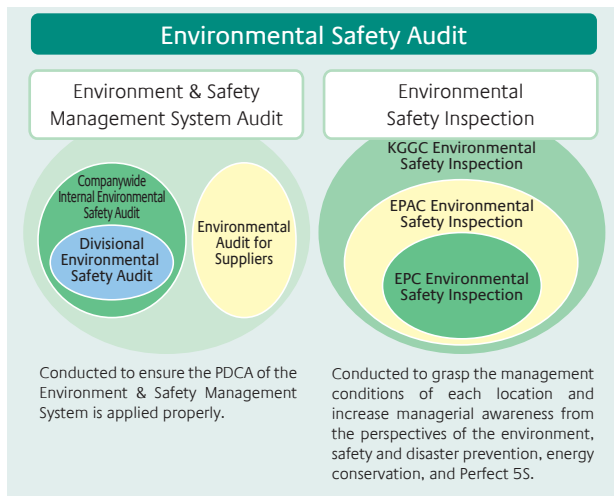
#### Organizational control of the Kyocera Group Integrated Environment & Safety Management System





## Environmental Safety Audit

The Kyocera Group periodically conducts two environmental safety audits as shown in the figure below.



In the Kyocera Group Integrated Environment & Safety Management System, a companywide Internal Environmental Safety Audit and a Divisional Internal Environmental Safety Audit are performed at each division and office. The purpose of the audit is to examine the effectiveness of the internal audit and work performance relating to the Environment & Safety Management System. An auditor from another office/division conducts the audit.

These audit results are reported to the office managers and the companywide environmental safety manager. Corrective actions are taken immediately. The results and corrective actions are reflected in the review and in the improvement of the Environment & Safety Management System. Furthermore, Kyocera is assessed by an external certification organization every year. In FY 2010, although there were four areas in the ISO 14001 audit and four areas in the OHSAS 18001 that required attention, our overall evaluation still showed improvement. These eight deficiencies have all been addressed.

The Kyocera Group performs annual self-inspections of its environmental safety management system to grasp the state of environmental safety management at each office home and abroad throughout the Kyocera Group and to improve the level of management.



Environmental Safety Inspection (Shiga Yohkaichi Plant)



Discussion on the basic environmental technology program

## Environmental Education

The Kyocera Group systematically performs environmental education by classifying it into general/enlightening education and professional education and helping our employees to understand the significance of working on environmental conservation activities and the role each person plays to raise overall environmental awareness. In FY 2010, we conducted professional education such as by hierarchy and function, technique and certification for a total of 25,790 people.

### Environmental Training System

	Top management	Mid-level employee	Employee	Part-time employee
<b>General/enlightening</b>	Household Eco-Account Book, bulletin, Web site, activities in environment month, etc.			
<b>Specialty</b>	<b>By hierarchy</b>	Plant manager & division general manager training	Sales manager training Education for section chiefs Supervisory/Leader skills training Advanced general skills training	Education for new employees
	<b>By function</b>	Education for companywide environmental safety management	Education for department managers Education for local/companywide environmental safety managers (Other: Education for employees of in-plant resident companies, education for vendor companies)	Education for environmental enhancement leaders Education for environmental enhancement personnel Education for personnel responsible for local/companywide environmental safety departments
	<b>Technique</b>		Education for personnel engaging in specific environmental jobs	Basic environmental technology program
	<b>Certification</b>	Education for chief internal environmental safety auditors	Education for internal environmental safety auditors Training for onsite environmental class instructors	

After joining the company, employees are required to thoroughly learn that environmentally conscious design is very important for designers and developers as approximately 80% of the environmental burden is determined during the design and development stages. Through a two-day basic environmental technology program with lectures, training and discussions, we teach them that it is important to quantify the burden on the environment (such as CO<sub>2</sub> emissions) during the life cycle for each product before designing and developing it.



Discussion on the basic environmental technology program

# Green Management

## ~ Basis of Environmental Management Promotion ~

### ▶ Applying “Household Eco-Account Book”

A significant increase in CO<sub>2</sub> emission at households, which is a major cause of global warming, has been a big problem. After distributing “The ECO-LIFE NOTE: An Environmental Booklet for the Employee at Home” in April 2008, the Kyocera Group (in Japan) began the “Household Eco-Account Book” Registration System in October 2008. This system is intended to reduce CO<sub>2</sub> emissions from households, raise the environmental awareness of employees and their families and improve environmental communication. Registered households increased from 6,194 in FY 2009 to 8,202 in FY 2010, positively practicing “Eco-Life” at home.

### Results of applying “Household Eco-Account Book”

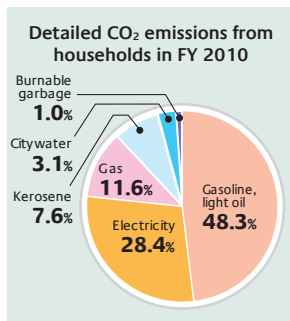
#### FY 2010 Results of Household Eco-Account Book (Average household members: 2.98 persons)

	Apr. – Jun.	Jul. – Sep.	Oct. – Dec.	Jan. – Mar.	Total
CO <sub>2</sub> emission per household	1,802	1,650	1,841	1,808	7,101
CO <sub>2</sub> emission per person	597	559	622	607	2,385

[Unit: kg-CO<sub>2</sub>]

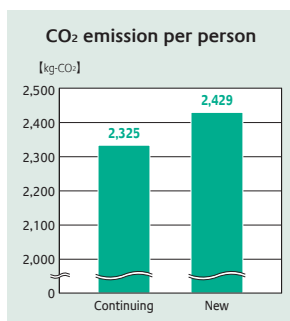
For CO<sub>2</sub> emission by item, the CO<sub>2</sub> emissions coming from the use of gasoline and light oil account for as high as 48.3%. This may have resulted from the fact that the percentage of households owning automobiles was as high as 88%.

To reduce CO<sub>2</sub> emissions coming from automobiles, we plan to provide our employees with education for eco-driving in 2010.



### Effect of Continuing This Activity

The CO<sub>2</sub> emission per person of households continuing the activity from FY2009 is 4.3% lower than that of households having newly started the activity in FY2010, showing the effect of its continuation.



### Making Efforts at Home

Various efforts are undertaken to reduce CO<sub>2</sub> emissions at home.

#### ■ Reduction of electrical usage

- Use air conditioners as little as possible. (using paper fans and electric fans, moving furniture for improving airflow, making green curtains, etc.)
- Put a curtain in a refrigerator to prevent cold air from coming out.

#### ■ Reduction of gas usage

- Lower the set temperature of hot water by 2°C.
- Make hot water in a poly tank with solar heat.

#### ■ Other

- Graph the record of the Household Eco-Account Book every month and put it up with prominence for the entire family.



Green curtain at an employee's home

### ▶ Promotion of Kyocera Group Environmental Awareness Month

Designating each June as “Kyocera Group Environmental Awareness Month,” the Kyocera Group (in Japan) undertakes various efforts to raise environmental awareness and enhance environmental management and conservation activities in each plant and division. In FY 2010, activities such as environmental safety inspections, environmental patrols by each office manager, the presentation of environmental clipping data at morning meetings, and putting up of environmental posters were performed under the theme, “Reduction of fixed energy.” In addition, each office and plant conducted environmental social events with companies in the surrounding area and eco-drive lectures as well as individual activities such as making green curtains. The “sign lights off” campaign was conducted at 28 sites in Japan, accounting for a total of 2,212 kg-CO<sub>2</sub> as an effect of reducing CO<sub>2</sub> emissions.



“Lights off” (Shiga Yasu Plant)



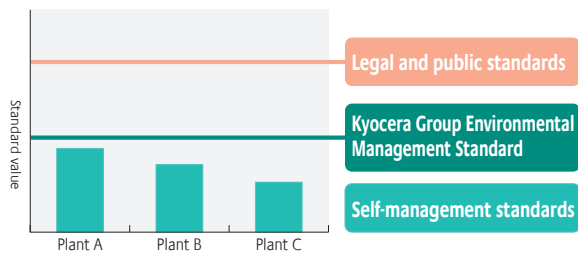
Environmental Posters

## Environmental Risk Management

### Kyocera Group Environmental Management Standard

The Kyocera Group established Kyocera Group Environmental Management Standard and extended the present management system to the Kyocera Group (in Japan) in order to carry forward countermeasures for equipment in 2010. Also, each office specifies stricter self-imposed standards than legal and public standards in order to assure thorough management.

Kyocera's environmental management is steadily improving as a result of introducing new environmentally friendly equipment and improving performance.



#### Example of Kyocera Group Environmental Management Standard (extracted from a total of 44 water-related substances)

Item	Unit	Water Pollution Control Law	Kyocera Group Environmental Management Standard	Self-management Standard (e.g. Shiga Yohkaichi Plant)
Biochemical oxygen demand (BOD)	mg/l	160 and under	10 and under	9 and under
Chemical oxygen demand (COD)	mg/l	160 and under	10 and under	9 and under
Suspended solid (SS)	mg/l	200 and under	5 and under	4.7 and under
Soluble iron content	mg/l	10 and under	5 and under	0.3 and under
Chromium content	mg/l	2 and under	0.1 and under	0.03 and under
Soluble manganese content	mg/l	10 and under	5 and under	0.3 and under
Lead and its compounds	mg/l	0.1 and under	Not detected	Not detected

### Dealing with Emergencies

Assuming the inevitability of accidents and emergencies which may affect the environment, we have taken preventative countermeasures, such as the installation of dikes. We have also prepared procedures for dealing with emergencies. To ensure that employees are familiar with these procedures, we hold emergency training drills more than once each year.



Emergency training (Kagoshima Sendai Plant)

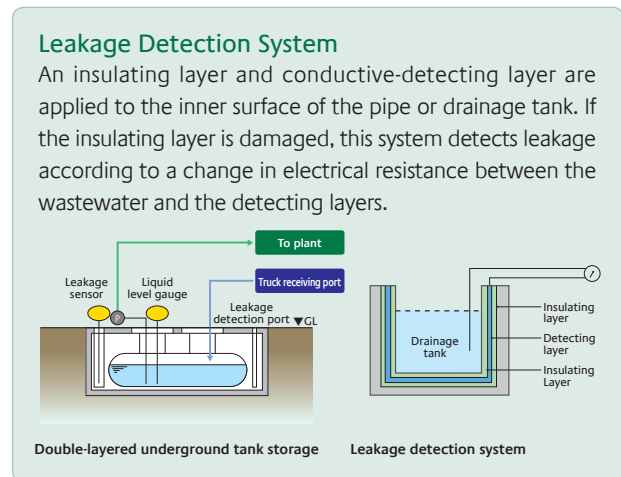
### Observing Environment-Related Regulations

In FY 2010, the Kyocera Group found that water used in roof coating work flowed out of the premises at the Kawasaki Plant of KYOCERA Chemical Corporation where the value exceeding the standard value was detected, but immediately took countermeasures and also reported it to the public administration.

### Monitoring Soil and Groundwater Contamination

Kyocera established the internal Environmental Management Standard for soil in 1992 and performs yearly soil evaluations and measurements. Furthermore, we established an "Underground Installation Handling Standard" in 1996. We specify that the piping structures and storage tanks for discharged water containing soil contaminants must be easy to visually inspect, enabling the early detection of leaks to prevent contamination.

We also installed double-layered structures that serve as a leakage detection system. Should a leak occur, we are able to take immediate action, as an antipollution measure, before any contaminants infiltrate the soil.



Contamination of underground water was found at the Kawaguchi Plant of KYOCERA Chemical Corporation during self-inspection.

At KYOCERA OPTEC Co., Ltd., where measures for remediation are taken based on past survey results, groundwater is continuously monitored and neither soil nor groundwater have been affected in the surrounding area.

### ■ Environmental Accounting

The Kyocera Group established an Environmental Accounting System in FY 2003. By introducing quarterly data collection in FY 2005, we have now improved the accuracy and timely review of our data.

We will continue to use the system as a global environmental management indicator.

**Range of data collection :** 226 sites

1. Sites collectively certified for the Kyocera Group Integrated Environment & Safety Management System – 201 sites
2. Dongguan Shilong KYOCERA Optics Co., Ltd. (China), Shanghai KYOCERA Electronics Co., Ltd. (China), AVX Group (18 sites), KII Group (5 sites)

**Period covered :** April 2009 through March 2010

**Guideline for reference :** Ministry of the Environment's "Environmental Accounting Guidelines 2005"

### ▶ Environmental Accounting Analysis Results

The Kyocera Group has introduced consolidated environmental accounting based on the Kyocera Group Environmental Accounting System.

In FY 2010, environmental preservation costs were 1.546 billion yen for investments and 11.76 billion yen for expenses. The enhanced economic effects from environmental conservation measures were 9.772 billion yen.

For the investment, the pollution prevention costs increased due to the introduction of exhaust gas cleaning equipment and a discharge water treatment facility and new construction of a waste yard because of the construction of the plant building for manufacturing photovoltaic power systems at the Shiga Yasu Plant. However, other costs decreased by 660 million yen as compared with those for FY 2009.

The expenses decreased by 3.273 billion yen, as compared with those of FY 2009, because of a decrease in production due to the worsening economy, cost saving, elimination of the research and development center, and reduced expenses. The enhanced economic effects from environmental conservation measures include reuse of material scraps of solar cells, which have been sold as a valuable raw material in the past. However, they decreased by 477 million yen, as compared with those of FY 2009, due to a decrease in the environmental conservation benefits due to the reduced operating rate of production equipment.

The economic effects resulting from environmental preservation measures exceeded expenses by 2.031 billion yen, (excluding research and development costs).

The reason why research and development costs are excluded from expenses is that the economic effects resulting from environmental preservation measures for research and development have not been calculated. Consequently, cost-

benefit performance has been calculated only in those areas for which the economic effects of environmental preservation are known.

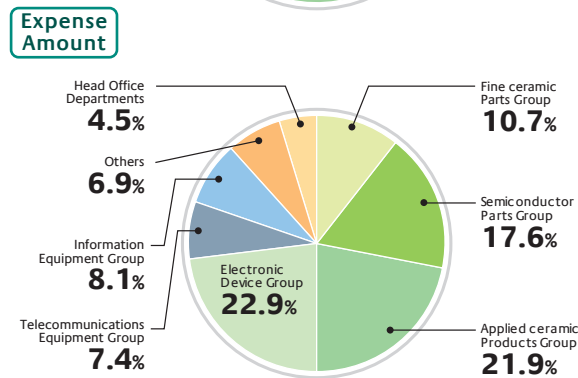
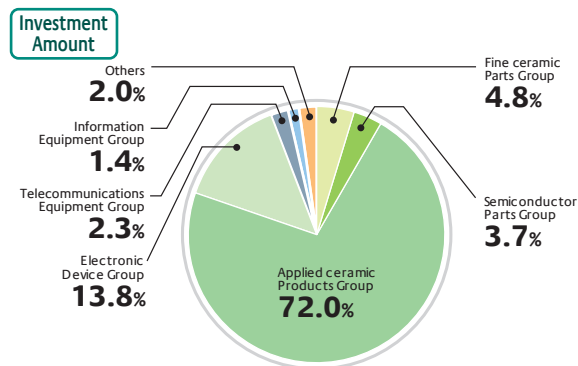
Environmental conservation benefits for 11 out of the 13 items experienced a total decrease because of the decreased running rate of production equipment due to the worsening economic situation. However, seven items improved on a basic unit-per-sale amount.

**Concept of Environmental Accounting**  
 Double reporting of internal transactions is prevented in companies subject to data collection.  
 For group companies with an equity ratio not equal to 100%, data collection is performed by regarding the investment amount, expense amount, and environmental conservation effects as 100%.

**Concept of Environmental Conservation Costs**  
 For environmental conservation facilities, the investment amount and running costs are totaled. For environmental conservation activities, the expenses spent for such activities are totaled. Research and development costs included in costs for environmental conservation are included in fundamental research and development.

**The Definition of Environmental Conservation Effects and Economic Benefits**  
 The economic benefits of environmental conservation efforts are computed only for cases in which there is clear, quantifiable evidence of the improvement on environmental conservation. The economic effects as a result of environmental conservation measures for research and development costs are not computed.

### Analysis by Business Segment



## Environmental Conservation Costs

(Unit: Million yen)

Cost Classification	Investment		Cost		Main Measures	Appropriate page
	FY 2009	FY 2010	FY 2009	FY 2010		
Business area costs	1,380	1,260	6,596	5,835		
① Pollution prevention costs	606	1,141	3,485	3,035	Introduction and maintenance / Management of pollution prevention equipment / Measurement and analysis of environmental load	P.59, P.79
② Global environmental conservation costs	578	85	855	832	Introduction of energy-saving devices / Greenhouse gas reduction activities	P.71~74
③ Resource recycling costs	196	34	2,256	1,968	Resource-saving activities / Introduction and maintenance / Management of waste-recycling equipment	P.75~78
Upstream / downstream costs	—	—	405	391	Responding to green procurement / Collection and recycling of used products	P.69, P.70
Management costs	173	3	1,969	1,485	Improvement and application of the environmental management system / Coping with PRTR	P.52~62, P.80
R & D costs	653	283	6,020	4,019	Product development contributing to environmental conservation	P.63~70
Social activity costs	—	—	29	23	Co-sponsored donations for environment-related associations, Environmental classes onsite	P.81~83
Environmental remediation costs	—	—	14	7	Cleanup and monitoring of groundwater	P.59
<b>Total</b>	<b>2,206</b>	<b>1,546</b>	<b>15,033</b>	<b>11,760</b>		

## Economic Effects of Environmental Preservation Measures (Unit: Million yen)

Item	Amount of Money		Main Matters
	FY 2009	FY 2010	
Income	3,767	2,014	The sale of property
Cost cutting measures	6,482	7,758	Reduction in electric expenses, reduction in fuel expenses, reduction in waste disposal costs
<b>Total</b>	<b>10,249</b>	<b>9,772</b>	

## Cost-Effectiveness (Unit: Million yen)

	FY 2009	FY 2010
Expense amount excluding research and development costs (①)	9,013	7,741
Economic effects resulting from environmental preservation measures (②)	10,249	9,772
<b>Cost-effectiveness (②÷①)</b>	<b>1,236</b>	<b>2,031</b>

## Environmental Conservation Effects

Effect Content	Annual Effect			CO <sub>2</sub> equivalent	CO <sub>2</sub> Reduction Effect	
	FY 2009	FY 2010	Unit		FY 2009	FY 2010
Reduction of electricity	149,878	169,483	MWh	→	Amount of reduction	153,607 ton-CO <sub>2</sub>
Reduction Tons-CO <sub>2</sub> of fuel	18,346	11,604	Kℓ (Crude oil equivalent)			146,185 ton-CO <sub>2</sub>
Reduction of greenhouse gases such as PFC	30,931	28,422	Ton-CO <sub>2</sub>			Monetary Equivalent
						253 million yen

Reduction of water usage	41,376	36,709	1,000m <sup>3</sup>
Reduction of chemical substances	21,885	15,999	Tons
Reduction of waste	40,193	43,035	Tons

1,728 yen/ton-CO<sub>2</sub>, which is the EU emissions trading average price for the whole financial year of 2010, is used as the monetary equivalent of the CO<sub>2</sub> reduction effect.

## Environmental Conservation Effects (total gross)

		Unit	FY 2009	FY 2010	Total Environmental Conservation Effects	Benefit of Environmental Conservation Effects per Net Sales	
Environmental conservation effects concerning resources used for business activities	Total input of energy	GJ	16,341,054	15,480,679	860,375	0.4%	
	Introduction of energy by type	Electricity	MWh	1,435,430	1,376,701	58,729	-0.8%
		Fuel	Kℓ (Crude oil equivalent)	57,554	50,251	7,303	8.2%
	Handled volume of materials subject to PRTR	Tons	4,125	4,665	-540	-18.8%	
Environmental conservation effects concerning environmental impact and waste discharged by business activities	Input water resource	1000m <sup>3</sup>	11,048	10,906	142	-3.7%	
	Greenhouse gas emissions	Ton-CO <sub>2</sub>	771,488	722,558	48,930	1.6%	
		Greenhouse gas emission by type	CO <sub>2</sub>	767,167	717,790	49,377	1.7%
	PFC		Ton-CO <sub>2</sub>	4,321	4,768	-447	-16.0%
	Release / transfer of materials subject to PRTR	Tons	288	272	16	1.1%	
	Total discharge of industrial waste	Tons	26,159	19,992	6,167	19.7%	
	Total drainage volume	1,000m <sup>3</sup>	6,737	6,444	293	-0.5%	
	NOx emission	Tons	44.1	43.5	0.6	-3.5%	
SOx emission	Tons	2.3	2.2	0.1	0.4%		

Note: Since the range of data collected for environmental conservation effects (gross amount) is adjusted to the range of data collected for environmental conservation costs, they are different from the total values on other pages.

\*1: Indicates environmental conservation effect values by percentage change per sales amount of 100 million yen in FY 2010 and FY 2009. (Benefit Per Net Sales)

## Major Greenhouse Gas Reduction Measures

Plant Name	Subject	Summary	Investment Amount	Effects Expected (annually)	
				Reduction	Economic Effects
Kagoshima Sendai Plant	Improvement of turbo-refrigerators	Improved the operation efficiency of turbo-refrigerators.	—	1,193 ton-CO <sub>2</sub>	28 million yen
Kagoshima Hayato Plant	Introduction of heat pump equipment	Changed the plate heat exchanger to the heat-pump type.	7.3 million yen	121 ton-CO <sub>2</sub>	4.1 million yen
KYOCERA MITA Corp. Hirakata Plant	Using inverters in pumps	Introduced inverters for dust collector pumps.	2.6 million yen	66.6 ton-CO <sub>2</sub>	2.6 million yen

## Major Environmental Conservation Measures

Plant Name	Subject	Summary	Investment Amount	Effects Expected (annually)	
				Reduction	Economic Effects
Shiga Yasu Plant	Introduction of discharge water treatment facility	Introduced a discharge water treatment facility for manufacturing solar cells	674 million yen	—	—
Nagano Okaya Plant	Reduction of effluent by drying	Reduced the volume of effluent by effectively using the waste drying facility.	—	Waste reduction: 25.7 tons	1.8 million yen
Kagoshima Kokubu Plant	Reduction of purchase volume/waste volume of nickel plating	Reduced to half the purchase volume/waste volume by improving the nickel plating process.	—	Reduction of chemical substances: 5 tons Waste reduction: 5 tons	1.4 million yen

# Green Management

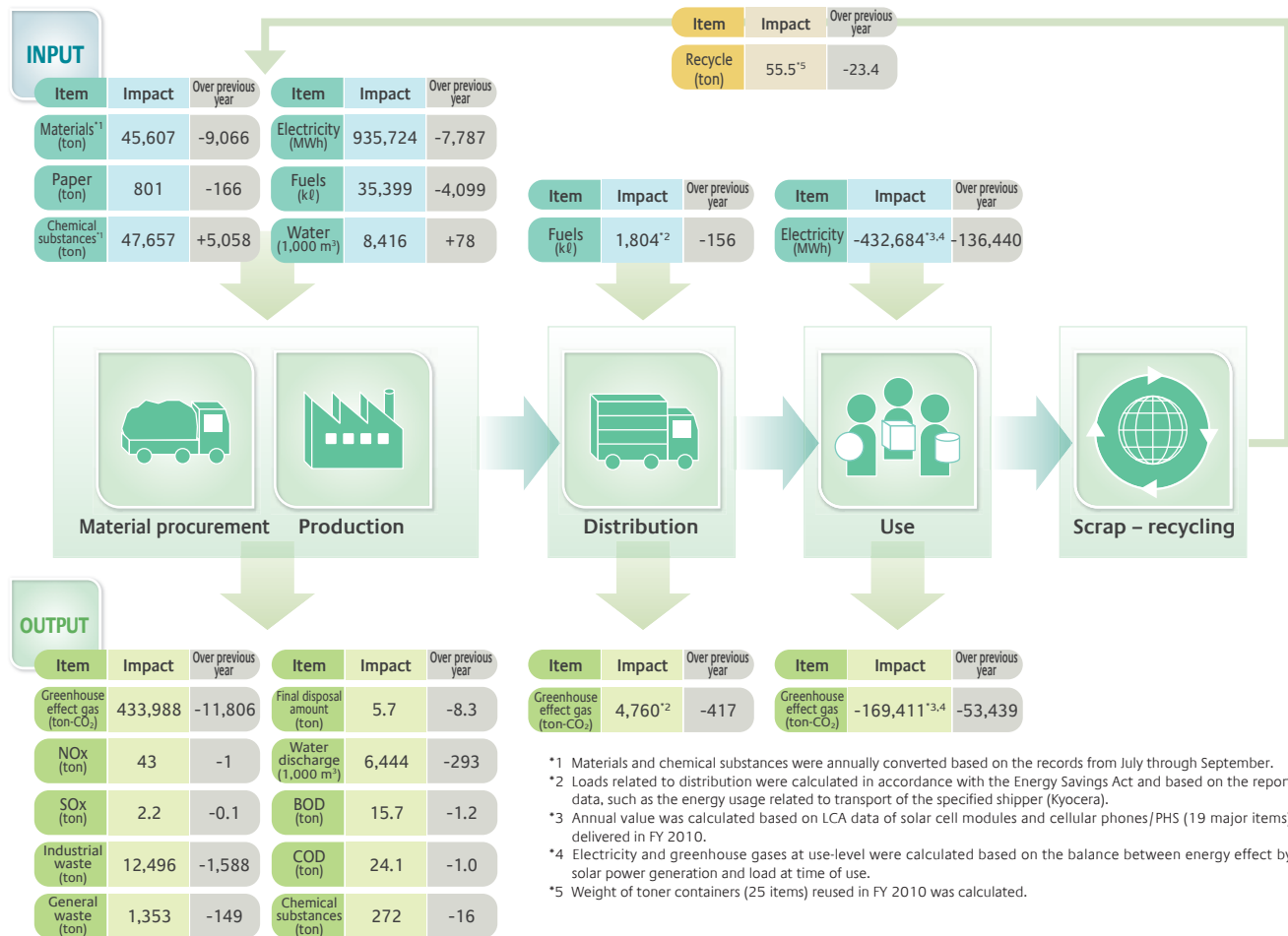
## ~ Basis of Environmental Management Promotion ~

### Overall Environmental Impact

This diagram shows the environmental impact of the entire Kyocera Group, clarifying the relationship between our business activities and the environment.

#### Scope of data collection

Sites certified under Kyocera Group Integrated Environment & Safety Management System (Refer to page 89)



#### Input Items

Materials	Consumption amount of main raw materials and sub-materials
Paper	Amount of copy paper and forms used in manufacturing process
Chemical substances	Amount of toxic/hazardous chemicals monitored by the related ordinances and used in our production, which are specified by 12 ordinances including the Hygiene Health Poisonous and Deleterious Substances Control Law, Fire Service Act (hazardous materials), Industrial Safety Law, PRTR Law, and the Law Concerning the Examination and Regulation of Manufacture of Chemical Substances
Electricity	Electricity purchased from electric power companies
Fuels	Amount of fuels used as energy, such as LPG, light oil, and heavy oil (crude oil equivalent)
Water	Amount of city water, industrial water and groundwater consumption

#### Output Items

Greenhouse gases	Amount of 5 major gases discharged, including CO <sub>2</sub> and PFC, as a result of electricity, gas and fuel consumption
NOx	Amount of nitrogen oxides discharged from gas and fuel consumption
Sox	Amount of sulfur oxides discharged from gas and fuel consumption
Industrial waste	Amount of discharged industrial waste generated by business Activities
General waste	Amount of discharged general waste generated by business activities
Final disposal amount	Amount sent to landfill for both industrial and general waste, including residues after intermediate treatment
Water discharge	Amount of discharged water into rivers (except water discharged to sewage system)
BOD	Load of discharged biochemical oxygen demand
COD	Load of discharged chemical oxygen demand
Chemical substances	Release and transfer amount of chemical substances specified by PRTR (Class 1 chemical substances)

### Environmental Assessment in Product Development

Kyocera Group strives for all of its products to be “Kyocera Global Environmentally Friendly Products”.

Kyocera launched and applied the “Environmental Consciousness Evaluation System” at all divisions and research groups in order to facilitate the manufacture of Environmentally Friendly products.

For new products and technologies, this system is designed to evaluate in three steps: planning, prototype creation, and mass production. Products that meet the internal criteria at the final stage will be certified as “Kyocera Global Environmentally Friendly Products.”

Therefore, we have established and operate an internal system and certification program for supplying top-class, environmentally friendly products with a focus on environmental consciousness that begins at the R&D stage.

#### Concept of Environmental Consciousness

Kyocera considers the three themes of “Global Warming Prevention and Energy Conservation,” “Resource Recycling” and “Environmental Preservation and Safety” as high-priority issues. For each of these, we have established clear guidelines for environmental protection at the product development stage.

##### Concept of Lowering Environmental Impact

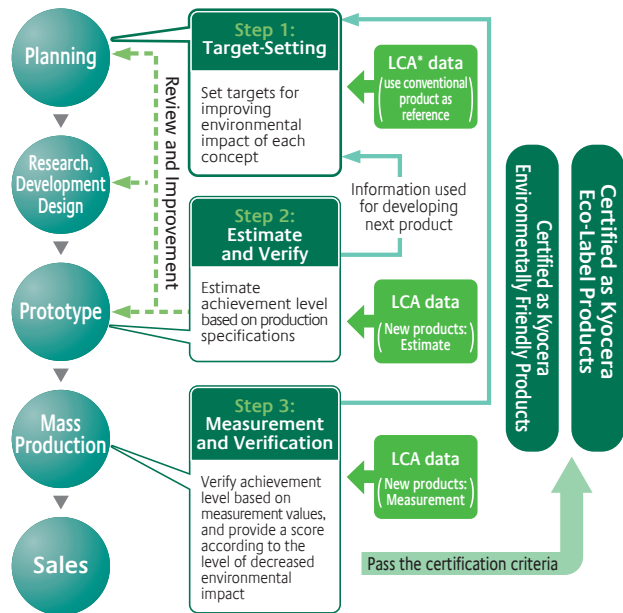
These products minimize environmental impact at all stages of the product life cycle, including manufacturing, sales, distribution, use, and disposal.

##### Concept of Contributing to Environmental Protection

These products allow customers and end-users to contribute to the reduction of environmental impact through use of our products.

#### Environmental Assessment Steps

For research and development of new products and technologies, environmental consciousness is evaluated in the following three steps: planning, prototype creation, and mass production.



\* LCA

LCA stands for Life-Cycle Assessment.

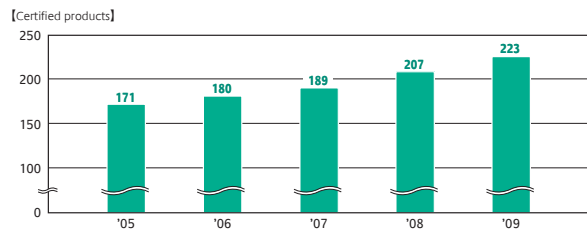
This is a technique to quantitatively evaluate environmental impact through all stages of a product, including material procurement, production, distribution, use and disposal.

#### Kyocera Environmentally Friendly Products

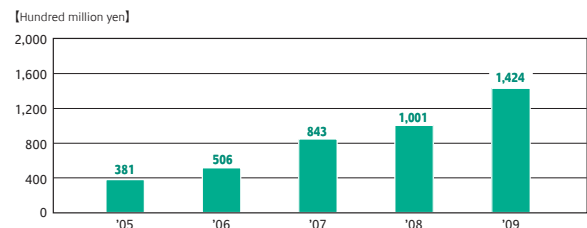
- “Elimination or reduction of Kyocera-controlled substances contained in product components”
- “Elimination or reduction of Kyocera-controlled substances contained in as-manufactured consumption materials (chemicals, etc.)”
- “Elimination or reduction of Kyocera-controlled substances contained in packaging materials”
- “Elimination or reduction of emissions during product’s use”
- “Ease of product disposal”
- “Contributing to and awareness of conservation and product safety” etc.
- “Downsizing, making lightweight, and reducing the number of parts”
- “Reduction of resources used during production”
- “Reduction of packing materials”
- “Lengthen usability of products”
- “Improvement of resource recycling throughout the entire life cycle”
- “Use of recycled resources”
- “Contributing to and awareness of resources recycling” etc.



#### Kyocera Global Environmentally Friendly Products – Total Number of Certified Products



#### Increasing Sales of Kyocera Global Environmentally Friendly Products



\* Sales of Kyocera Global Environmentally Friendly Products for consumers

### Kyocera Global Environmentally Friendly Products

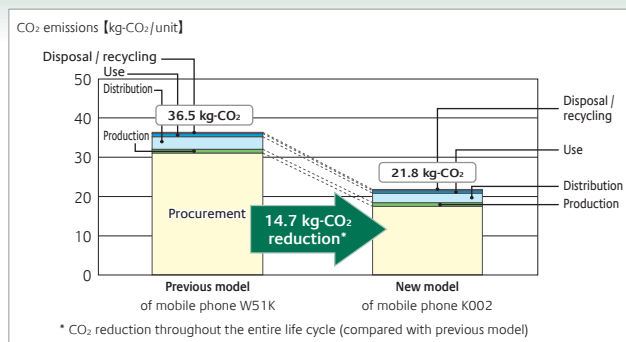
#### CDMA 1X WIN Mobile Phone / K002



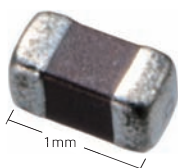
A 10.9-mm-thick stylish slim one-seg mobile phone.

This product has been made considerably thinner using technology to thin the resin inside of the enclosure, reducing the number of parts, and optimizing the arrangement of parts, contributing to resource savings. Reduction of power consumption during use also contributes to the prevention of global warming and energy savings.

#### Comparison of new and old models

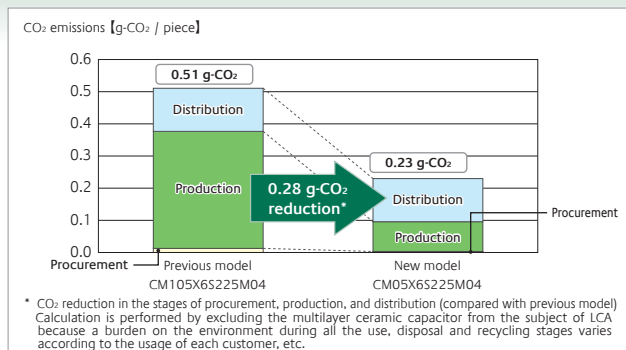


#### Multilayer Ceramic Capacitors / CM Series 1005 Size X6S Characteristics 2.2μF (CM05X6S225M04)



Input resource and energy consumption used during production are reduced by downsizing while obtaining the same characteristics, thus contributing to resource savings and energy conservation. This also contributes to the downsizing and resource savings of products using this product.

#### Comparison of new and old models



#### Electric Diamond Sharpener



This is a knife sharpener, which makes it possible to sharpen Kyocera's ceramic knives and metallic knives through the rotation of a diamond grinding stone. This makes it possible to easily sharpen ceramic knives at home which was difficult in the past. It helps prolong the knives' lives while caring for them.

With the diamond grinding stone section designed to be replaceable, the body can be used for a long period, contributing resource savings.

### Mark Conforming to Act on Promoting Green Purchasing

In Japan, the Act on Promoting Green Purchasing\* is established to promote spreading environment-friendly products and services and determines the standard for environmental consciousness relating to energy savings and resource savings for each product and service. When mobile phones and PHS terminals were designated as products subject to the Act on Promoting Green Purchasing in April 2009, we established the "Mark conforming to Act on Promoting Green Purchasing" common to Kyocera Group.

Using this mark in catalogs and Web sites for products meeting the standards of the Act on Promoting Green Purchasing, we convey the environmental consciousness of Kyocera Group products to customers.

\* "Act concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities"

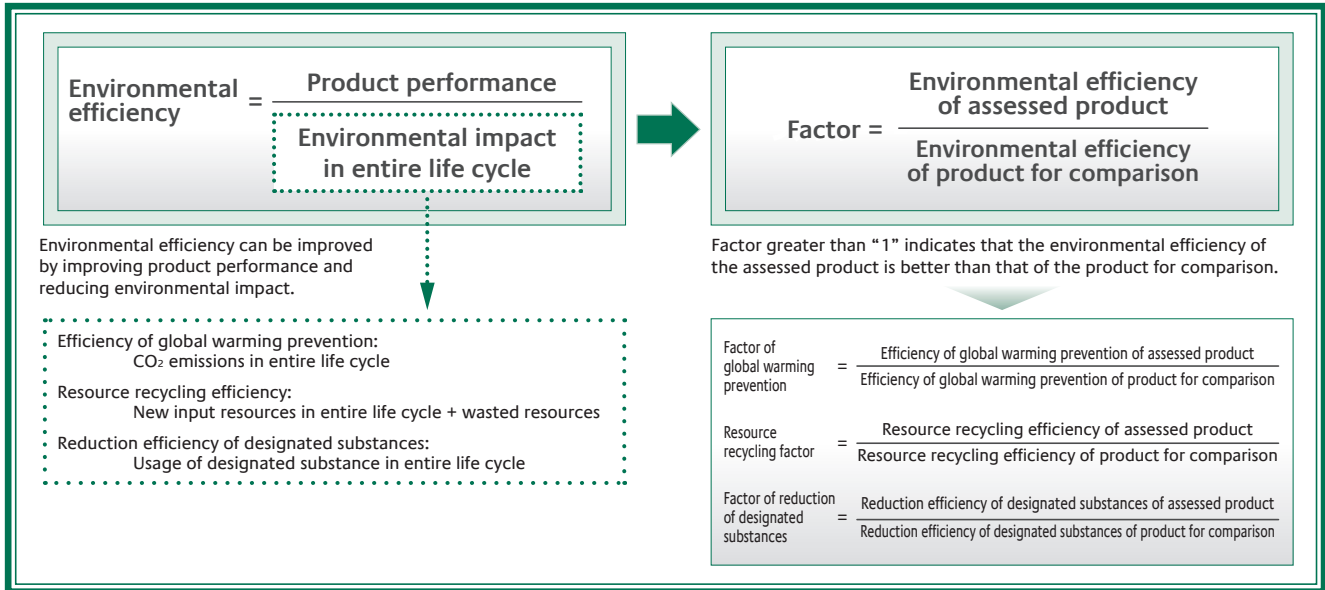




## Environmental Efficiency and Factor

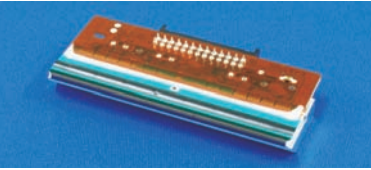
Regarding the value created by a product or service as the numerator and the environmental burden due to creation of the value as the denominator, “environmental efficiency” is an index comprehensively indicating both aspects of the value and environmental burden. Represented by a ratio of two kinds of environmental efficiency such as new and old products, “factor” is an index showing the degree of improvement of environmental efficiency. Utilizing these

indexes, you can evaluate how much “affluence and value” can be created while curbing the burden on the environment. Kyocera calculates “environmental efficiency” and “factor” for each of the three themes – “Global Warming Prevention and Energy Conservation,” “Resource Recycling” and “Environmental Preservation and Product Safety” and uses them as indexes in product development.



## Major Products for Calculation of Environmental Efficiency and Factor

**Thermal printhead**



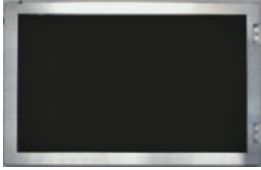
Assessed product: KPE Series  
(For comparison: KBE Series)

Factor of global warming prevention	1.33 ↑
Resource recycling factor	1.30 ↑
Factor of reduction of designated substances	6.63 ↑

**[Improvement of product performance]**  
Improvement of heating element density and printing efficiency

**[Reduction of environmental impact]**  
Downsizing, process improvement, abolition of lead in glass, reduction of bromine-based flame retardant

**Liquid crystal display for use with industrial equipment**




Assessed product: TCG085WVLCB-G00  
(For comparison: TCG085WV1BF-G00)

Factor of global warming prevention	1.44 ↑
Resource recycling factor	1.23 ↑
Factor of reduction of designated substances	1.00 →

**[Improvement of product performance]**  
Function equivalent to that of product for comparison

**[Reduction of environmental impact]**  
Reduction of power consumption, thin and lightweight, process improvement, abolition of mercury in fluorescent tube

**PHS terminal**



Assessed product: HONEY BEE 3  
(For comparison: HONEY BEE 2)

Factor of global warming prevention	1.47 ↑
Resource recycling factor	1.27 ↑
Factor of reduction of designated substances	1.41 ↑

**[Improvement of product performance]**  
Equipped with twin camera, improvement of talk time and battery standby time

**[Reduction of environmental impact]**  
Reduction of power consumption, lightweight

### ■ Solar Photovoltaic System

Taking advantage of the first oil crisis, Kyocera began research and development of solar cells from a conviction that the technology of solar power generation is necessary as a new energy source to replace natural resources such as oil. For more than 35 years since then, we have consistently continued this business even in the face of social conditions, supplying solar cells around the world. Kyocera's solar cells for a total shipment of more than 1.5 GW are operating in all parts of the world, contributing to reduction of about a total amount of 1.15 million tons of carbon dioxide.

#### ▶ Installing Kyocera's Solar Module on "Prius" as an Option

Kyocera's solar module was adopted for the optional system "Solar ventilation system\*" for the hybrid car "Prius" of Toyota Motor Corporation. About four years ago, Kyocera launched an exclusive project team to develop a high-quality solar module to be installed on cars and establish a special production line. In development, we concentrated achievements and know-how accumulated for more than 30 years in the past and ensured a high quality of solar cells that cleared strict standards, such as vibration resistance, heat resistance and impact resistance, as required for on-board components. Also we considered appearance to be one of the important quality items, and we properly made coloring (navy blue) peculiar to solar cells and furthermore, provided an appearance of beautiful unity by making silver electrodes invisible with line coating applied on the glass.



Photo showing a prototype vehicle

\* A system which moderates temperature rises inside of the vehicle by ventilating the air inside the car with a fan using the solar module as a power source while the car is parked.

#### ▶ Supply of Large-Scale Solar Photovoltaic Systems

In 2005, Kyocera delivered a 1.2 MW solar photovoltaic system to the Asagiri Water Treatment Plant of Tokyo Metropolitan Government Bureau of Waterworks (Saitama) as a Japanese pioneer for mega solar systems. Kyocera systems are also adopted in various facilities, such as public offices and public facilities, plant and commercial facilities and schools, in all parts of the country.

Japanese electric power companies plan to construct a total of about thirty 140 MW mega solar power stations across the nation by FY 2021. Kyocera has already received orders for solar cells from TEPCO, Kyushu Electric Power Co., Inc., and Shikoku Electric Power Co., Inc. In view of the rising momentum of introducing solar photovoltaic systems in Japan, we are exercising our independent construction technology that we have accumulated so far as well as the numerous suggestions we have received. We are also able to stably supply high-performance and high-quality polycrystalline solar cells, contributing to the prevention of global warming.



TEPCO Supply of about 13 MW Ohgishima Photovoltaic Station (Tentative name)



Kyushu Electric Power Co. Supply of about 3 MW Mega Solar Ohmuta Power Station



Shikoku Electric Power Co. Supply of about 1.7 MW Matsuyama Photovoltaic Station

\* The above pictures show images of completion.

### Energy Creation Effect of Solar Cells

"Energy creation effect" of the solar power generation system = accumulated electricity after installation<sup>1</sup> - used electric energy during production<sup>2,3</sup>

The solar power generation systems Kyocera has produced and sold so far total 1,653 MW and the energy effect of these systems reached a total of 3,193 GWh<sup>4</sup>. The CO<sub>2</sub> emission reduction effect after continuing power generation for the next 20 years following the installation will be 11,887K tons<sup>4</sup>. This corresponds to about 13.3% of the amount of carbon dioxide absorbed by all forests in Japan per year<sup>5,6</sup>.

\*1. Calculated from the average of expected power energy at 16 sites of Kyocera Corporation around the country.

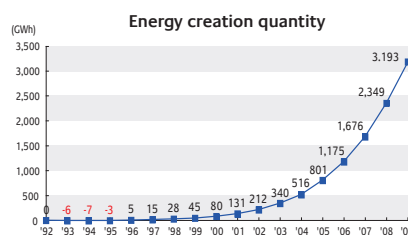
\*2. The estimated used electric energy during production is calculated (system scale 30 MW/year roof mount) with an energy payback period of 2.2 years for a single-year output of less than 100 MW, and the energy payback period of 1.5 years for 100 MW or more and the expected lifetime is 20 years (source: "Survey Research of Solar Power Generation Assessment" FY 1997 NEDO Commissioned business working paper (Photovoltaic Power Generation Technology Research Association), March 1997).

\*3. The estimated electric energy used during production of solar power generation systems that were shipped from 1992 to 2008 was recorded in the year when the products began to generate electricity. (Example: The produced electric energy in 1992 was recorded in 1993.)

\*4. 360g-CO<sub>2</sub> per kWh

\*5. The CO<sub>2</sub> sink by 1 ha (10,000 m<sup>2</sup>) of forest is 3.57 tons-CO<sub>2</sub> (source: Solar Power Generation Introduction Guidebook < Main > 2000 Revised Edition NEDO)

\*6. Calculated assuming that the forest area in Japan is 251,000 km<sup>2</sup> (Source: Forestry Agency "Present State of Forest Resources (as of March 31, 2007)").



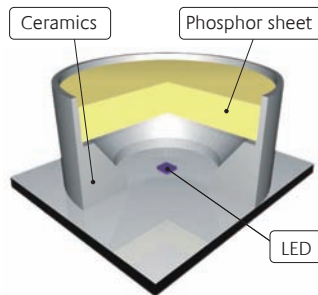
## ■ New Environmentally Friendly Products

### ▶ Contributing to Realization of the Low Carbon Society Using Long-Life and Low-Power-Consumption LED Lighting

Kyocera creates new environmentally friendly products in a variety of areas, using the fine ceramics technology we have acquired since our foundation.

Kyocera has developed LED lighting which has attracted attention as a new type of lighting. Resin is used for the package of the LED lamp. In general the lifespan of LED lighting is said to be about 40,000 hours. The LED lighting of Kyocera has realized an expected life of about 100,000 hours\*, which is 2.5 times that of the resin package, by using ceramics for the package of the LED lamp.

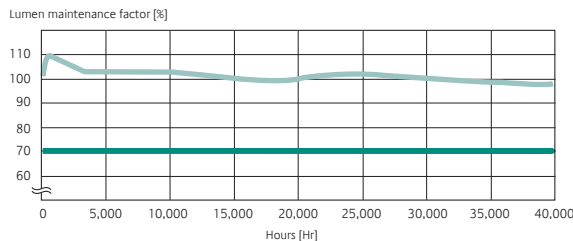
Adoption of the method of whitening purple LED light makes it possible to provide natural illuminated space with less color unevenness and this lighting is adopted in various places such as convenience stores and museums, thus contributing to a realization of a low carbon society.



Structure of Kyocera LED lamp

#### \* Deterioration test data (under normal environmental conditions)

The adoption of the ceramic substrate and ceramic reflector considerably reduces heat and light deterioration. Results from the running test showed the reduction of output was within 10% for about 40,000 hours. It was confirmed that the expected life exceeded 100,000 hours in the accelerated test. (Based on "expected life of light source: lumen maintenance factor of 70%")

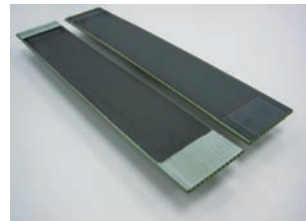


### ▶ Working for Development of Fuel Cells

Kyocera is working to develop Solid Oxide Fuel Cell (SOFC).

The fuel cell, with its high energy efficiency, is expected to be a new source of energy. It should lead to the reduction of carbon dioxide (CO<sub>2</sub>) emissions, which is considered a cause of global warming. It also releases extremely low amounts of nitrogen oxide (NOX) and sulfur oxide (SOX) into the atmosphere.

Since 2004, we have worked in cooperation with Osaka Gas Co., Ltd., to increase the durability and reduce the size of a home SOFC cogeneration system in order to facilitate the practical realization of this technology. Since March 2009, we have been jointly developing the system with Osaka Gas Co., Ltd., Toyota Motor Corporation, and Aisin Seiki Co., Ltd. in order to accelerate development for commercialization. In joint development at this time, Kyocera is in charge of developing the SOFC cell<sup>1</sup> and stack<sup>2</sup> and has significantly increased durability by improving the cell electrode structure. Since December 2009, we have installed 23 demonstration units jointly developed by the four companies in residences in the Osaka Gas supply area, collecting demonstration data in an actual load environment. From now, we will reveal technical development issues from the results obtained by this verification test in order to speed up even more working for completing development in the early 2010's.



Cells of the SOFC cogenerating unit developed by Kyocera



Small SOFC Generating Unit (left) and Slim Hot-water Supply/heating Unit (right)

\*1 Cell is a single electric cell (power generation device) consisting of a fuel electrode, electrolyte and air electrode.

\*2 Stack is an assembly of cells. The electromotive force of a single cell is 1V or under and the output is also a few watts. Therefore, cells are connected in series to form a stack for increasing the voltage and output.

### ▶ Success in Developing Bio Color Toner Ensuring both Environment and High Print Quality (KYOCERA MITA Corp.)

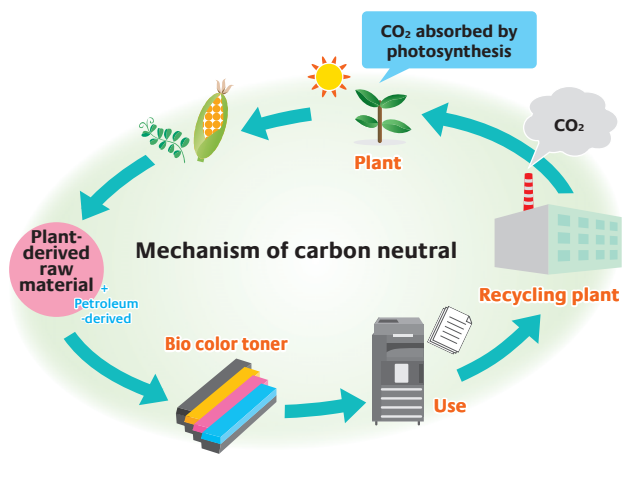
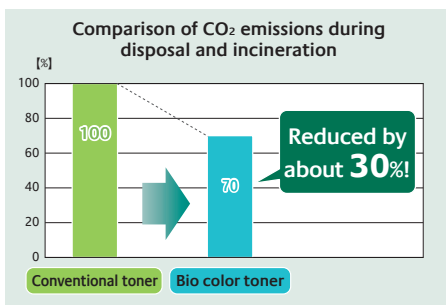
KYOCERA MITA Corp. has succeeded in developing bio color toner using the world's first<sup>\*1</sup> raw material of plant origin for use in printing by printers and multi-functional products.

Use of about 30% of plant-derived raw material makes it possible to reduce carbon dioxide generated during disposal and incineration of toner constituents by about 30%<sup>\*2</sup> as compared with toner using conventional petroleum-derived raw material.

Furthermore, KYOCERA MITA Corp. has succeeded in developing a high-quality product to realize not only environment but also high print quality using its own toner control technology, aiming to commercialize this development product.

\*1 As of December 9, 2009

\*2 The carbon dioxide produced when scrapping and incinerating plant-derived raw material is the same amount of carbon dioxide absorbed from the atmosphere in the growth process of the plant. Therefore, the toner using plant-derived raw material is called "carbon neutral", which will not affect the total amount of carbon dioxide in the atmosphere.



### ▶ Organic Material (KYOCERA Chemical Corp.)

KYOCERA Chemical Corp. is positively working on technical themes relating to protection of the global environment while studying, developing and producing various organic chemical materials.

We are promoting the development of environment-friendly materials, such as halogen/antimony-free flame retardant material, lead-free mounting material and low-VOC material, as well as recycling of production materials. Additionally, we are carrying on development of materials contributing to realization of the low carbon society and one such development item is clear encapsulation material for use with LED.

#### Clear Encapsulation Materials for Use with LED

As compared with conventional incandescent lamps, LED has a high luminance efficiency and gives a larger amount of light. Thus, it is effective in reducing CO<sub>2</sub> emissions and expected to be a product which will grow very much in the lighting usage market in the future.

LED is an element made of gallium compound and encapsulated with clear resin and the characteristics of the capsulation resin affect its life. KYOCERA Chemical Corp. supplies clear capsulation materials, which are in a diffusive price range and maintain high transparency for prolonged periods, contributing to a realization of the low carbon society.



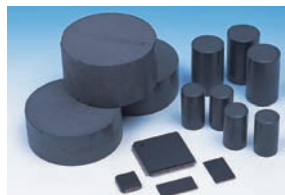
Clear encapsulation materials for LED

#### Halogen-Free Material

Halogenated elements, such as chlorine and bromine, can produce harmful substances such as dioxin when burned. Their use is controlled according to the chemical substance related regulation in each country of the world, mainly in Europe.

We have developed many halogen-free\* materials conforming to these regulations, contributing to a reduction of the environmental load resulting from the use of chemical substances.

\* Based on the standard values of JPCA (Japan Electronics Packaging and Circuits Association)



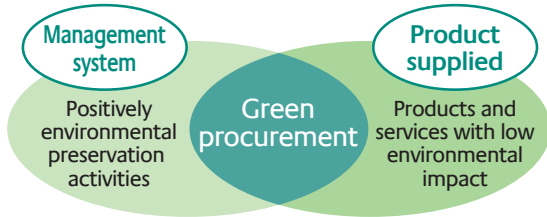
Semiconductor encapsulation materials



Printed-wiring board sheet materials

## Green Procurement

To deal with the increasing global environmental problem, it is important that not only your company but also the entire supply chain including suppliers take appropriate actions. Kyocera established its Green Procurement Standard to purchase products and services with low environmental impact from suppliers positively promoting environmental preservation activities. In this way, we are actively promoting green procurement activities.



### Guidelines for Green Procurement

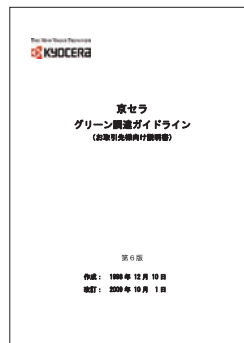
Kyocera established its Guidelines for Green Procurement starting requests to suppliers for green procurement and is promoting green procurement activities with the support of such suppliers. The Guidelines for Green Procurement specifies that we will check suppliers' activities toward protection of the global environment and environmental burdens (the chemical substances that are contained, etc.) on products to be purchased from them.

We annually check the environmental preservation activities of each supplier based on the guidelines, promoting environmental preservation activities according to the results of the check.

In September 2008, we added Kyocera's green supplier system whose application began in order to strengthen management with regard to chemical substances contained in products. In October 2009, we included additions and changes to the containing chemical substances survey sheet for procured materials and revised the Guidelines for Green Procurement reflecting the latest environment-related regulations, etc.

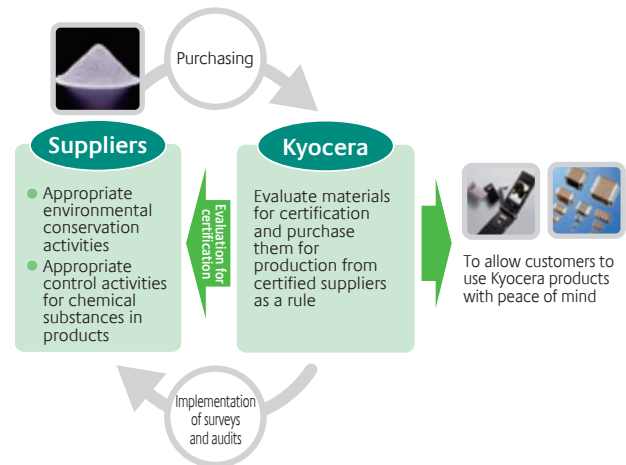
#### \* Major content revised in October 2009

- Added IAMP-MSDSplus, AIS to the documents to be submitted by suppliers and reviewed some established forms.
- Added cobalt chloride, etc. to the list of banned chemical substances.



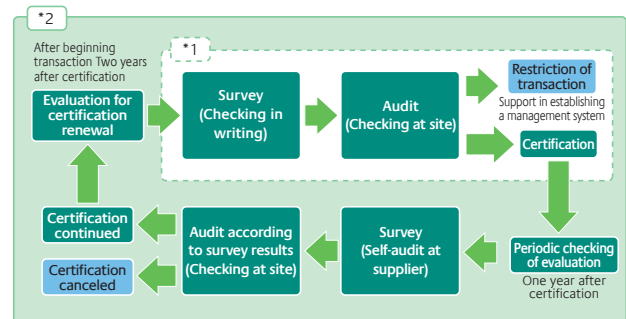
### Application of Kyocera's Green Supplier System

Regulations on chemical substances in products are increasing in countries and regions in the world including Europe in recent years. In such a situation, requests for control of chemical substances in products from Kyocera's suppliers are also increasing. We began applying Kyocera's green supplier system in 2008.



In the past, we evaluated the status of environmental conservation activities of each supplier according to responses from them. In this system, we closely check the environmental conservation activities and activities for control of chemical substances in products through a survey and audit for each supplier. We certify suppliers who will cooperate with us to manufacture environmentally friendly products, calling them "Kyocera green suppliers."

In FY 2010, we will check the documents submitted from suppliers for evaluation. We expect to conduct an audit of suppliers in FY 2011, followed by certification.



\*1 Application flow for the first time only in the dotted frame

\*2 Application flow for one year after certification and subsequently in the solid line frame

# Green Products

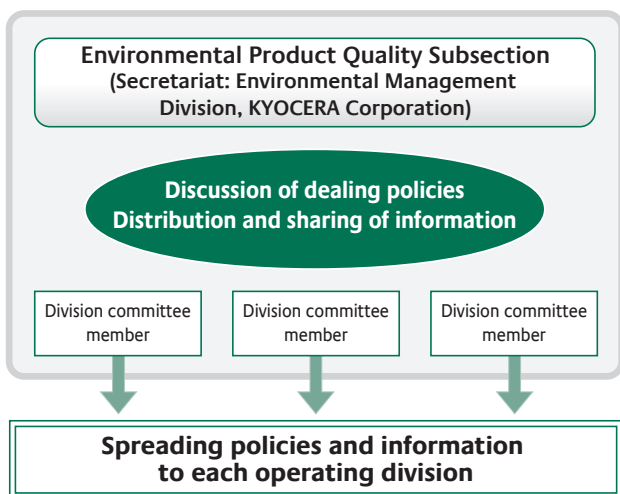
## ~ Environmental Consciousness for Products ~

### ▶ Conforming to Environmental Product Regulations

In many countries, mainly in Europe, laws and regulations have been established to restrict the use and manufacture of chemical substances to prevent human impact and environmental contamination.

Kyocera reports information on related laws and regulations to each operating division at the Environmental Product Quality Subsection led by the Kyocera Green Committee to share information and review the company-wide dealing policies.

Each operating division has tightened controls on the collection and close investigation of information on chemical substances contained in purchased materials and in processes in order to comply with related laws and regulations.



### Complying with REACH

To strictly observe the new European chemical substance control known as “REACH”, which was enforced in June 2007, Kyocera periodically exchanges information with its group companies in Europe for responding to this matter.

We also completed the procedure for “preliminary registration” to the European Chemicals Agency within a time limit, which started in June 2008, and we are conducting a content survey for 30 substances of very high concern which require “notification” (as of the end of March 2010).

### Complying with European RoHS Directive

We established the “Kyocera Global Policies for RoHS Directive” in February 2006. We are also working to comply with the RoHS DIRECTIVE for products to be shipped to North America, Japan and China in addition to Europe.

### ▶ Support for Building Environment Management Systems by Suppliers

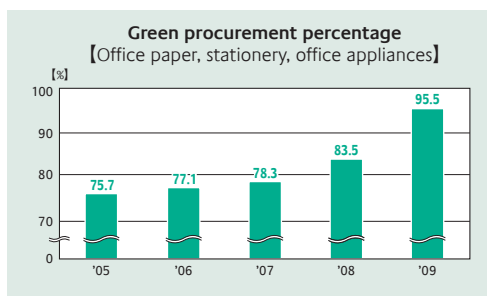
To support suppliers in obtaining certification of an environmental management system standard, Kyocera discloses the KGEMS Manual, which is Kyocera Group’s own system based on the ISO 14001 Standard.

Kyocera provides without charge the manual to suppliers in order to establish environmental management systems. We are active in helping them construct these environmental management systems.

### ▶ Promotion of Green Procurement

Kyocera is seeking to purchase eco-friendly products and services.

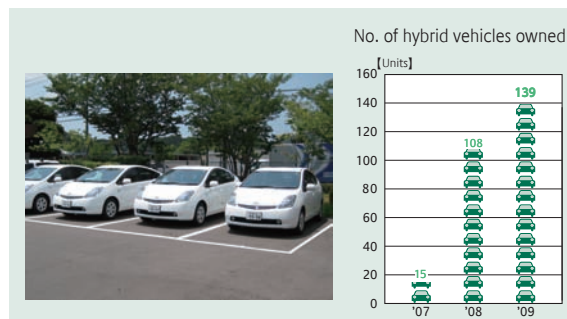
For office appliances and company-owned cars, we promote preferential purchases of eco-friendly products meeting the Act on Promoting Green Purchasing, etc.



### Introduction of Hybrid Vehicles

In January 2008, Kyocera began full-scale introduction of hybrid vehicles for general company-owned cars to be used for operating activities and transfer between plants. We now own 139 hybrid vehicles as of March 2010.

We will change general company-owned cars to hybrid vehicles sequentially, promoting the prevention of global warming.



### Energy Conservation

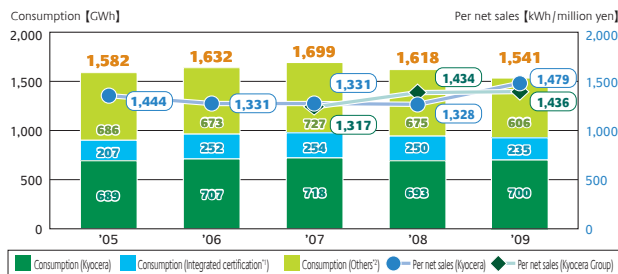
Increased energy consumption has an impact on environmental issues such as global warming. It is now a common practice for corporations to utilize limited energy levels more effectively to complete their industrial activities. Kyocera began its energy conservation measures in FY 1993 with the goal of reducing energy consumption.

#### FY 2010 Result

##### Reduced Electricity Consumption

Kyocera Group enacted energy saving measures for production equipment, such as reviewing production processes and reducing standby electricity. We also increased the efficiency of utility equipment by such measures as installing high-efficiency air-conditioning equipment and using inverters in pumps and fans. As a result, Kyocera Group's electricity consumption was reduced by 9.3% as compared with FY 2008. Meanwhile, the electricity consumption increased by 9.0% due to its reduced sales, as compared with per net sales in FY 2008.

##### Electricity Consumption



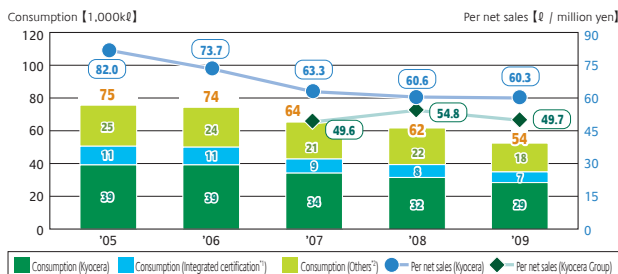
\* In-house power generation is not included because it is included in Fuel Consumption.

Note: Values per net sales show the environmental impact amount per million yen of sales.

##### Reduced Fuel Consumption

Kyocera Group took energy saving measures, such as installing high-efficiency heat pumps, intensification of calciners and enhancement of steam piping heat insulation. As a result, Kyocera Group's fuel consumption was reduced by 15.6% as compared with FY 2008. Meanwhile, the fuel consumption increased by 0.2% due to its reduced sales, as compared with per net sales in FY 2008.

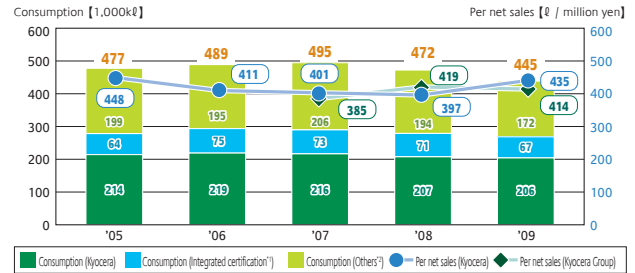
##### Fuel Consumption



##### Reduction in Total Amount of Energy

Kyocera Group's total amount of energy (electricity and fuel consumption) was reduced by 10.1% as compared with FY 2008. Meanwhile, the total amount increased by 7.5% due to its reduced sales as compared with per net sales in FY 2008.

##### Total Amount of Energy



##### Examples of Energy Saving Measures

###### Adoption of Energy Saving Equipment at the New Plant (Shiga Yasu Plant)

Devices incorporating many energy-saving technologies, including LED lighting fixtures, are adopted at the new plant for photovoltaic cells.

###### Air-Conditioning Equipment

###### [ Heat source ]

- Adaption of the high-efficiency heat pump module chiller as a heat source for hot water
- Using the waste heat of cooling water for production as prewarming of the outside air

###### [ Air-conditioning machine ]

- Reduction of conveyance power by adopting large temperature difference equipment

###### [ Pumps, fans ]

- Reducing power consumption by inverter control
- Adoption of high-efficiency motors

###### [ Equipment for ventilation ]

- Adoption of total heat exchangers

###### Electrical Equipment

###### [ Power receiving/transforming facilities ]

- Reducing the power loss by high-efficiency transformers

###### [ Lighting equipment ]

- Reducing power consumption by LED lighting fixtures (in-house products)



LED lighting

###### Promotion of Kyocera Group Energy Saving Month

Designating each February and August as "Kyocera Group Energy Saving Month," Kyocera Group (in Japan) undertakes the Energy-saving Patrol and the Energy-saving Self-check using the energy-saving checklist in each workplace in order to raise awareness of energy conservation.



Air leak detection in energy-saving patrol



Notes

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\*2 Others: except KYOCERA Corporation and integrated certified sites

Site information

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### Global Warming Prevention

Kyocera Group set a greenhouse gas reduction target and is taking various measures to prevent global warming including energy savings measures.

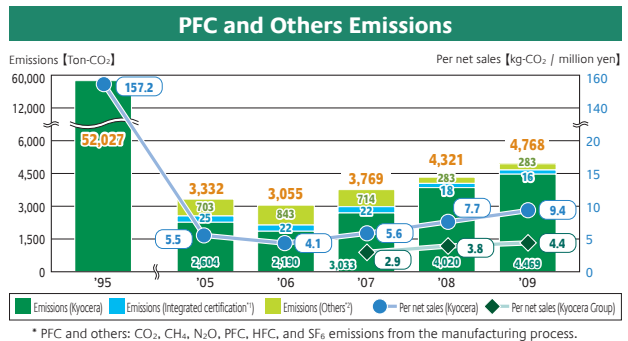
As we face the first commitment period specified in the Kyoto Protocol, we are conducting activities to prevent global warming more aggressively.

#### FY 2010 Result

Kyocera Group took energy saving measures and implemented ways to prevent global warming including the installation of high-efficiency heat pumps. As a result, Kyocera Group's greenhouse gas emissions were reduced by 6.3% as compared with FY 2008. Meanwhile, the greenhouse gas emissions increased by 12.5% due to its reduced sales, as compared with per net sales in FY 2008.

Kyocera's greenhouse gas emissions were reduced by 21.0% as compared with per net sales in FY 1991. Meanwhile, the greenhouse gas emissions increased by 13.2% due to the new construction of offices as compared with FY 1991.

Kyocera's emissions of gasses, such as PFC, were significantly reduced by 91.4% in total, due to continuous minimization like installing scrubbers, as compared with FY 1996. We will continue to actively promote activities for energy saving and contribute to the prevention of global warming, which enable the coexistence of economic and environmental interests.



\* PFC and others: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, PFC, HFC, and SF<sub>6</sub> emissions from the manufacturing process.

#### Examples of Global Warming Prevention

##### Installation of High-Efficiency Heat Pumps (Shiga Yohkaichi Plant, Kagoshima Hayato Plant)

Boilers and cold and hot water generating machines, using city gas and LPG as energy sources for the heat source of hot water, had been used. Meanwhile, high-efficiency heat pumps with good energy efficiency, using electricity as an energy source, were installed at the Shiga Yohkaichi Plant and Kagoshima Hayato Plant. The effects of carbon dioxide emissions reduction due to this installation will annually be about 308 ton-CO<sub>2</sub>.

High-efficiency heat pumps are also adopted at the Shiga Yasu Plant as a heat source for hot water for the new plant building.



High-efficiency heat pumps (Shiga Yohkaichi Plant)

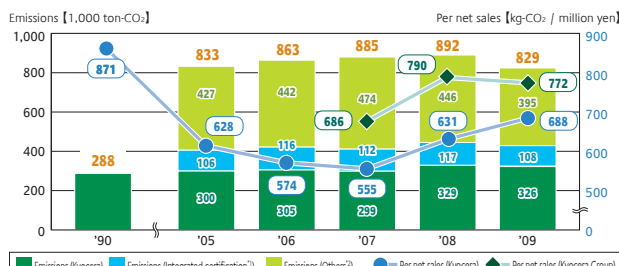
##### Example in Overseas (Shanghai KYOCERA Electronics Co., Ltd.)

At Shanghai KYOCERA Electronics Co., Ltd., a production base in China, a Solar Photovoltaic System of about 80 kW was installed on the roof of the parking lot for bicycles. The annual energy production is expected to be about 88,000 kWh. Installation of this system will suppress about 90 ton-CO<sub>2</sub> carbon dioxide emissions.



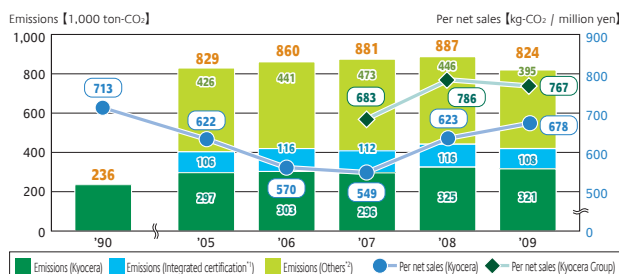
Solar Photovoltaic System set up on the roof of the parking lot for bicycles

#### Greenhouse Gases Emissions



\* From FY 2009, emission coefficients are calculated based on the Act on Promotion of Global Warming Countermeasures.  
\* Greenhouse gas emissions are figured by adding CO<sub>2</sub> emissions and PFC gas emissions that arise from fuel consumption. However, greenhouse gas emissions in FY 1991 are figured by adding CO<sub>2</sub> emissions of FY 1991 and PFC gas emissions of FY 1996.

#### Energetic Origin CO<sub>2</sub> Emissions



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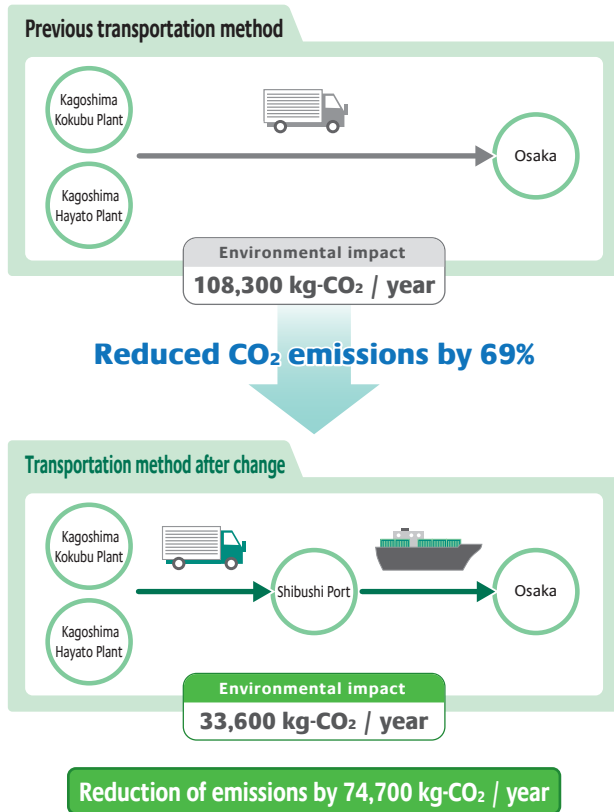
## ▶ Energy Conservation for Distribution

In FY 2010, we took measures such as promoting a modal shift and shortening transport paths. As a result, the CO<sub>2</sub> emissions due to cargo shipping were reduced by 20.6% as compared with FY 2008, and also by 9.6% as compared with per net sales in FY 2008.

### Promotion of a Modal Shift

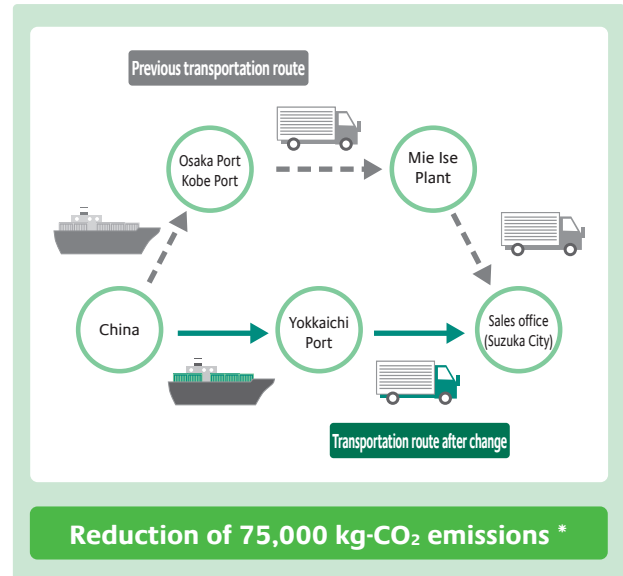
Overseas products from the Kagoshima Kokubu Plant and Kagoshima Hayato Plant used to be shipped to Osaka by using trucks. We set up a new route using ferries with even lower environmental impact to reduce CO<sub>2</sub> emissions produced during transportation.

Using ferries, we have shortened the shipping time by reviewing the delivery management, changing the shift of packing operation, and making the warehouse operation more efficient.



### Reviewing the Transportation Route

Products produced at the manufacturing plant for photovoltaic generation modules in China used to be transported to the sales office in Suzuka City from Osaka Port and Kobe Port via the Mie Ise Plant. We reviewed transportation route to transport such products to the sales office via Yokkaichi Port, thereby reducing transportation impact by 75,000 kg-CO<sub>2</sub> of land transportation.

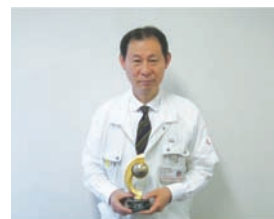


\* Results from October 2009 through March 2010

### Promotion of Eco-Driving

At the Kagoshima Sendai Plant, we check all company-owned cars on a regular basis, change vehicles to hybrid cars, and implement shuttle traveling between plants. In addition, we have staged “Eco-drive Campaign” for which we have posted the fuel consumption record and eco-drive points of each company-owned car, held eco-drive lectures, and conducted dissemination activities such as giving handmade campaign stickers.

Such activities were praised, and the Kagoshima Sendai Plant was rewarded for the excellent working business establishment in “Kagoshima Eco-drive Contest” sponsored by Kagoshima-ken.



Trophy at “Eco-drive Content”



Checking eco-drive points before starting

# Green Factory

## ~ Environmental Consciousness at Plants and Offices ~

### ▶ Working on Green Curtains

In FY 2008, we began working on green curtains at the Nagano Okaya Plant as part of our measures for energy-saving and the prevention of global warming. Since FY 2009, we have been expanding this activity within Kyocera Group (in Japan). In FY 2010, we added four new implementation locations to make a total of 12 such locations throughout Japan. The total of green curtains made by Kyocera Group will be an overall length of 294 meters and an area of about 775 m<sup>2</sup>. The carbon dioxide to be absorbed by these green curtains as they grow will approximately be 2,713 kg-CO<sub>2</sub>/year<sup>1</sup>, which is estimated to have an effect equivalent to the planting of about 194 cedar trees<sup>2</sup>. Employees gather in grown “bitter gourds” and “cowpeas” at the right time. At many locations, they are cooked at company cafeterias and given to employees as a special menu for lunch. Harvesting this is one of employees’ pleasures by helping employees beat the summer heat, etc.



Picking of “Goya”



Offering to company cafeteria

\*1: CO<sub>2</sub> sink (3.5 kg-CO<sub>2</sub>/m<sup>2</sup> per year) x area of green curtains (m<sup>2</sup>) = annual CO<sub>2</sub> sink (kg-CO<sub>2</sub>/year) (Source: Rural Culture Association Japan)

\*2: The amount of carbon dioxide absorbed by one cedar tree per year: 14 kg (Forestry Agency)

### ▶ Working on Carbon Offsets

A carbon offset was made at “Illumination of Kyocera Head Office Building” by LED lighting, which was held on Kyocera’s head office empty lot open to the public in December 2009. The carbon offset is the system by which the carbon oxide emitted due to business activities and holding events is offset by the carbon dioxide reduced and absorbed by tree plantation, energy-saving activities, etc.



Illumination of Kyocera head office



### ▶ Effort at Office

#### Ecology Building

Kyocera’s Headquarters Building in Kyoto City was constructed with the concept of “a building that is earth-friendly and coexists with the community”, in 1998.

Having installed 1,392 solar cell modules on the south wall above the third floor and 504 solar module panels on the roof, this building boasted, at the time, the world’s largest output for a building with panels installed on the vertical wall of a high-rise building. It is also an “ecology building” adopting many environmentally conscious utilities such as a natural gas cogeneration system and an ice storage air conditioning system.



Installed 1,896 solar cell modules on the roof and the south wall

#### Receiving a Special Award for the Osaka Sustainable Architecture Prize

We won a special award for Head Office R&D Center Building of KYOCERA MITA Corp. in the 3rd Osaka Sustainable Architecture Prize sponsored by Osaka Prefecture.

The Osaka Sustainable Architecture Prize is the system, which gives citation to buildings becoming a model for environmental consciousness, such as suppression of global warming and effective use of resources, according to the ordinances relating to the prevention of global warming of Osaka Prefecture. This building incorporates various environmentally friendly devices, including the solar power generation system, gas heat pump air-conditioners with a power generation function, lighting infrared sensors to automatically turn off unattended areas, dimming sensors to adjust lighting according to the sunlight coming through windows, and sprinkling captured rainwater on plants.



Head Office R&D Center Building of KYOCERA MITA Corp.



Solar power generation system installed on the roof

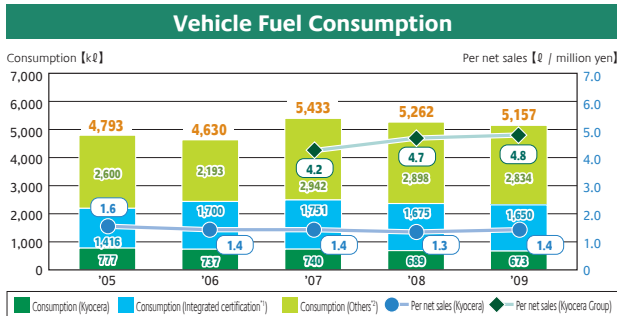
## Resource Conservation

To maximize the utilization of limited resources and contribute to global environmental protection, Kyocera Group is working on resource conservation for vehicle fuel, water, gas, travel expenses, paper and packing materials. In addition to these items, Kyocera also promotes activities by setting reduction targets for packing and shipping charges and non-renewable resources.

### FY 2010 Results

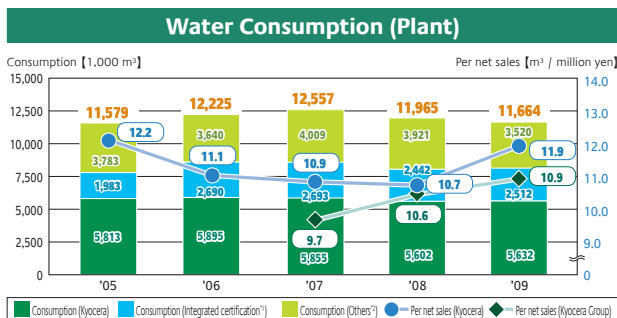
#### Vehicle Fuel Consumption

To effectively utilize our remaining fossil fuels and prevent global warming, Kyocera Group is working on reduction of vehicle fuel. Kyocera introduced 33 new hybrid vehicles in FY 2010. As a result, Kyocera Group's vehicle fuel consumption was reduced by 5.1% as compared with FY 2008. Meanwhile, the vehicle fuel consumption increased by 14.3% due to its reduced sales, as compared with per net sales in FY 2008.

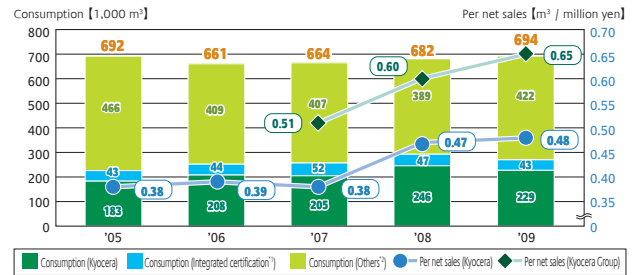


#### Reducing Water Consumption

Kyocera Group successively installed ambient-noise privacy devices in lavatories in addition to use of recycled water in the plating process and solar production process and appropriate control of makeup water according to the operating status of the production line. Kyocera Group's water consumption (plant) was reduced by 7.1% as compared with FY 2008. Meanwhile, water consumption increased by 11.6% due to its reduced sales as compared with per net sales in FY 2008. On the other hand, the water consumption (office) increased by 4.5% due to expansion of the office scale, as compared with FY 2008, and also by 27.5% as compared with per net sales with FY 2008.

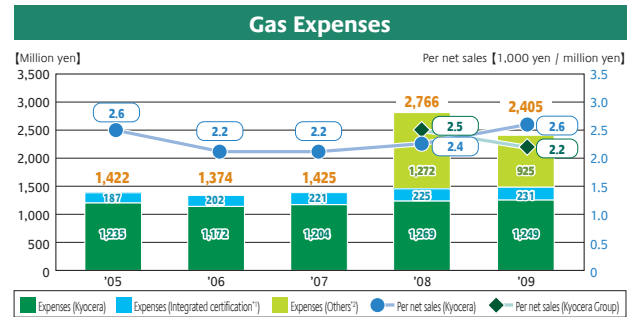


#### Water Consumption (Office)



#### Reducing the Gas Expenses (Nitrogen, hydrogen, argon)

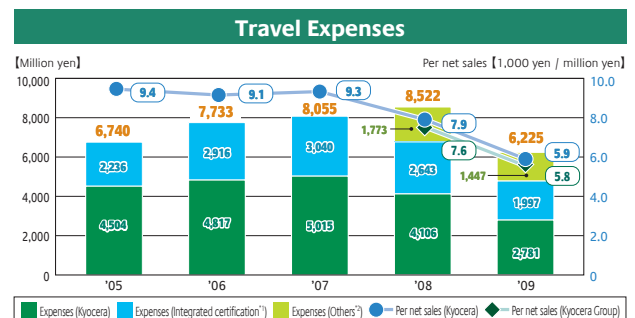
Kyocera Group reviewed the operating conditions of the single crystal pulling furnace and intensified alumina calciners. As a result, the gas expenses were reduced by 13.0% as compared with FY 2009, and also by 12.0% as compared with per net sales with FY 2009.



\* For the entire Kyocera Group, this data has been consolidated since FY 2009.

#### Reducing Travel Expenses

At Kyocera, a video-conferencing system has been introduced into all plants and offices in order to reduce travel expenses. In FY 2010, a system (Flex-Eye) enabling conferencing with business PCs was introduced to reduce the frequency of going on business trips and entertaining. As a result, Kyocera Group's travel expenses were reduced by 27% as compared with FY 2009, and also by 23.7% as compared with per net sales with FY 2009.



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# Green Factory

## ~ Environmental Consciousness at Plants and Offices ~

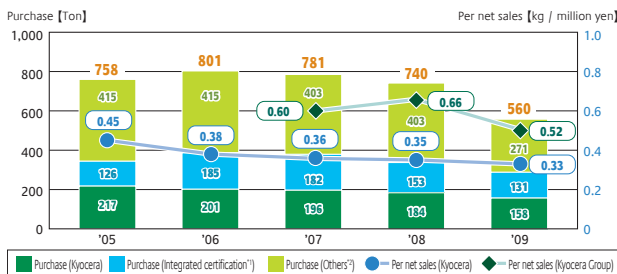
### Reducing Purchase and Disposal of Office Paper

Kyocera Group is conducting activities to reduce purchase and disposal of office paper, such as digitizing records and documents, using both sides of the paper when printing, and use of reduced scale copy.

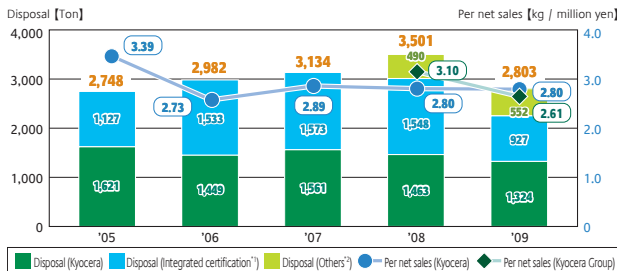
As a result, the purchase of office paper was reduced by 28.3% as compared with FY 2008, and also by 13.3% as compared with per net sales with FY 2008.

Meanwhile, the disposal of office paper was reduced by 19.9% as compared with FY 2009, and also by 15.8% as compared with per net sales with FY 2009.

#### Office Paper Purchase



#### Paper Disposal



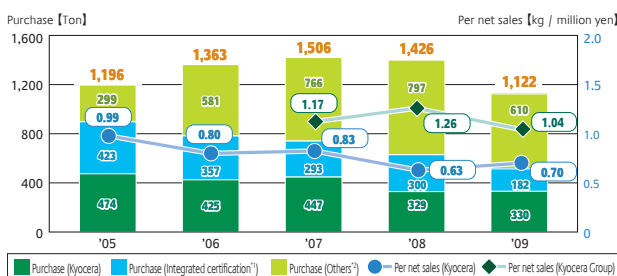
\* For the entire Kyocera Group, this data has been consolidated since FY 2009.

### Reduction in Paper Purchases for Production Processes

Kyocera Group has made process changes and changes to specifications in the tape forming line to increase the repeatedly using count for reduction in paper purchases for production processes.

As a result, the paper purchases for production processes were reduced by 25.5% as compared with FY 2008, and also by 11.1% as compared with per net sales in FY 2008.

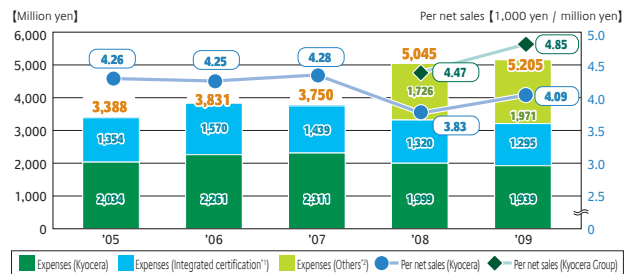
#### Purchase of Paper for Production Processes



### Reduction of Packing Materials Purchased

Kyocera Group reviewed our packing forms and adopted reusable packing containers for shipping products, and reduced the size and changed the material of delivery trays. However, the packing materials purchased increased by 3.2% due to an increase in production for the subject products as compared with FY 2009, and also by 8.5% as compared with per net sales in FY 2009.

#### Packing Materials Purchased

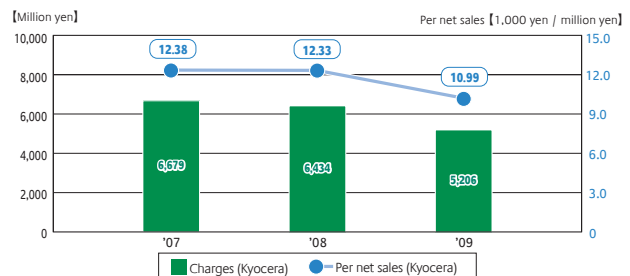


\* For the entire Kyocera Group, this data has been consolidated since FY 2009.

### Reducing Packing and Shipping Charges

Kyocera has improved our packing forms and reviewed our transportation methods for efficient transportation. As a result, the packing and shipping charges were reduced by 22.1% as compared with FY 2008, and also by 11.2% as compared with per net sales in FY 2008.

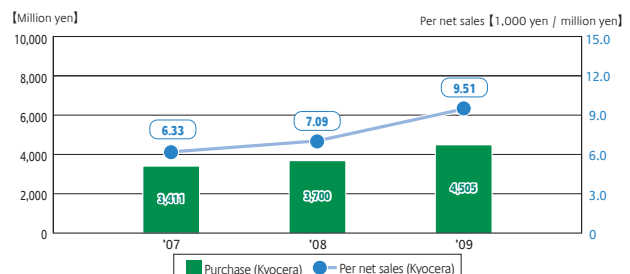
#### Packing and Shipping Charges



### Reducing Non-Renewable Resources (Gold Plating Solution, Gold Cyanide)

Kyocera reviewed the thickness of gold plating and took measures to improve the yield. However, the non-renewable resources purchased increased by 32.1% because of the rise in gold prices and an increase in orders for the subject products as compared with FY 2008, and also by 50.2% as compared with per net sales in FY 2008.

#### Non-Renewable Resources Purchased



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## Waste Reduction and Recycling Measures

To contribute to a recycling-based society, Kyocera started its activities for industrial waste reduction with a basic policy in FY 1992. Since FY 2009, Kyocera has been working to reduce waste while updating some of the previous basic policy.

### Basic Policy for Waste Reduction

1. Do not bring in non-recyclable trash.
2. Minimize waste generated by business activities
3. Recycle waste once it is generated
4. Change non-recyclable waste into harmless materials

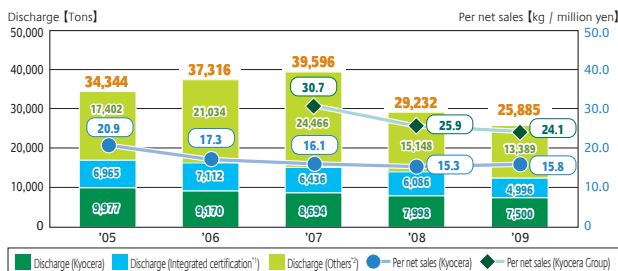
## FY 2010 Results

### Reducing Industrial Waste Discharge

At the plants, we took waste-reduction measures by changing waste plastics into revalued materials and by introducing internal treatment equipment for liquid wastes. At the offices, we took reduction measures by selling used furniture, fixtures and plastic waste as valuable materials.

As a result, the industrial waste discharge was reduced by 34.6% as compared with FY 2008, and also by 21.5% as compared with per net sales in FY 2008.

### Industrial Waste Discharge



### Example of Waste Reduction Measures at Plant - 1

#### Reduction of Lead-Containing Waste Solution by Internal Treatment (Kagoshima Sendai Plant)

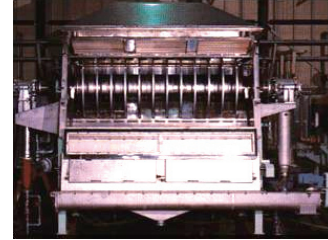
The lead-containing solution produced from the raw material preparation process used to be handled by industrial waste treatment. We introduced fan-type evaporation equipment to condense the waste solution, reducing it by about 80 tons per year.



### Example of Waste Reduction Measures at Plant - 2

#### Reduction of Alkali Wastewater by Internal Treatment (Nagano Okaya Plant)

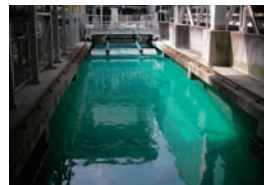
The alkali wastewater produced from the manufacturing process used to be handled by industrial waste treatment. We introduced waste evaporating equipment (CD drier) for internal treatment, reducing it by about 26 tons per year.



### Example of Waste Reduction Measures at Plant - 3

#### Reducing the Sludge Volume by Improving the Drainage Treatment (Shiga Yasu Plant, KYOCERA SLC Technologies Corporation)

The heavy-metal drainage produced from the process is subjected to chemical reaction treatment. We changed chemical agents and auxiliary chemicals to improve coagulation efficiency and dewatering efficiency, reducing about 264 tons of sludge per year.



### Example of Working on Overseas

#### Changing Waste into Valuable Materials by Thorough Sorting (ELCO Europe GmbH)

For waste reduction, we have promoted changing waste into valuable materials by segmenting the sorting standard for thorough sorting. In FY 2010, we recycled about 1,000 tons as valuable materials per year.



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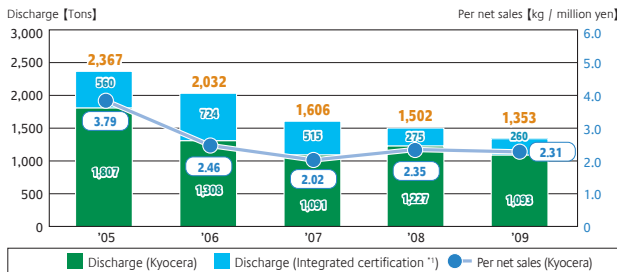
#### Site information

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### Reducing General Waste

We worked to reduce general office trash and properly controlled the sewage treatment tanks. However, Kyocera's general waste increased by 0.2% as compared with FY 2008, and by 14.1% as compared with per net sales in FY 2008.

#### General Waste Discharge

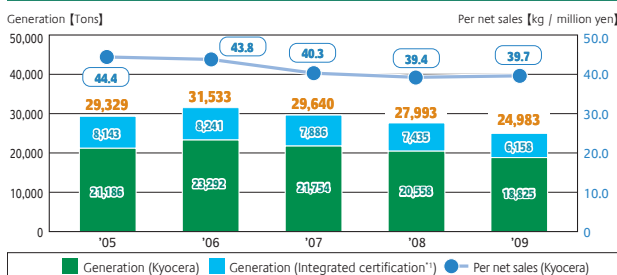


### Reducing Waste Generation

Kyocera not only undertakes activities to reduce industrial waste discharge, but also promotes activities that reduce the generation of waste.

We worked to reduce the effluent treatment sludge by recycling of raw materials and thorough upstream management. As a result, the waste generation was reduced by 13.5% as compared with FY 2008, and by 1.5% as compared with per net sales in FY 2008.

#### Industrial Waste Generation



### Promoting Zero Emissions

Kyocera Group (in Japan) defined zero emissions as “an amount of waste put into final landfill sites (including residue discharged from intermediate waste processing companies) that is no more than 0.5% of the total waste amount, excluding waste that must be disposed of by local governments through a specified method.”

Kyocera Group (in Japan) has achieved zero emissions, and we intend to continuously expand these activities. The Group companies (overseas) are also working to expand measures to achieve the target.

### Proper Waste Disposal

We conduct thorough investigations of companies on waste disposal, including financial stability and on-site surveys, according to the “treatment work management standard for waste” in which proper disposal and management of waste are specified. Even after signing a contract with a waste-treatment company, we conduct field surveys of these disposal companies twice a year. In FY 2010, we conducted field surveys and exchanged information with 141 companies.



#### Example of Waste Generation Reduction and Example of Working Overseas

##### Reduction of Cutting Fluid by Introducing Filtration Equipment (KYOCERA Precision Tools Korea Co., Ltd.)

The used cutting fluid produced in the manufacturing process used to be treated as waste. We reduced the waste generation by about 3.5 tons per year by introducing the filtration equipment to remove impurities contained in the cutting fluid for recycling.



##### Reducing Waste Generation by Recycling Packing Materials (KYOCERA TYCOM Corporation)

Used plastic packing materials used to be treated as waste. KYOCERA TYCOM Corporation recycled them as plastic packing materials again by removing their labels and cleaning, reducing the waste generation by about 5.2 tons per year.



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## Air Pollution and Water Pollution Prevention Activities

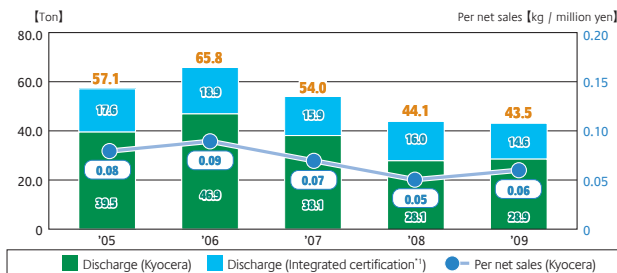
Kyocera has been involved in reducing pollutants because the environment and ecosystem are affected by the discharge of pollutants into the water, atmosphere and soil.

### FY 2010 Results

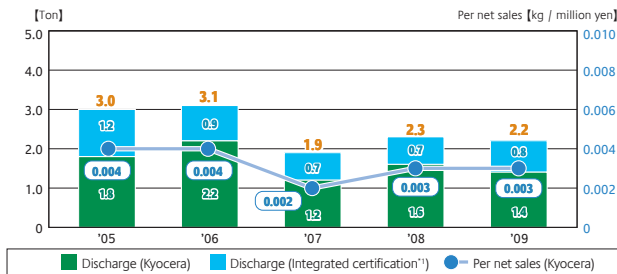
#### Air Pollution Prevention Activities

Kyocera Group (in Japan) reduced pollutants by intensifying production equipment and reviewing the operating efficiency. The total amount of NOx discharged was reduced by 1.4%, and the total amount of SOx discharged by 4.3%, as compared with FY 2009.

#### Total Amount of NOx Discharged



#### Total Amount of SOx Discharged



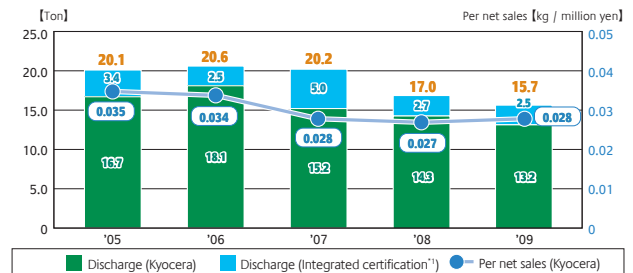
#### Measures for Water Pollution Prevention

Kyocera Group (in Japan) controls the total amount of “substances that impact human health” in discharged water, as specified by the Water Pollution Control Law.

For building a recycling system for cyanogens discharged, started as one of the measures of the 6th Environmental Protection Promotion Plan since FY 2009, we are working to reduce wastewater through upstream management and reconsidering the wastewater recycling method.

Kyocera Group (in Japan) is also taking action to continuously reduce environmental impact by reducing wastewater discharge from divisions and increasing its treatment efficiency. The total amount of BOD discharged was reduced by 7.6% as compared with FY 2009.

#### Total Amount of BOD Discharged



#### Examples of Water Quality Improvement Activities

##### Introducing High-Efficiency Wastewater Treatment Equipment (Shiga Yasu Plant)

In FY 2010, we constructed a new plant building at the Shiga Yasu Plant for the manufacture of solar photovoltaic systems.

For wastewater discharged from the manufacture of cells for solar photovoltaic systems, we installed wastewater treatment equipment by considering not only high-efficiency but also reduction of environmental load substances contained in wastewater, reduction of treatment chemical dosage, and recycling of treat water.



##### Reducing Wastewater by Feed-Water Control According to the Production Operation (Kagoshima Kokubu Plant)

We treat water used in the manufacturing processes such as the plating process by wastewater treatment equipment before releasing it into rivers. Wastewater can be reduced by about 78,000 m<sup>3</sup> per year through feed-water control according to the production operation for clean water and pure water used in each manufacturing line. As a result, we reduced environmental impact on the public water area and expenses for wastewater treatment.

**Notes**

\*1 Integrated certification: sites collectively certified under Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (refer to page 89)

**Site information**

Please refer to environmental impact data for individual sites on our web page (<http://global.kyocera.com/ecology/>).

### Chemical Substances Management

Some chemical substances cause environmental pollution and affect human health and the ecosystem as a result of long-term accumulation.

To manage these substances, we have established a chemical substances control system to minimize the amount of toxic chemical substances released into air, water and waste.

#### FY 2010 Results

##### Reduction of Class 1 Chemical Substances Specified by PRTR Law

Kyocera Group (in Japan) expanded the reduction target to 21 chemical substances that account for more than 95% of the Class 1 (designated) chemical substances specified by the PRTR Law and used by Kyocera while promoting substitution to substances not subject to the PRTR Law.

Both the released amount and transferred amount were significantly reduced due to improvement of the recovery efficiency of toluene-recovery equipment.

Unit [g / million yen]

Item	FY 2008 Standard per net sales	Reduction Target	FY 2010 Actual per net sales	Increase/decrease
Used amount per net sales	2,185.1	10% reduction	2,139.4	-2.1%
Released amount per net sales	307.6	20% reduction	213.5	-30.6%
Transferred amount per net sales	348.8	14% reduction	210.5	-39.6%

##### Supporting the PRTR Law

For chemical substances subject to the PRTR Law at Kyocera Group (in Japan) as reported in FY 2009, the used amount of such substances increased due to an increase in production by KYOCERA Chemical Corp., but the released and transferred amounts were reduced because of improvement of the efficiency of the toluene-recovery equipment and reduction of lead-containing waste.

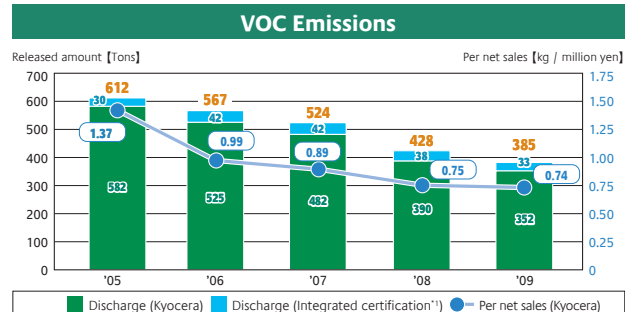
Unit [ton]

Item	FY 2009 Result	FY 2010 Result	Increase/decrease
Utilized amount	4,125.3	4,664.5	539.2
Released amount	118.2	104.0	-14.2
Transferred amount	170.3	167.6	-2.7

##### Reducing Volatile Organic Compound (VOC) Emissions into the Air

Kyocera Group (in Japan) is working to reduce the four substances (toluene, IPA, acetone and methanol) that comprise more than 95% of VOC emissions into the air.

By increasing the efficiency of the toluene-recovery equipment and improving the cleaning procedure, the VOC emissions were reduced by 26.5% as compared with FY 2008.



\* FY 2006 reference is a value created by doubling the amount of emissions from the first half of FY 2006.

##### Examples of Reducing Chemical Substances

###### Reducing PRTR Substances by Changing the Release Agent (Kagoshima Sendai PLANT, KYOCERA SLC Technologies Corporation)

PRTR substances were reduced by about 2.2 tons per year by improving the process of the cleaning solution containing Class 1 chemical substances for substitution to sodium hydroxide.

###### Reduction by Changing the Cleaning Solution (Japan Medical Materials Corp.)

The used amount of substances subject to the PRTR Law was reduced by an amount of 550 kg per year by changing the substances subject to the PRTR to substances not subject to the PRTR. The used amount of VOC substances used for cleaning was reduced by about 50 kg per year by increasing the cleaning efficiency of the automatic cleaning machine.

##### Management and Disposal of PCB Waste

Kyocera Group (in Japan) strictly controls and manages PCB (polychlorinated biphenyl) waste at specified locations with control sheets prepared in accordance with relevant laws.

Kyocera has already become an early registrant for disposal of these wastes with the Japan Environmental Safety Corporation and will dispose of them sequentially.



PCB waste storage area (Kagoshima Sendai Plant)

Notes \*1 Integrated certification: sites collectively certified under Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (refer to page 89)

Site information Please refer to environmental impact data for individual sites on our web page (<http://global.kyocera.com/ecology/>).



# Green Communication

## ~ Communication on Environment with Our Stakeholders ~

### ▶ Onsite Environmental Classes for Children - Leading the Next Generation

Since February 2003, Kyocera Group has offered a community social action program, providing onsite environmental classes, which allows children – leaders of the next generation – to deepen their understanding of environmental problems and energy concerns, as well as nurture their thinking towards concerns for the earth in the course of school education.

In FY 2010, we offered this program to 8,879 children at 148 elementary schools from areas near the 26 locations of Kyocera Group (12 prefectures). The total number of students having participated in the program has reached about 20,000.

In April 2009, we began to offer the program in China, taking advantage of know-how we have accumulated in Japan.

Kyocera's onsite environmental classes are of a participatory and applied nature. Employees themselves become lecturers and visit elementary schools, helping children to enjoy learning about photovoltaic cells. Kyocera's original experiment kits and photovoltaic cell toys are used as lesson materials. Quizzes are also given. Through this method we convey the importance of taking good care of the earth's environment to children.

For others, the Yokohama Office, a development center for mobile phones, began to offer classes on "how mobile phones work" to junior high school students in 2002. KYOCERA MITA Corp. also participates in the Ministry of Economy, Trade and Industry's mentor education support project and in the science experiment program, which gives simplified explanations of how electricity works (use of electricity). Japan Medical Materials Corp. offers the science experiment program giving simplified explanations of how joints and artificial joints work because the course unit of "The Structure and Function of Human Body" was newly added as a class at

elementary schools in FY 2010.

Kyocera Group feels it is important to continue such educational activities. We will continue to create opportunities for children to develop a sense of caring for the earth.



Helicopter



Mini Solar Car 1



Mini Solar Car 2

#### ■ Children's impressions after taking onsite environmental classes

- I thought I would think of the environment from now. It's us who caused global warming, also us who should protect the earth. I think I will always keep this in mind.
- I have wasted electricity up till now, but I thought, through this class, I should carefully use it from now on.

### Cooperation with Government and Community ~ Higashi Ohmishi Next Generation Energy Park Plan ~

In 2009, Higashi Ohmishi was certified for the "Next Generation Energy Park Plan", which is a new national strategy of the Ministry of Economy, Trade and Industry. To promote this plan, Higashi Ohmishi has installed joint solar power plant facilities and conducts eco-tours through citizen funds. The Shiga Gamo and Shiga Yokkaichi Plants are cooperating as a visiting site for the tour. In October 2009, the Shiga Gamo Plant created green space to aim at harmony with our solar panels and LED lighting and green nature, under the title of "Kyocera Shiga Green & Eco Garden."



Kyocera Shiga Green & Eco Garden



Using a product developed by recycling waste pallets on walkways



Adopting LED lights for street lamps



Energy generation by solar power generation

# Green Communication

## ~ Communication on Environment with Our Stakeholders ~

### ▶ Participation in Environmental Exhibition and Events

For their understanding of Kyocera Group's environmental conservation activities, we actively participate in environmental exhibition and events to promote communication with various stakeholders.

In FY 2010, Kyocera Group made a presentation at Eco-Products 2009, which is the largest environmental exhibition in Japan, and at the environmental industry fair Lake Biwa Environmental Business Exhibition 2009, inviting many visitors.

In March 2010, we also made a presentation at Biodiversity EXPO 2010, which is Japan's first exhibition with the theme of biodiversity. At the exhibition, we introduced conservation activities for *Satoyama* (the border zone and arable flat land at the foot of a mountain) in our forest, examples of using biodiesel fuel refined from edible oil waste at company cafeterias, and our eco products such as solar electric generation systems and LED lights.

In 2007, we began to give presentations at the world's biggest festival "Earth Day". The main location every year for Earth Day Tokyo is Yoyogi Park. This day has become the largest environmental fair by citizen volunteers in Japan. We are able to deepen exchanges with citizens and nonprofit organizations by exchanging opinions about solar power generation.



Eco-Products 2009



Biodiversity EXPO 2010

### ▶ Disclosure of Information by Website

Kyocera Group has prepared an environmental report (currently the "CSR Report") every year since 2000 and released information through our website in a timely manner. We made a new website on "Working for Green Curtains" in April 2010. Making green curtains is our near eco activity where climbing plants, such as bitter melon, dishcloth gourd and morning glory, are grown to cover windows and block out summer's strong sunshine, thus preventing a rise in the surface temperature and room temperature of buildings. Kyocera Group expands making of green curtains to plants and offices. In addition to widely introducing these activities to the public, this website gives clear and detailed explanations for tools required for actually growing green

curtains at home and ways to plant them while using visual materials such as illustrations and photos.



Website working for green curtains

We also posted information on our site, such as an environmental picture book for children, onsite environmental classes and downloadable environmental account book. Additionally we have created the SOLAR POWER EXPO web site, paying attention to the power of the sun and showing solar energy generation in relation to global environment problems. We aim to show our site content which can now be visited by an even wider range of stakeholders.

### Conclusion of Kagoshima Environment Partners Agreement

Kagoshima established the Kagoshima Environment Partners Agreement under which activities for contribution to society and community are connected to public-private partnership activities in the prefecture's measure development to enhance environment protection measures and expand contribution to community by companies and activate community activities, thus contributing to promotion of the most advanced prefecture in terms of the global environmental.

In February 2010, Kyocera concluded this agreement at the Kagoshima Sendai, Kagoshima Kokubu and Kagoshima Hayato Plants. We will continue to actively promote various environmental activities, such as onsite environmental classes, cleaning in the community, making green curtains, participation in the "lights-off" campaign, etc. while acting in concert with the public administration.



Signing ceremony held with governor attending at Kagoshima Prefecture

## ■ Supporting Biodiversity Conservation

Our human life consists of various blessings of nature. On the other hand, forests equivalent to one fifth of Japan's land area are lost from the world every year. It is also said that the effect of human activities over these several hundreds of years causes the extinction rate of species to be accelerated by 1,000 times. In this way, circumstances surrounding biodiversity have become extremely serious.

In regards to Kyocera Group's business activities, while we are benefitting from the ecological system such as in raw material procurement, its output has no small effect on the biodiversity. The Kyocera Environmental Charter established in 1991 states the working policy relating to the conservation of biodiversity by such activities as reduction of the destruction of the natural environment and the effect on the ecological system, active promotion of greening at offices, and participation in and support of social action programs. In this way, we are actively promoting activities such as *Satoyama* conservation activities.

### ▶ Implementing Activities for Preserving the Ecological System of Butterflies

At KYOCERA MITA Taiwan Corporation in October 2009, we implemented natural ecological conservation activities to protect plants necessary for keeping butterflies living by eliminating *Pothos*, an introduced plant which causes serious damage to biology, in cooperation with the Taiwan Butterfly Conservation Society.



### ▶ Participating in Promotional Partners for Declaration of Biodiversity by Nippon Keidanren

2010 is the International Year of Biodiversity specified by the United Nations. In October, the 10th Conference of Parties (COP10) of Convention on Biological Diversity will be held in Nagoya, raising awareness of biodiversity.

In March 2009, Nippon Keidanren, of which Kyocera is a member, officially announced the "Declaration of Biodiversity by Nippon Keidanren" showing its determination to promote business activities which even more consider biodiversity. Kyocera also agreed with this declaration, participating in the Promotional Partners.

### ▶ Conducting Activities for Expelling Alien Species

Alien species cause problems and may affect the ecological system, such as oppression of native species and breakup of the balance of the ecological chain, disruption of genes and damage to primary industry. In recent years, activities have been implemented to expel alien species.

In November 2009, KYOCERA COMMUNICATION SYSTEMS Co., Ltd. participated in the "54th Mitsuike Park Alien Fish Control Activity" held at Prefectural Mitsuike Park, Tsurumi Ward, Kanagawa for expelling alien species.



### ▶ Participation in Rape Flower Eco-Festa

In April 2009, "Rape Flower Eco-Festa 2009" sponsored by Higashiomi City, Shiga was held and we made a presentation at the environment exhibition booth.

At the site, we presented bitter melon seeds and 240 plants of *quercus serrata*, which were grown from acorn picked on a hill at the back of the Shiga Gamo Plant, for families to make green curtains.

These plants are used for the operation and maintenance of green spaces for the *Satoyama* nature-restoration project in Higashiomi City.



### ▶ Implementation of Cutting Common Reed Grass at Lake Biwa

Once it dies down, common reed grass which contributes to cleansing of Lake Biwa can lead to deterioration of the ecological system and water quality. The Shiga Gamo and Yohkaichi Plants periodically cut common reed grass at Lake Biwa.



# 6th Environment and Safety Promotion Plan and Results

Name of Plan	Goal Content	Scope*1	Reference or Index	FY 2010 Goal		FY 2010 Result	FY 2011 Goal		Long-term Goal (FY 2018)	Details page	
				First Half	Second Half		First Half	Second Half			
Global Environmentally Friendly Products Promotion Plan	1. Development and sales expansion of environmentally friendly products										
	(a) Increase the certification percentage of Kyocera's global environmentally friendly products	KYOCERA Corporation	Certification percentage of Kyocera's global environmentally friendly products	90%		100%	100%		100% maintenance	P63 - 70	
	(b) Expand production and increase sales of Kyocera's global environmentally friendly products										
	(1) Sales increase of certified products in Kyocera's finished products category	KYOCERA Corporation	Sales proceeds of Kyocera's global environmentally friendly products in FY 2008	100% improvement		68.9% improvement	150% improvement		Total sales		
	(2) Production expansion of certified products in Kyocera's parts category	KYOCERA Corporation	Production of Kyocera's global environmentally friendly products in FY 2009	39% improvement		13.5% improvement	71% improvement		—		
	(3) Production expansion and sales increase of certified products at group companies	Global	Production or sales of Kyocera's global environmentally friendly products in FY 2010	Goal setting		Continuation of review	Implementation		—		
	(c) Expansion and development of environmentally related businesses										
	(1) Increase output of solar cells	KYOCERA Corporation	—	—		Expansion	Annual output 600MW		—		
	(2) Market introduction of solid-oxide fuel cell (SOFC)	KYOCERA Corporation	—	Early market introduction		Continuation of development	Early market introduction		—		
	2. Establishing and expanding the application of the Environmental Consciousness Evaluation System	Domestic	—	Continuation of application		Review of application method	Continuation of application		—		
Overseas		—	Continuation of application		Review of application method	Continuation of application		—			
3. Creation of new environmentally friendly products and services	Global	—	Implementation		Continuation of review	Implementation		—			
4. Promotion of green procurement	KYOCERA Corporation / Domestic	Green procurement percentage	95%		95.5%	100%		100% maintenance			
Environmentally Conscious Product Promotion Plan	1. Application of the Kyocera green supplier certification system	KYOCERA Corporation	—	Auditing for green supplier certification	100% certification	One-year deferment of audit	100% certification maintenance		—		
		Domestic		Start of application	Continuation of application	Preparation of application	Continuation of application				
		Overseas		—	Start of application	Review of building	Continuation of application				
	2. Enhancement of monitoring system for environmental product regulations and customer requirements										
	(a) Creation and application of management system for chemical substances in products	KYOCERA Corporation	—	Continuation of application		Review of building	Continuation of application		—		
		Domestic		—	Start of application	Continuation of review	Continuation of application				
	Overseas	—	—		—	Start of application	Continuation of application	—			
	(b) Obtaining the latest information on and observation of environmental product regulations	Global	—	Sharing information on environmental regulations and determining how best to respond to environmental product regulations		Continuation of review	Sharing information on environmental regulations and determining how best to respond to environmental product regulations		—		
	3. Compliance with European chemical substance control guidelines, "REACH"	Global	—	Creation, review and implementation of the response method		Continuation of review	Creation, review and implementation of the response method		—		
	4. Substitution and abolition of specified hazardous substances (lead, hexavalent chromium, etc.)	Global	—	Polymaking System establishment	Implementation	Continuation of review	Implementation		—		
Energy Conservation Promotion Plan	1. Reduction of electricity consumption	Global	FY2008 electricity consumption per net sales	6% reduction		9.0% increase	9% reduction		30% reduction		
	2. Reduction of fuel consumption	Global	FY2008 fuel consumption per net sales	6% reduction		0.2% increase	9% reduction		30% reduction		
Global Warming Prevention Promotion Plan	1. Reduction of greenhouse gas emissions										
	(a) Aggregate reduction	KYOCERA Corporation	FY 1991 total amount of greenhouse gas emissions	—		13.2% increase	6% reduction		10% reduction maintained (10% reduction in FY 2013)		
		Domestic		—		57.8% increase	—				
	Overseas*2	FY 1991 total amount of greenhouse gas emissions	—		—	Below the first commitment period target for the Kyoto Protocol		—			
	(b) Reduction per net sales	KYOCERA Corporation	FY1991 greenhouse gas emissions per net sales	41% reduction		21.0% reduction	44% reduction		65% reduction (50% reduction in FY 2013)		
		Domestic		—		17.1% reduction	—				
Overseas	FY 2008 greenhouse gas emissions per net sales	6% reduction		5.6% increase	9% reduction		30% reduction				
2. Reduction of CO <sub>2</sub> emissions from cargo shipping	KYOCERA Corporation	FY 2008 CO <sub>2</sub> emissions per net sales Resulting from cargo shipping	4% reduction		9.6% reduction	6% reduction		20% reduction			
Resource Conservation Promotion Plan	1. Reduction of vehicle fuel Consumption	Global	FY 2008 vehicle fuel consumption per net sales	6% reduction		12.6% increase	9% reduction		30% reduction		
		FY 2009 (2nd half) start base	FY 2009 (1st half) vehicle fuel consumption per net sales	4.5% reduction		23.2% increase	7.5% reduction				
	2. Reducing water consumption	Global	FY 2008 water consumption per net sales	Plants	8% reduction		10.7% increase	12% reduction		30% reduction	
				Offices	4% reduction		23.6% reduction	6% reduction			
		FY 2009 (2nd half) start base	FY 2009 (1st half) water consumption per net sales	Plants	6% reduction		20.8% increase	10% reduction		30% reduction	
				Offices	3% reduction		16.5% reduction	5% reduction			
	3. Reduction of gas purchased	Global	FY 2008 amount of gas purchased per net sales	4% reduction		5.6% increase	6% reduction		15% reduction		
		FY 2009 (2nd half) start base	FY 2009 (1st half) amount of gas purchased per net sales	3% reduction		12.5% reduction	5% reduction				
	4. Reducing Travel expense	Global	FY 2008 traveling expenses per net sales	4% reduction		29.2% reduction	6% reduction		20% reduction		
		FY 2009 (2nd half) start base	FY 2009 (1st half) traveling expenses per net sales	3% reduction		28.2% increase	5% reduction				
5. Reducing packing and shipping charges	KYOCERA Corporation	FY 2008 packing and shipping charges per net sales	4% reduction		11.2% reduction	6% reduction		20% reduction			
6. Reduction the use of exhaustible resource	KYOCERA Corporation	FY 2008 amount of gold purchased per net sales	4% reduction		50.2% increase	6% reduction		10% reduction			

\*1 Scope: Global = Entire Kyocera Group / Kyocera Corporation / Domestic = Kyocera Group Companies in Japan / Overseas = Kyocera Group Companies outside Japan.  
 \*2 Covers countries and regions where reduction goals have been set in accordance with the Kyoto Protocol.

Name of Plan	Goal Content	Scope*1	Reference or Index	FY 2010 Goal		FY 2010 Result	FY 2011 Goal		Long-term Goal (FY 2018)	Details page
				First Half	Second Half		First Half	Second Half		
Paper Resource Conservation Promotion Plan	1. Reducing office paper purchases	Global	FY 2008 office paper purchases per net sales	6% reduction		13.0% reduction	9% reduction		20% reduction	P75 - 76
		FY 2009 (2nd half) start base	FY 2009 (1st half) office paper purchases per net sales	4.5% reduction		36.6% increase	7.5% reduction			
	2. Reducing the purchase of paper used in production processes	Global	FY 2008 purchase of paper used in production processes per net sales	10% reduction		10.8% reduction	15% reduction		30% reduction	
		FY 2009 (2nd half) start base	FY 2009 (1st half) purchase of paper used in production processes per net sales	7.5% reduction		63.9% reduction	12.5% reduction			
	3. Reducing paper discharged	Global	FY 2008 paper discharged per net sales	6% reduction		13.7% reduction	9% reduction		20% reduction	
		FY 2009 (2nd half) start base	FY 2009 (1st half) paper discharged per net sales	4.5% reduction		13.9% increase	7.5% reduction			
Packing Materials Improvement Promotion Plan	1. Complete elimination of vinyl chloride outer packing materials	KYOCERA Corporation	—	Continuation of complete elimination				Continuation of complete elimination	P75 - 76	
		Domestic/elimination Overseas	—	—	Implementation of countermeasures	Achievement of complete elimination				
	2. Reduction of vinyl chloride inner packing materials purchased per net sales	Global	FY 2008 vinyl chloride inner packing materials purchased per net sales	20% reduction		59.3% reduction	30% reduction			Achievement of complete elimination*3
		FY 2009 (2nd half) start base	FY 2009 (1st half) vinyl chloride inner packing materials purchased per net sales	15% reduction		48.7% reduction	25% reduction			
	3. Reduction of packing materials purchased per net sales	Global	FY 2008 packing materials purchased per net sales	6% reduction		1.8% increase	9% reduction			20% reduction
		FY 2009 (2nd half) start base	FY 2009 (1st half) packing materials purchased per net sales	4.5% reduction		19.3% increase	7.5% reduction			
Kyocera Environmental Management Standard	1. Reduction of hazardous substances in discharged water									
	(a) Recycling system for discharged water in the cyanogens process	KYOCERA Corporation/Domestic	—	Countermeasures for equipment (Shiga Gamo Plant)	Review of countermeasures	Countermeasures for equipment (each location*4)	—			
	(b) Recycling system for discharged water in the arsenic process	KYOCERA Corporation/Domestic	—	—	Completion of countermeasures	—	—			
	2. Application of Kyocera's Domestic Group Environmental Management Standard	Domestic	—	—	Review of countermeasures	Countermeasures for equipment	—			
3. Establishment of Kyocera's Overseas Group Environmental Management Standard	Overseas	Values of government regulations and local regulations	Application	Application	Application	Change to values 20% stricter than regulation values	—			
Waste Reduction Promotion Plan	1. Reduction of discharged waste weight per net sales									
	Industrial waste	Global	FY 2008 discharged waste weight per net sales	10% reduction		21.5% reduction	15% reduction		50% reduction	
		KYOCERA Corporation/Domestic	FY 2008 discharged waste weight per net sales	6% reduction		6.0% reduction	9% reduction		30% reduction	
	General waste	KYOCERA Corporation/Domestic	Recycling rate	99.3%		99.9%	99.5% achievement		Continuation	
		Overseas (production sites)	Percentage of achieved sites	—		100%	100%		Continuation	
	2. Zero emissions									
	Overseas (production sites)	Recycling rate	—		Promotion of Countermeasures	99.0% achievement		Continuation		
		3. Reduction of generated waste weight per net sales								
Industrial waste and variables	KYOCERA Corporation/Domestic	FY 2008 generated waste weight per net sales	10% reduction		5.9% reduction	15% reduction		50% reduction		
	General waste	FY 2008 generated waste weight per net sales	6% reduction		9.3% reduction	9% reduction		30% reduction		
Chemical Substances Measurement Promotion Plan	1. Reduction of consumption, discharge and transfer of materials subject to the PRTR Law									
	(a) Consumption	KYOCERA Corporation/Domestic	FY 2008 consumption per net sales (21 subject materials)	10% reduction		2.1% reduction	15% reduction		25% reduction	
			FY 2008 discharge per net sales (21 subject materials)	20% reduction		30.6% reduction	30% reduction		50% reduction	
			FY 2008 transfer per net sales (21 subject materials)	14% reduction		39.6% reduction	20% reduction		30% reduction	
	(b) Discharge	Overseas*5	FY 2009 (1st half) consumption per net sales	4% reduction		19.7% reduction	6% reduction		12% reduction	
			FY 2009 (1st half) discharge per net sales	10% reduction		22.8% reduction	15% reduction		25% reduction	
			FY 2009 (1st half) transfer per net sales	6% reduction		58.3% reduction	9% reduction		15% reduction	
	(c) Transfer	KYOCERA Corporation/Domestic	FY 2008 emissions (absolute value) (subjects: IPA, toluene, acetone and methanol)	10% reduction		26.5% reduction	15% reduction		50% reduction	
			Overseas*6	FY 2009 (1st half) emission (absolute value)	—		Promotion of measures	Values 20% stricter than regulation values for reduction		—
	2. Reducing volatile organic compound (VOC) emissions									
P80										

\*3 Excludes packing materials subject to material recycling and specially permitted packing materials.

\*4 Kagoshima Sendai Plant, Kagoshima Kokubu Plant, Kagoshima Hayato Plant, KYOCERA SLC Technologies Corporation, Kagoshima Sendai Plant.

\*5 Covers materials notified according to the PRTR system of each country. However, for a company having set its own goals, the stricter standard will be applied.

\*6 Subject to companies for which regulations apply. For a company where regulations are provided but do not apply, desired standards should be established for reduction.

In regards to other plans, "Safety & Health Promotion Plans/Fire & Disaster Prevention Promotion Plan (refer to Page 43)" and "Perfect 5S Promotion Plan" (refer to Page 44) have been drawn up.

## 1959



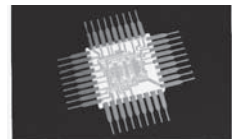
Apr. 1959 ● With capital of 3 million yen and 28 staff members, Kyoto Ceramic Co., Ltd. is founded in Kyoto, Japan as a company specializing in fine ceramics. The company's facilities include a headquarters and factory. **(photo 1)**

## 1960~



Apr. 1960 ● Kyocera's Tokyo office opens in Tokyo, Japan.  
 May 1963 ● Shiga Plant (now Shiga Gamo Plant) is established in Shiga, Japan. **(photo 2)**  
 Mar. 1968 ● Kyocera receives first Medium and Small Business Research Institute Award (now Good Company Award).  
 Aug. 1968 ● Representative office opens in California, U.S.A.  
 Jul. 1969 ● Kagoshima Plant (now Kagoshima Sendai Plant) is established in Kagoshima, Japan.  
 ● California representative office becomes Kyocera's American sales company, KYOCERA International, Inc.

## 1970~



Jan. 1971 ● Feldmühle Kyocera Europa Elektronische Bauelemente GmbH (now KYOCERA Fin ceramics GmbH) is established in cooperation with Feldmühle AG in Germany.  
 Mar. 1971 ● KYOCERA International, Inc. begins production of fine ceramic parts in the United States.  
 Oct. 1971 ● Kyocera stock is listed on the Osaka Stock Exchange's Second Section and on the Kyoto Securities Exchange.  
 Mar. 1972 ● Kyocera receives 18<sup>th</sup> Okochi Memorial Grand Production Prize for developing multilayered ceramic packages for large-scale integrated circuits. **(photo 3)**  
 Jul. 1972 ● Headquarters is relocated to Yamashina, Kyoto, Japan.  
 Sep. 1972 ● Kyocera stock is listed on the Tokyo Stock Exchange's Second Section.  
 Oct. 1972 ● Kagoshima Kokubu Plant is established in Kagoshima, Japan.  
 Feb. 1974 ● Kyocera stock is listed on the First Section of both the Tokyo and Osaka Stock Exchanges.  
 Apr. 1974 ● Kyocera receives 16<sup>th</sup> Commendation by Japan's Director-General of the Science and Technology Agency for developing ceramic lamination technology for electronic circuits.  
 Jul. 1975 ● KYOCERA International, Inc. relocates its headquarters and plant to San Diego, California, U.S.A.  
 Feb. 1976 ● Kyocera issues new shares of common stock in the form of American Depository Receipts (ADRs) in the United States.  
 Jul. 1976 ● The Children's Travel Program begins (Japan-U.S.A.).  
 Dec. 1977 ● KYOCERA (Hong Kong) Ltd. (now KYOCERA Asia Pacific Pte.Ltd.) begins business in Hong Kong.  
 Jan. 1979 ● KYOCERA Feldmuehle, Inc. is established in North Carolina, U.S.A. as a joint venture with Feldmühle AG.  
 Sep. 1979 ● Kyocera invests capital in Cybernet Electronics Corp.  
 Oct. 1979 ● Central Research Laboratory opens in Kokubu (now Kirishima City), Kagoshima, Japan.  
 Dec. 1979 ● Kagoshima Electronics Co., Ltd. is established in Kagoshima, Japan.

## 1980~



May 1980 ● Kyocera stock is listed on the New York Stock Exchange. New shares of common stock in the form of ADRs are issued in the United States for the second time.  
 Aug. 1980 ● Shiga Yohkaichi Plant is established in Shiga, Japan.  
 Mar. 1981 ● KYOCERA Business Machines Co., Ltd. is established in Japan.  
 Oct. 1982 ● Four affiliates, including Cybernet Electronics Corp., merge with Kyoto Ceramic Co., Ltd. to form KYOCERA Corporation.  
 Apr. 1983 ● KYOCERA Business Machines Co., Ltd. merges with the Japan sales division to become KYOCERA Electronics Co., Ltd. (later merging with what is now KYOCERA Communication Systems Co., Ltd.).  
 ● Kagoshima Electronics Co., Ltd. merges with Kyocera to become Kagoshima Hayato Plant.  
 Oct. 1983 ● Yashica Co., Ltd. merges with Kyocera.  
 Apr. 1984 ● Kyocera supports the establishment of the Inamori Foundation.  
 ● Tokyo Central Research Laboratory (now Tokyo Yoga office) is established in Tokyo, Japan.  
 Jun. 1984 ● Kyocera establishes Daini-Denden Kikaku Co., Ltd. in Tokyo, Japan (now KDDI Corp.) **(Photo 4)**.  
 Aug. 1984 ● Sakura Solar Energy Center is established in Sakura City, Chiba, Japan.  
 May 1986 ● KYOCERA Electronics Europe GmbH (now KYOCERA MITA Deutschland GmbH) is established in Germany.  
 Jul. 1986 ● LSI Design Center is established in Japan within Tokyo Yoga office.  
 Jan. 1987 ● KYOCERA America, Inc. and KYOCERA Electronics, Inc. are established in California and New Jersey, U.S.A., respectively.  
 Sep. 1987 ● KYOCERA Mexicana, S.A. de C.V. is established in Tijuana, Mexico.  
 Sep. 1988 ● KYOCERA Europe GmbH is established in Germany as Kyocera's European headquarters.  
 Aug. 1989 ● ELCO Corp. joins the Kyocera Group.

## 1990~



Jan. 1990 ● AVX Corporation joins the Kyocera Group. **(photo 5)**  
 Mar. 1990 ● KYOCERA Industrial Ceramics Corp. is established in Vancouver, Washington, U.S.A.  
 Apr. 1991 ● KYOCERA Feldmuehle, Inc. becomes a wholly owned subsidiary of Kyocera and is later reorganized into KYOCERA Industrial Ceramics Corp.  
 Oct. 1991 ● Kyocera Environmental Charter is adopted.  
 Sep. 1992 ● Kyocera's Advanced Ceramics Technology Center is established in Vancouver, Washington, U.S.A.  
 Jan. 1994 ● Kyoto Purple Sanga Co., Ltd. is established in Kyoto, Japan in cooperation with 20 companies including Kyocera and Nintendo Co., Ltd.  
 Mar. 1995 ● Kyocera R&D Center, Yokohama is established in Yokohama, Japan; Tokyo Central Research Laboratory is relocated.  
 Aug. 1995 ● Kyocera R&D Center, Keihanna is established in Kyoto, Japan.  
 ● Dongguan Shilong KYOCERA Optics Co., Ltd. is established in China.  
 Sep. 1995 ● KYOCERA Communication Systems Co., Ltd. is established in Kyoto, Japan.  
 ● Hotel KYOCERA opens in Hayato (now Kirishima City), Kagoshima, Japan.  
 Dec. 1995 ● Shanghai KYOCERA Electronics Co., Ltd. is established in China.  
 Sep. 1996 ● KYOCERA Solar Corp. is established in Kyoto, Japan.  
 Aug. 1998 ● New headquarters building is completed in Fushimi, Kyoto, Japan with environmentally friendly features such as a solar power generating system.  
 Aug. 1999 ● KYOCERA Solar, Inc. is established in Arizona, U.S.A.

## 2000~



Jan. 2000 ● MITA Corp. is reorganized to become KYOCERA MITA Corp.  
 Feb. 2000 ● KYOCERA Wireless Corp. (now KYOCERA Communications, Inc.) is established in California, U.S.A.  
 Oct. 2000 ● DDI Corp., KDD Corp. and IDO Corp. merge to form DDI Corp. (now KDDI Corp.) **(photo 6)**  
 Jan. 2001 ● Tycom Corporation (now KYOCERA Tycom Corporation) joins the Kyocera Group.  
 May 2001 ● Kyocera Group sales for the year ending March 31, 2001 break the 1 trillion yen threshold.  
 Apr. 2002 ● Printer operations are merged with KYOCERA MITA Corp.  
 Aug. 2002 ● Toshiba Chemical Corp. is reorganized to become KYOCERA Chemical Corp.  
 Jan. 2003 ● KYOCERA (Tianjin) Sales & Trading Corp. is established in China.  
 May 2003 ● KYOCERA (Tianjin) Solar Energy Co., Ltd. is established in China.  
 Jun. 2003 ● Executive Officer system is implemented.  
 Aug. 2003 ● KINSEKI, Ltd. (now KYOCERA KINSEKI Corp.) becomes a wholly owned subsidiary of KYOCERA Corp.  
 ● KYOCERA SLC Technologies Corporation is established in Shiga, Japan.  
 Jan. 2004 ● KYOCERA Electronic Devices, LLC is established in the U.S.A.  
 Feb. 2004 ● Hotel Princess Kyoto (now Hotel Nikko Princess Kyoto) joins the Kyocera Group.  
 Apr. 2004 ● Kyocera's organic-material components businesses are merged with KYOCERA SLC Technologies Corporation.  
 ● Kyocera begins assembling solar modules in Mexico.  
 Sep. 2004 ● Japan Medical Materials Corp. is established in Osaka, Japan.  
 Oct. 2004 ● KYOCERA Maruzen Systems Integration Co., Ltd. is established in Tokyo, Japan.  
 ● KYOCERA Solar Europe s.r.o. is established in the Czech Republic.  
 Apr. 2005 ● Kyocera's Japanese solar sales business is integrated into KYOCERA Solar Corp.  
 ● KYOCERA Solar Europe s.r.o. opens a manufacturing plant in the Czech Republic.  
 Aug. 2005 ● Kyocera acquires land, buildings and other property from IBM Japan, Ltd. for its Yasu office in Shiga, Japan.  
 Jan. 2006 ● KYOCERA Korea Co., Ltd. is established in Korea.  
 Apr. 2006 ● KCCS Management Consulting, Inc. is established in Tokyo, Japan.  
 Aug. 2006 ● Shanghai KYOCERA Trading Co., Ltd. is established in China.  
 Oct. 2006 ● Hertz Technology, Inc. becomes KYOCERA KINSEKI Hertz Corporation.  
 Dec. 2006 ● KYOCERA Management Consulting Service (Shanghai) Co., Ltd. is established in China.  
 Sep. 2007 ● Kyocera invests in Wireless Broadband Planning K.K. (now UQ Communications Inc.) jointly with KDDI Corporation, Intel Corporation, East Japan Railway Company, Daiwa Securities Group Inc., and the Bank of Tokyo-Mitsubishi UFI, Ltd.  
 Apr. 2008 ● Kyocera acquires the mobile phone business of SANYO Electric Co., Ltd.; KYOCERA SANYO Telecom, Inc. is established in California, U.S.A.; KYOCERA Telecom Equipment (Malaysia) Sdn. Bhd. is established in Malaysia.  
 Jan. 2009 ● TA Triumph-Adler AG joins the Kyocera Group.  
 Apr. 2009 ● KYOCERA SANYO Telecom, Inc. is integrated with the sales, marketing and service functions of KYOCERA Wireless Corp. to form KYOCERA Communications, Inc., based in San Diego, California, U.S.A.  
 Aug. 2009 ● KYOCERA Asia Pacific (India) Pvt. Ltd. is established in India.  
 2010~  
 Mar. 2010 ● Construction of a new solar cell manufacturing plant is completed at Shiga Yasu facility in Shiga, Japan **(Photo 7)**.  
 Jun. 2010 ● The thin-film transistor (TFT) liquid crystal display (LCD) business is acquired from Sony Mobile Display Corporation's Yasu office in Shiga, Japan.



# Environmental Chronology

## 1969

- 1969 ● The first discharge water treatment facility was installed at the Shiga Plant (now Shiga Camo Plant).

## 1970~

- 1971 ● An environmental management division was set up at the Shiga Plant (now Shiga Camo Plant).
- 1973 ● A plating discharge water treatment facility was installed at the Kagoshima Plant (now Kagoshima Sendai Plant).
- 1974 ● Developed the ceramic honeycomb filters to clean gas emissions at facilities.
- 1975 ● Established Japan Solar Energy Corporation (JSEC) and began development of solar cells. (Photo 1)
- 1977 ● JSEC succeeded in the continuous pulling of silicon ribbon using the EFG process, and achieved a conversion ratio of 8% for silicon ribbon crystal solar cells.
  - Mass production of alumina heaters for auto chokes with superior thermal resistance and durability.
- 1978 ● Received an important technology R&D subsidy from the Ministry of International Trade and Industry for applied research into ceramic diesel engines.
  - A discharge water treatment facility was installed at the Kagoshima Kokubu Plant to remove lead used as a raw material.
- 1979 ● JSEC developed a medium-sized, ribbon crystal silicon solar cell module for power generation: the RSA-7540 (12W); JSEC established mass production technology for 50mm-wide silicon ribbon crystals.
  - Solar cells were installed to power microwave relay equipment set up in the Peruvian Andes Mountains.
  - Kyocera set up a Solar Systems Division.
  - Started development of a highly durable amorphous silicon photoresistor drum.



## 1980~

- 1980 ● Practical application of an all-ceramic-activated-carbon honeycomb.
  - The CP-55, a small, lightweight and energy-saving copier, was introduced for sale.
- 1981 ● The natural circulation solar water heater "SON OF SUN" was introduced for sale.
  - Kyocera began joint research with Isuzu Motors, Ltd. on the practical application of a ceramic diesel engine.
  - Developed ceramic glow plug for diesel engines.
  - The portable solar cell "SB-II" was introduced for sale.
  - Kyocera installed 34 solar lights – practical lighting using solar cells – along the path "Nagaraki-no-michi" on the Kamo River bank in Kyoto.
  - Successful test drive of the world's first vehicle powered by a ceramic engine with high thermal efficiency (televised by NHK on January 4, 1982).
- 1982 ● World's first mass production of ceramic hot plugs.
  - Mass production of ceramic heaters for oxygen sensors used in reducing gas emissions.
- 1983 ● Set up a community electricity system using solar power generation in Kankoi Village, Pakistan.
  - Installed solar lights at the top of Mt. Fuji.
  - Mass production of components with superior thermal stability and corrosion resistance for use in processing molten aluminum.
- 1984 ● Installed a 43kW solar power generation system at the Chiba Sakura Plant (now the Chiba Sakura Office).
  - Commercialization of the "akuesual" – an autonomous, light-emitting, solar-powered road stud.
  - Introduced the "Solar Power Station" – a forced-circulation solar water heater.
  - Successful development and mass production of amorphous silicon photoresistor drums.
- 1985 ● The Environmental Management Division was established at Kyocera Headquarters.
- 1986 ● Installed a toluene recovery facility at the Kagoshima Sendai Plant to recycle toluene and reduce emissions.
  - Began mass production of polycrystalline solar cells.
  - Launched a development project for gas turbine components using the superior thermal resistance of ceramics.
  - The world's smallest laser printer, the "F-1010", was introduced for sale.
- 1987 ● Achieved the world's highest conversion ratio: 15.1%, for 10-cm-square polycrystalline silicon solar cells.
- 1989 ● Began implementing measures for reduction of chlorofluorocarbon use.
  - Kyocera and the New Energy and Industrial Technology Development Organization (NEDO) jointly installed a hybrid power system (solar power 30kW) at the Kagoshima Prefectural Institute of Industrial Technology.
  - Developed a high-performance prototype solar-powered car, the "SEV-1".
  - Began mass production of ceramic turbo rotors.

## 1990~

- 1990 ● Launched the "Kyocera Green Committee" (KCGC), with the Kyocera president as committee chair.
- 1991 ● Launched the "Kyocera Group Green Committee" (KGGC).
  - Appointed an Environment Director.
  - Began recycling used paper.
  - Enacted the Kyocera Environmental Charter.
  - The Gas Turbine Engine Development Group received the Japan Fine Ceramics Association's Technology Advancement Prize for the "application of ceramics in small-scale gas turbine rotors".
  - Developed a dynamic-drive micro-LED printhead.
- 1992 ● Began mass production trials of ceramic components for fuel cells.
  - Launched the three-year "1<sup>st</sup> Environmental Protection Promotion Plan"
  - Established Kyocera Environmental Management Standards.
  - Introduced the Kyocera Eco-label Certification System.
  - Appointed June as "Kyocera Environment Month" and began deployment of diverse environment protection activities.
    - Began environmental inspections at plants to ascertain the state of environmental management and raise the level of management awareness.
    - Abolished use of all specified chlorofluorocarbons and other materials.
    - Released the world's first non-cartridge LED printer, the ECOSYS "FS-1500". (Photo 2)
    - Began mass production of a ceramic cam roller for diesel engines.
- 1993 ● ECOSYS printer becomes first office automation (OA) equipment to receive Eco Mark Certification.
  - Began mass production of silicon nitride control valve for automobiles.
  - Began selling the industry's first solar power generation system for residential use.
- 1994 ● Prohibited use of methyl bromide and trichloroethylene.
- 1995 ● Prohibited use of tetrachloroethylene and HCFC-141b.
  - Began mass production of the 3rd-generation ceramic glow plug (high-temperature, self-saturation type), which contributes to reduction of vehicle emissions.
- 1996 ● Launched "2<sup>nd</sup> Environmental Protection Promotion Plan".
  - Established the "Kyocera Award for Contribution to the Global Environment".
  - Mie Plant (now the Mie Ise Plant / KYOCERA MITA Corp. Tamaki Plant) received ISO 14001 certification.
  - Achieved the world's highest conversion ratio: 17.1%, for 15-cm-square polycrystalline silicon solar cells.
- 1997 ● 10 plants obtained ISO 14001 certification.
  - Kyocera's Solar Energy Division received the "Director General of the Environment Agency Prize" for "contribution to prevention of global warming".
  - A compound intermediate processing facility was installed at the Kagoshima Sendai Plant to process dioxins and to dry sludge using waste furnace heat.
  - The 3<sup>rd</sup>-generation ECOSYS "FS-1700" and "FS-3700" became the first printers in the world to receive the German environmental test mark, the "Blue Angel".
- 1998 ● Began green procurement.
  - Completion of new Kyocera headquarters – an environmentally friendly building with a 214kW solar power system.
- 1999 ● Obtained integrated ISO 14001 certification for 6 non-manufacturing locations.
  - Launched "3<sup>rd</sup> Environmental Protection Promotion Plan".
  - Obtained integrated ISO 14001 certification for all 42 domestic Kyocera locations.
  - Completely eliminated use of chlorofluorocarbon substitutes, 20 years before the deadline stipulated by the Kyoto Protocol.
  - Received the "New Energy Foundation Chairman's Prize," one of the Grand Prizes sponsored by the New Energy Foundation.



- The ceramic gas turbine jointly developed by Kyocera and Kawasaki Heavy Industries, Ltd. achieves the world's highest thermal efficiency of 42.1% at an inlet temperature of 1,396 degrees C.
- Received the Fuji Sankei Group Award, at the 8<sup>th</sup> Global Environment Awards sponsored by the Fuji Sankei Group.

## 2000~

- 2000 ● ISO 14001 integrated certification was expanded to cover the Kyocera Group (within Japan).
  - Began disclosing environmental reports on the internet. (Photo 3)
  - In April 1999, Kyocera set goals for the abolition of small incineration furnaces. All such furnaces were phased out by December 2000.
  - ECOSYS printers won the "46<sup>th</sup> Okochi Memorial Foundation Technology Prize" for their long-life xerography process and commercialization of environmentally friendly printers.
  - Received the "Gas Turbine Society of Japan Technology Prize," the "Japan Fine Ceramics Association Outstanding Achievement Prize" and the "Ceramic Society of Japan Technology Prize" for development of ceramic components used in gas turbines.
- 2001 ● The Kyocera Environmental Awareness Month was expanded companywide to become the Kyocera Group Environmental Awareness Month.
  - Announced support for the "e-mission 55" initiative endorsing implementation of the Kyoto Protocol.
  - Completed raising and elevating underground facilities as necessary, based on standards for handling underground facilities (enacted 1996).
  - Began switching to natural-gas use (LNG) from LPG to reduce CO<sub>2</sub> emissions.
- 2002 ● Launched "4<sup>th</sup> Environmental Protection Promotion Plan".
  - Introduced environmental accounting.
  - Installed a processing facility at the Kagoshima Sendai Plant to recycle resources by sintering green-sheet scrap (industrial waste).
  - Succeeded in developing the industry's first process for eliminating lead from manufacturing processes for ceramic packages used in semiconductors.
- 2003 ● Developed the first ceramic application for LEDs: a surface-mount ceramic package for high-intensity LEDs.
  - Began onsite environmental classes.
  - Issued the Sustainability Report (now the CSR Report).
  - Kagoshima Kokubu Plant, received the "1<sup>st</sup> Japan Sustainable Management Award (Outstanding Prize for Environmental Management)".
  - Began introducing KGEMS, Kyocera's self-certification system based on the ISO 14001 standard.
  - Released the SAMURAI, a residential rooftop solar power system with both design and performance features.
  - Released the ECONONAVI, an indoor solar power monitoring unit for residences. Shows the state of solar power generation and contributes to higher awareness of energy conservation. First in the industry to use a wireless format and large, color liquid crystal display.
  - Developed a ceramic heater core, featuring higher temperature durability and rapid temperature increase, for ceramic glow plugs.
  - Developed a solar cell module that uses lead-free solder.
  - Achieved the world's highest level of power generation efficiency: 54% at the low-operating temperature of 780 °C for a 1kW solid oxide fuel cell (SOFC).
- 2004 ● Began publishing Social Responsibility / Environmental Reports (now the CSR Report).
  - Began holding Social Responsibility / Environmental Report Meetings (now the CSR Economic, Social and Environmental Report Meetings) to build communication with local communities.
  - Increased the environmental accounting period to every quarter.
  - KYOCERA MITA Corp. Tamaki Plant received the "2<sup>nd</sup> Japan Sustainable Management Award (Outstanding Prize for Environmental Management)".
  - Developed an environmentally friendly, industrial-use liquid crystal display complying with the RoHS Directive.
- 2005 ● Launched the "5<sup>th</sup> Environmental Protection Promotion Plan".
  - Began Social Responsibility / Environmental Report Reading Assemblies (now CSR Report Reading Assemblies) to explain the CSR concepts and activities to employees.
  - Installed solar power generation systems – about 440kW in total – at the Mie Ise Plant, Shiga Yokkaichi Plant, Kagoshima Kokubu Plant, and Kagoshima Hayato Plant.
  - Kyocera International, Inc. (U.S.A.) installed a 279kW solar power system over the company parking lot. The installation was named the "Solar Grove" due to the rows of supports holding up the panels, which resembled trees.
  - Introduced an energy-saving, low-cost refrigeration system at the Kagoshima Kokubu Plant. The system has three types of equipment that can be operated in combination according to plant requirements: an absorption refrigerator, a cogeneration system and a turbo-refrigerator.
  - Introduced an environmentally friendly high-speed digital multifunctional product, the KM-6230RM. This machine has a mass ratio of more than 80% recycled components.
  - Kyocera and Osaka Gas Co., Ltd. began joint test operations of solid oxide fuel cells in dwellings.
  - Installed a 240kW solar power system at Chubu International Airport. This system is used as an auxiliary cabin power source by aircraft waiting on the tarmac.
- 2006 ● Established global policy on the RoHS Directive and strengthened management of chemical substances used in products.
  - Introduced an Environment-Friendliness Product Assessment System that mandates a life-cycle assessment be performed when developing products and technology.
  - Start of full-scale Environmental Safety Inspections at overseas bases.
  - Installed turbo refrigerators at Shiga Yokkaichi Plant, Kagoshima Sendai Plant, as well as KYOCERA KINSEKI Yamagata Corp., and International Golf Resort KYOCERA.
  - Introduced a closed processing facility at Shanghai KYOCERA Electronics Co., Ltd. for treating discharge water contaminated with cyanogens from the plating processes.
  - Achieved the world's highest energy conversion ratio: 18.5%, for 15-cm-square solar cells.
  - Developed a multilayer piezoelectric element for injectors in the diesel engine fuel injection system, based on Kyocera's unique raw materials technology and structural design technology.
- 2007 ● Increased the number of dispatch bases for onsite environmental classes to 12.
- 2008 ● Began full-scale replacement of company vehicles with hybrid models, to aid in the prevention of global warming.
  - Prepared the "ECO-LIFE NOTE" – a booklet environmental protection activities in employees' homes; distributed the booklet to all Kyocera Group employees in Japan.
  - Installed a recycling system for removing 100% of lead from discharge water at the Kagoshima Kokubu Plant.
  - Launched "The 6<sup>th</sup> Environment and Safety Promotion Plan" – expanded to cover the entire Kyocera Group.
  - Increased the number of dispatch bases for onsite environmental classes to 25.
  - Established environmental management standards for the domestic Kyocera Group.
  - Began using biodiesel fuel derived from waste cooking oil, at the Shiga Camo Plant and Shiga Yokkaichi Plant.
  - Crew "Green Curtains" using climbing plants, at five domestic bases.
  - Began using the Kyocera Green Supplier Certification System.
  - Released a high power output (208.4W) solar module using a new type of 156mm-square solar cell, for public facilities and industrial use.
  - Participated in trial implementation of emissions trading in the domestic integrated market, as promoted by the Ministry of Economy, Trade and Industry.
- 2009 ● Kagoshima Sendai Plant and Kagoshima Kokubu Plant received the "2008 PRTR Grand Prize (Incentive Prize)," sponsored by the Center for Environmental Information Science.
  - Shiga Camo Plant and Shiga Yokkaichi Plant received the "7<sup>th</sup> Japan Environmental Management Grand Prize (Environmental Management Excellence Prize)".
  - Kyocera, Osaka Gas Co., Ltd., Toyota Motor Corp. and Aishin Seiki Co., Ltd. agreed to jointly develop a solid oxide fuel cell (SOFC) cogeneration system for household use.
  - Kyocera began supplying Toyota Motor Corp. with solar cell modules for use with its solar ventilation system – an optional feature for Toyota's hybrid vehicle Prius.
  - Succeeded in development of the world first bio color toner combining environmental concerns and high quality.



## 2010~

- 2010 ● Participated in Promotional Partners for Declaration of Biodiversity by Nippon Keidanren.
  - Kagoshima Sendai Plant received the "8<sup>th</sup> Japan Sustainable Management Award (Outstanding Prize for Environmental Management)".
  - The total number of students having participated in the "Kyocera Group Onsite Environmental Classes" exceeded 20,000.

\* The descriptions of world's largest and world smallest in the chronology are based on the achievements at that time.

# ISO 9001 and OHSAS 18001 Certification State

## ISO 9001 Certification State

### Integrated Certification (6 companies)

(As of March 2010)

Country	Company	Date of registration
Japan	KYOCERA Corporation	Jan. 2002  (Registration No. JMI-0036)
	KYOCERA OPTEC Co., Ltd.	
	KYOCERA MITA Corporation	
	KYOCERA SLC Technologies Corporation	
	KYOCERA KINSEKI Corp.	
	Shiga Yohkaichi Plant KYOCERA Solar Corp.	

### Individual Certification (43 companies)

(As of March 2010)

Region	Company	Date of registration	
Japan	KYOCERA ELCO Corp.*1	Jul. 2008	
	KYOCERA Chemical Corp.	Dec. 2002	
	KYOCERA KINSEKI Hokkaido Corp.	Mar. 1998	
	KYOCERA KINSEKI Yamagata Corp.*1	May 2003	
	KYOCERA KINSEKI Chiba Corp.	Nov. 2007	
	Japan Medical Materials Corp.*2	May 2005	
	KYOCERA Communication Systems Co., Ltd.	Aug. 1997	
	Six divisions related to mobile base stations and package software		
	Two divisions related to computer systems and package software	Sep. 2004	
	Shanghai KYOCERA Electronics Co., Ltd.	Dec. 1998	
Asia	Dongguan Shilong KYOCERA Optics Co., Ltd.	Feb. 2003	
	KYOCERA MITA Office Equipment (Dongguan) Co., Ltd.	Feb. 2003	
	KYOCERA Chemical (Wuxi) Co., Ltd.	Apr. 2004	
	KYOCERA (Tianjin) Solar Energy Co., Ltd.	Jul. 2004	
	KYOCERA ELCO Hong Kong Ltd.	Mar. 2004	
	KYOCERA MITA Industrial Co., (H.K.) Ltd.	Feb. 1994	
	AVX Electronics (Tianjin) Co., Ltd.*3	Sep. 2007	
	KYOCERA ELCO Singapore Pte, Ltd.	Oct. 2004	
	KYOCERA Chemical Singapore Pte, Ltd.	Mar. 2003	
	Singapore	KYOCERA ELCO Korea Co., Ltd.	Apr. 1998
		KYOCERA Precision Tools Korea Co., Ltd.	Feb. 2004
	Korea	KYOCERA Chemical (Thailand) Ltd.	Feb. 2002
		KYOCERA KINSEKI (Thailand) Co., Ltd.*1	Sep. 2003
	Thailand	TPC (Malaysia) Sun.Bhd.	Mar. 2004
	Malaysia	KYOCERA KINSEKI Philippines, Inc.*1	Mar. 2004
	Philippines	AVX Israel Ltd.	Dec. 2003
	Israel		

Region	Company	Date of registration		
North America	U.S.A.	KYOCERA America, Inc.	Apr. 1994	
		KYOCERA Industrial Ceramics Corporation	Apr. 1995	
		KYOCERA Wireless Corp.	Aug. 2000	
		KYOCERA TYCOM Corporation	Aug. 1996	
		KYOCERA MITA South Carolina, Inc.	Jan. 2004	
		KYOCERA Telecommunications Research Corp.	Aug. 2000	
		AVX Corporation	Biddeford	Nov. 2004
			Colorado Spring	Jul. 2003
			Conway	Jul. 2004
			Myrtle Beach*1	Jul. 2005
			Olean	Dec. 2003
			Raleigh	Jul. 2004
		AVX Filters Corporation	Dec. 2003	
		American Technical Ceramics Corp.	Huntington	Oct. 1997
			Jacksonville	Oct. 1998
South and Central America	Mexico	KYOCERA Mexicana, S.A. de C.V.	Jun. 2005	
		Avio Excelente, S. de R.L. de C.V.*4	Jan. 2004	
		AVX Industries, Pte. Ltd.*1	Dec. 2003	
Europe	UK	AVX Components da Amazonia Ltda.	Jan. 2004	
		American Technical Ceramics Europe Aktiebolag	Jan. 2003	
		AVX Limited	Nov. 2007	
Europe	France	Coleraine*1	Nov. 2007	
		Paignton	Nov. 2003	
		TPC S.A.S.*1	Dec. 2007	
		ELCO Europe GmbH*1	May 2007	
		KYOCERA Solar Europe s.r.o.	Jul. 2005	
		AVX Czech Republic s.r.o.	Feb. 2006	
Czech Republic	Czech Republic	Lanskroun	Oct. 2007*3	
		Uherske*1	Dec. 2007*4	

\*1 Certification of the quality management standard (ISO/TS-16949) to which automotive special requirements are added based on ISO 9001.  
 \*2 Certification of the quality management standard (ISO 13485) to which medical-related special requirements are added based on ISO 9001.  
 \*3 Related to connectors.  
 \*4 Related to electronic parts and capacitors.

## OHSAS 18001 Certification State

### Integrated Certification (126 Sites)

(As of March 2010)

Region	Company	Office/plant	Date of registration					
Japan	KYOCERA Corporation	Headquarters	Hokkaido Kitami Plant	Fukushima Tanagura Plant	Chiba Sakura Office	Tokyo Yaesu Office	October 2005 (Registration No.: C0510006)	
		Tokyo Yoga Office	Yokohama Office	Tsunashima Building	Nagano Okaya Plant			
		Mie Ise Plant	Shiga Gamo Plant	Shiga Yohkaichi Plant	Shiga Yasu Office	Kyoto Fushimi Office		
		R&D Center, Keihanna	Osaka Tamatsukuri Office	Kagoshima Sendai Plant	Kagoshima Kokubu Plant	R&D Center, Kagoshima		
		Kagoshima Hayato Plant	Sapporo Sales Office	Tohoku Sales Office	Nagaoka Sales Office	Takasaki Sales Office		
		Utsunomiya Sales Office	Omiya Sales Office	Tachikawa Sales Office	Kawaguchi Logistics Center	Komae Sales Office		
		Atsugi Sales Office	Kanazawa Sales Office	Matsumoto Sales Office	Hamamatsu Sales Office	Nagoya Sales Office		
		Mikawa Sales Office	Kyocera Management Research Institute	Kyocera Keiaikan	Osaka Sales Office	Himeji Sales Office		
		Okayama Sales Office	Hiroshima Sales Office	Takamatsu Sales Office	Kyushu Sales Office	Okinawa Sales Office		
		CV Ginza Store	CV Kyoto Store	CV Osaka Umeda Store	CV Kobe Sannomiya Store	CV Hiroshima Store		
		Headquarters	Ikebe Warehouse	Ikebe No.2 Warehouse	Ikebe No.3 Warehouse	Okaya Plant		
		Osaka Sales Office	Nagoya Sales Office	Omiya Sales Office	Tachikawa Sales Office	Matsumoto Sales Office		
		KYOCERA OPTEC Co., Ltd.	Headquarters	Chigase Plant	Tokyo Sales Office	Kansai Sales Office		
		KYOCERA MITA Corp.	Headquarters	Hirakata Plant	Tamaki Plant	Tokyo R&D Center		
		KYOCERA MITA Japan Co., Ltd.	Headquarters					
		KYOCERA Chemical Corp.	Headquarters	Kansai Branch	Kyushu Branch	Kawaguchi Plant		Kawasaki Plant
			Kohriyama Plant	Moka Plant				
	Headquarters		Shiga Yasu Plant	Kyoto Ayabe Plant	Kagoshima Sendai Plant	Kagoshima Kokubu Plant		
	Headquarters		Higashi Nihon Sales Office	Kyushu Sales Office				
	Headquarters		Nagano Okaya Plant	Shiga Yohkaichi Plant	Kagoshima Kokubu Plant			
	Headquarters		Ebetsu Plant					
	KYOCERA KINSEKI Corp.	Headquarters						
		Headquarters						
		Headquarters						
		Headquarters						
		Headquarters						
	KYOCERA KINSEKI Hokkaido Corp.	Headquarters						
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	KYOCERA KINSEKI Yamagata Corp.	Headquarters						
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	KYOCERA KINSEKI Chiba Corp.	Headquarters						
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		Headquarters						
		Headquarters						
	Japan Medical Materials Corp.	Headquarters	Tokyo Branch	Kobe Plant	Shiga Gamo Plant	Shiga Yohkaichi Plant		
		Shiga Yasu Plant	Research Center	Kobe Product Control Center	Sapporo Sales Office	Tohoku Sales Office		
		Omiya Sales Office	Nagoya Sales Office	Kyoto Sales Office	Kobe Sales Office	Okayama Sales Office		
		Hiroshima Sales Office	Kyushu Sales Office					
		Headquarters	Tokyo Branch	Tokyo 1st Data Center (2 sites)	Tokyo 2nd Data Center	Shiga Office		
		Kyoto Karasuma Office	Osaka Office	Fukuoka Office	Sendai Office	Kokubu Office		
	Sapporo Sales Office	Sendai Sales Office	Nagoya Sales Office	Kanazawa Sales Office	Hiroshima Sales Office			
	Headquarters	Takamatsu Sales Office	Kagoshima Sales Office					

\* The above 126 offices and plants are jointly ISO 14001 certified under the Kyocera Group Integrated Environment & Safety Management System.

### Individual Certification (5 Sites)

(As of March 2010)

Region	Company	Date of registration	
Asia	China	Shanghai KYOCERA Electronics Co., Ltd.	Oct. 2006
		Dongguan Shilong Optics Co., Ltd.	Jan. 2009
South and Central America	Israel	AVX Israel Ltd.	May 2003
	El Salvador	AVX Industries Pte, Ltd.	Nov. 2008
Europe	Czech Republic	KYOCERA Solar Europe s.r.o.	Jan. 2009



# ISO 14001 Certification State

## Integrated Certification (201 Sites)

(As of March 2010)

Region	Company	Office/plant				Date of Registration
Japan	KYOCERA Corporation	Headquarters	Hokkaido Kitami Plant	Fukushima Tanagura Plant	Chiba Sakura Office	Oct. 1996 (Registration No. EC99(2032))
		Tokyo Yaesu Office	Tokyo Harajuku Office	Tokyo Yoga Office	Yokohama Office	
		Tsunashima Building	Nagano Okaya Plant	Gifu Office	Mie Ise Plant	
		Shiga Gamo Plant	Shiga Yohkaichi Plant	Shiga Yasu Office	Kyoto Fushimi Office	
		R&D Center, Keihanna	Osaka Tamatsukuri Office	Osaka Daito Office	Kagoshima Sendai Plant	
		Kagoshima Kokubu Plant	R&D Center, Kagoshima	Kagoshima Hayato Plant	Sapporo Sales Office	
		Tohoku Sales Office	Nagaoka Sales Office	Takasaki Sales Office	Utsunomiya Sales Office	
		Omiya Sales Office	Tachikawa Sales Office	Kawaguchi Logistics Center	Komae Sales Office	
		Atsugi Sales Office	Kanazawa Sales Office	Matsumoto Sales Office	Hamamatsu Sales Office	
		Nagoya Sales Office	Mikawa Sales Office	Kyocera Management Research Institute	Kyocera Keiaikan	
		Osaka Sales Office	Himeji Sales Office	Okayama Sales Office	Hiroshima Sales Office	
		Takamatsu Sales Office	Kyushu Sales Office	Okinawa Sales Office	CV Ginza Store	
		CV Kyoto Store	CV Osaka Ummeda Store	CV Kobe Sannomiya Store	CV Hiroshima Store	
		KYOCERA ELCO Corp.	Headquarters	Ikebe Warehouse	Ikebe No. 2 Warehouse	
		Okaya Plant	Osaka Sales Office	Nagoya Sales Office	Omiya Sales Office	
	KYOCERA OPTEC Co., Ltd.	Headquarters	Chigase Plant	Tokyo Sales Office	Kansai Sales Office	
	KYOCERA MITA Corp.	Headquarters	Hirakata Plant	Tamaki Plant	Tokyo R&D Center	
	KYOCERA MITA Japan Co., Ltd.	Headquarters	Sapporo Office	Sendai Office	Nagoya Office	
		Kansai Office	Hiroshima Office			
		Fukuoka Office	Sales Office: 66 locations (including local offices)			
	KYOCERA Chemical Corp.	Headquarters	Kansai Branch	Kyushu Branch	Kawaguchi Plant	
		Kawasaki Plant	Kohriyama Plant	Moka Plant		
	KYOCERA SLC Technologies Corporation	Headquarters	Shiga Yasu Plant	Kyoto Ayabe Plant	Kagoshima Sendai Plant	
		Kagoshima Kokubu Plant	Higashi Nihon Sales Office	Kyushu Sales Office		
	KYOCERA KINSEKI Corp.	Headquarters	Nagano Okaya Plant	Shiga Yohkaichi Plant	Kagoshima Kokubu Plant	
	KYOCERA KINSEKI Hokkaido Corp.	Headquarters	Ebetsu Plant			
	KYOCERA KINSEKI Yamagata Corp.	Headquarters				
	KYOCERA KINSEKI Chiba Corp.	Headquarters				
	KYOCERA KINSEKI HERTZ Corporation	Headquarters				
	Japan Medical Materials Corp.	Headquarters	Tokyo Branch	Kobe Plant	Shiga Gamo Plant	
		Shiga Yohkaichi Plant	Shiga Yasu Plant	Research Center	Kobe Product Control Center	
		Sapporo Sales Office	Tohoku Sales Office	Omiya Sales Office	Nagoya Sales Office	
		Kyoto Sales Office	Kobe Sales Office	Okayama Sales Office	Hiroshima Sales Office	
		Kyushu Sales Office				
	KYOCERA Communication Systems Co., Ltd.	Headquarters	Tokyo Branch	Tokyo 1st Data Center (2 sites)	Tokyo 2nd Data Center	
		Shiga Office	Kyoto Karasuma Office	Osaka Office	Fukuoka Office	
		Sendai Office	Kokubu Office	Sapporo Sales Office	Sendai Sales Office	
		Nagoya Sales Office	Kanazawa Sales Office	Hiroshima Sales Office	Takamatsu Sales Office	
		Kagoshima Sales Office				

\* The above 201 offices and plants are jointly ISO 14001 certified under the Kyocera Group Integrated Environment & Safety Management System.

## Individual Certification (79 Sites)

(As of March 2010)

Region	Company	Site	Date of registration		
Asia	China	Shanghai KYOCERA Electronics Co., Ltd.	— Jul. 2000		
		Dongguan Shilong KYOCERA Optics Co., Ltd.	— Dec. 2000		
		KYOCERA MITA Office Equipment (Dongguan) Co., Ltd.	— Oct. 2001		
		KYOCERA Chemical (Wuxi) Co., Ltd.	— Apr. 2001		
		KYOCERA MITA Industrial Co., (H.K.) Ltd.	— Nov. 2000		
		AVX Electronics (Tianjin) Co., Ltd.	— Feb. 2008		
		KYOCERA MITA Hong Kong Limited	— Oct. 2008		
		KYOCERA (Tianjin) Solar Energy Co., Ltd.	— Jul. 2009		
		KYOCERA ELCO(Dongguan) Electronics Co., Ltd.	— Dec. 2003		
		KYOCERA (Tianjin) Telecom Equipment Co., Ltd.	— Jun. 2006		
	Singapore	KYOCERA MITA Taiwan Corporation	— Jan. 2008		
		KYOCERA ELCO Singapore Pte, Ltd.	— Sep. 2001		
		KYOCERA Chemical Singapore Pte, Ltd.	— Jun. 1999		
		KYOCERA MITA Singapore Pte, Ltd.	— Feb. 2008		
		KYOCERA ELCO Korea Co., Ltd.	— Sep. 1999		
		KYOCERA Precision Tools Korea Co., Ltd	— Feb. 2004		
		KYOCERA MITA KOREA Co., Ltd.	— Feb. 2010		
		KYOCERA Chemical (Thailand) Ltd.	— May 2005		
		KYOCERA KINSEKI (Thailand) Co., Ltd.	— Dec. 1999		
KYOCERA MITA (Thailand) Corp., Ltd.	— Aug. 2006				
Philippines	KYOCERA KINSEKI Philippines, Inc.	— Jun. 2003			
Israel	AVX Israel Ltd	— May 2003			
Malaysia	TPC (Malaysia) Sdn Bhd	— Feb. 2008			
	KYOCERA ELCO (Malaysia) Sdn.Bhd.	— Sep. 2001			
	KYOCERA Telecom Equipment (Malaysia) Snd.Bhd.	— Nov. 1998			
	KYOCERA MITA Canada, Ltd.	— Jul. 2008			
North America	U.S.A.	KYOCERA MITA America, Inc.	— Aug. 1997		
		KYOCERA Industrial Ceramics Corporation	Vancouver Apr. 1998 Mountain Home Dec. 1998 San Diego Aug. 1997		
		KYOCERA Wireless Corp.	— Nov. 2000		
		KYOCERA Communications Inc.	— Nov. 2000		
		KYOCERA TYCOM Corporation	— Nov. 2005		
		AVX Corporation	Conway Feb. 2008 Myrtle Beach Feb. 2008		
		American Technical Ceramics Corp	— Dec. 2004		
		AVX Greenville, LLC.	— Mar. 2010		
			Fairfield Mar. 2007 Irvine Mar. 2007		
		KYOCERA MITA America, Inc.	Norcross Mar. 2007 Wood Dale Mar. 2007 New York Mar. 2007		
	Europe	U.S.A.	KYOCERA MITA America, Inc.	Irving Mar. 2007 Miami Mar. 2007 Arlington Mar. 2007 Memphis Mar. 2007	
			AVX Tantalum Corporation	— Feb. 2008	
			KYOCERA Technology Development, Inc.	— Jul. 2008	
			KYOCERA International, Inc.	— Aug. 1997	
			KYOCERA Solar, Inc.	— Aug. 1997	
			Mexico	KYOCERA Mexicana, S.A. de C.V.	— Sep. 1998
				Avio Excelente, S. de R.L. de C.V.	— Feb. 2008
				KYOCERA MITA Mexico, S.A. de C.V.	— Nov. 2008
			South and Central America	El Salvador	AVX Industries Pte, Ltd.
Brazil	KYOCERA do Brasil Componentes Industriais Ltda.			— Sep. 2000	
		KYOCERA MITA Brazil Distribuidora de Equipamentos de Imagem Ltda.	— Nov. 2009		
Africa	South Africa	KYOCERA MITA South Africa (PTY) Ltd.	— Apr. 2008		
	Austria	KYOCERA MITA Austria GmbH	— Apr. 2008		
Oceania	U.S.A.	Belgium	S.A. KYOCERA MITA Belgium N.V.	— Apr. 2008	
		Czech Republic	AVX Czech Republic s.r.o.	Lanskroun Sep. 2004 Uherske Feb. 2008	
			KYOCERA Solar Europe s.r.o.	— Mar. 2009	
		Denmark	KYOCERA MITA Danmark A/S	— Apr. 2008	
		Finland	KYOCERA MITA Finland OY	— Apr. 2008	
		France	TPC S.A.S.	— Feb. 2008	
		Germany	KYOCERA MITA France S.A.S	— Apr. 2008	
			ELCO Europe GmbH	— Feb. 2008	
			KYOCERA MITA Deutschland GmbH	— Apr. 2008	
		Italy	KYOCERA MITA Italia S.p.A.	— Apr. 2008	
	Netherlands	KYOCERA MITA Nederland B.V.	— Apr. 2008		
		KYOCERA MITA Europe B.V.	— Mar. 2007		
	Portugal	KYOCERA MITA Portugal LDA.	— Apr. 2008		
Spain	KYOCERA MITA Espana S.A.	— Apr. 2008			
Sweden	KYOCERA MITA Svenska AB	— Apr. 2008			
		KYOCERA MITA (U.K.) Ltd.	— Apr. 2008		
	U.K.	AVX Ltd.	Paignton Jun. 2000 Coleraine Aug. 2000		
New Zealand	KYOCERA MITA New Zealand Ltd.	— Oct. 2007			
	Australia	KYOCERA MITA Australia Pty. Ltd.	— Jun. 2006		

## ■ Stakeholders »»» P. 10

“Stakeholders” mean interested parties. This covers not only customers and shareholders with monetary interest but also all persons concerned about the execution of corporate activities (regional residents, government and municipal officials, researchers, bankers, suppliers, and employees).

## ■ CSR (Corporate Social Responsibility) »»» P. 10

This is based on the idea that a company has a social responsibility and should act not only for profit or economic gratification but must also take the total interest of the stakeholders into consideration. A company should also be responsible for social aspects such as legal compliance, environmental preservation, human rights awareness, and consumer protection.

## ■ Corporate Governance »»» P. 12

The objective of corporate governance is to ensure the sound management of the company. Corporate governance achieves this by avoiding the adverse effects from the concentration of authority, preventing organizationwide illegal activity, and ensuring the correct direction of business activities in order to carry out the corporate rationale.

## ■ Compliance »»» P. 14

The original meaning of this word is “to strictly observe and comply with.” In Japan, “compliance” came to mean not only strict observance of laws and regulations, but also social norms including the rules, ethics and morality of a company.

## ■ Risk Management »»» P. 14

This is the framework constructed to deal with any risk that could hinder the achievement of a business goal.

## ■ A Balance of Work and Life »»» P. 39

This describes a corporate system that supports employees in achieving both a worthwhile job and a fulfilling life. The system applies not only to working mothers, but all employees.

## ■ Environmental Accounting »»» P. 60

Environmental Accounting ensures the efficient and effective promotion of environmental preservation activities and good relationships with society in order to achieve sustainable development. The environmental accounting system identifies the cost of environmental preservation in business activities as well as the benefits from it. It includes measures and reports that show the costs and benefits quantitatively (indicated as a monetary unit or physical unit) as much as possible.

## ■ Eco-Efficiency »»» P. 65

This is the concept of “the production of economically valuable goods and services while reducing the ecological impacts of production”, that is, achieving the maximum production for the minimum resource loading to aim at continued growth.

## ■ Green Procurement »»» P. 69

Green procurement means the green purchase of raw materials, components, and other materials particularly used for products.

## ■ REACH Regulation »»» P. 70

“REACH” stands for “Registration, Evaluation, Authorization and Restriction of Chemicals.” REACH Regulation is a comprehensive system of evaluation put into effect by the EU (European Union) on June 1, 2007.

## ■ PRTR Law »»» P. 80

PRTR stands for Pollutant Release and Transfer Register. The PRTR Law concerns the discharge of specified chemical substances into the environment and the improvement of their management. Companies are required to report the release and transfer of certain chemical substances (Class 1 designated chemical substances as specified by PRTR Law) to the national government through prefectures. The government then calculates and releases the statistics.

## ■ VOC »»» P. 80

“VOC” stands for “volatile organic compound.” This compound easily volatilizes into the air at normal temperature and normal pressure. It has a specific gravity heavier than water and is low in viscosity and often persistent. It infiltrates grains in the layer of the earth to contaminate soil and groundwater when it is released into the air and is said to be related to the generation of oxidant due to photochemical reaction and suspended particulate matter.

## ■ Biodiversity »»» P. 83

Living things have differentiated in the course of evolution over about 4 billion years and formed a reciprocal relationship. During this time, differences have developed among all living things. Such diversity borne by the ecological system is called biodiversity. Japan will act as the chair at the 10th Conference of Parties (COP10) of Convention on Biological Diversity to be held in Nagoya in October 2010.

Source: Environmental White Paper, Environmental Information and Communication Network, Japanese Industrial Standards, and Financial Services Agency's White Paper

# Independent Assurance Report

Kyocera has this report certified by a third party to ensure impartiality and reliability.



This English language report is a translation of the original Independent Assurance Report in Japanese on KYOCERA Corporation's CSR Report 2010.

## Independent Assurance Report

To: Mr. Tetsuo Kuba, President  
KYOCERA Corporation

June 30, 2010

### 1. Objectives and Scope

We, PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd., have been commissioned by KYOCERA Corporation (hereafter the "Company") to provide independent assurance on the Company's "CSR Report 2010" (hereafter the "Report"). The scope of the assurance covers the economic, social, and environmental performance data, and relevant qualitative information. The objective of our assurance engagement is to independently express our conclusions using the Company's policies and standards as criteria as to:

- Whether the economic (P.28-33), social (P.34-51) and environmental (P.52-85) performance data, and the relevant qualitative information for the year ended March 31, 2010 included in the Report were collected and reported in accordance with the Company's policies and standards (P.2), in all material respects; and
- Whether the significant environmental information stipulated in the Standards for Environmental Reporting Assurance and Registration by the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS) is included in the Report, in all material respects.

The preparation of the Report is the responsibility of the Company's management. Our responsibility is limited to independently express a conclusion on the Report.

The quantitative information within the scope of our assurance engagement is limited to that of the Company and its domestic subsidiaries. The environmental quantitative performance data within the scope of our assurance engagement is limited to that of the "sites certified under Kyocera Group Integrated Environment & Safety Management System".

### 2. Summary of Assurance Procedures Performed

We performed our work in accordance with International Standard on Assurance Engagement 3000 — Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE3000), revised in December 2003 by the International Federation of Accountants, the Assurance Standards for Environmental Reporting (Draft), published in March 2004 by the Ministry of the Environment of Japan, and the Practical Guidelines of Sustainability Information Assurance, revised in February 2008 by the J-SUS. Therefore, we provide limited assurance on data and information reported in the Report in accordance with the aforementioned standards under the scope of our assurance engagement. Accordingly, we do not intend to express auditor's opinion as this is not an audit work conducted in accordance with generally accepted auditing standards.

The summary of the procedures we performed for our assurance engagement is as follows:

- Reading the relevant documents with regard to the Company's overall status and economic, social and environmental management, and interviewing personnel responsible thereof;
- Interviewing personnel with regard to the establishment and implementation of the Company's policies and standards under the scope of our assurance engagement in the headquarters and

the sites visited as listed in the following;

- Reading the relevant documents in the headquarters and the sites visited as listed in the following with regard to the methodologies for measuring, compiling, and reporting the information under our scope, and interviewing personnel responsible thereof;
- Assessing the consistency of the supporting documents, performance of analytical procedures, and reconciliation of sample data to supporting documents in the headquarters and the sites visited; and
- Assessing internal documents in the headquarters and interviewing with responsible personnel to evaluate if the significant environmental information stipulated in the Standards for Environmental Reporting Assurance and Registration by the J-SUS is fully stated in the Report.

The sites on which we performed the above procedures are as follows:

Name of Site		Functions
KYOCERA Corporation	Headquarters	Headquarters
KYOCERA Corporation	Kagoshima Sendai Plant	Manufacturing

### 3. Our Conclusion

Based on our work performed, we have reached the following conclusion:

- To the extent of our procedures performed, nothing has come to our attention that causes us to believe that the economic, social and environmental performance data, and the relevant qualitative information for the year ended March 31, 2010 included in the Report were not collected and reported in accordance with the Company's policies and standards, in all material respects; and
- To the extent of our procedures performed, nothing has come to our attention that causes us to believe that the significant environmental information stipulated in the Standards for Environmental Reporting Assurance and Registration by the J-SUS is not included in the Report, in all material respects.

### 4. Independence

In accordance with the Assurance Standards for Environmental Reporting (Draft), the Practical Guidelines of Sustainability Information Assurance and the provisions of the Certified Public Accountants Law of Japan, no reportable relationship exists between the Company and PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.

**PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd.**

Sumitomo Fudosan Shiodome Hamarikyu Bldg.  
8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan





# KYOCERA Corporation

## About the cover design



U-Shaped Kelcima

Kyocera was established in 1959 as a small suburban workshop where 28 young colleagues pursued big dreams. Our first product was a U-shaped ceramic insulator (known as a *Kelcima*) for use within early television picture tubes.

Today, Kyocera is a highly diversified global enterprise. We pursue boundless dreams by accepting challenges that others avoid.

We believe that a strong will can make dreams come true, and that limitless effort can overcome any obstacle. These beliefs from Kyocera's history remain the driving force behind our growth.

We aim to become a creative company that grows continuously throughout the future. Kyocera Group employees around the world who have adopted this challenging spirit personify our path to growth.

The illustration on the cover page of this report was designed in the likeness of the U-Shaped Kelcima.

To minimize environmental impact, the following practices were adopted in producing this report.

**[Printing Method]** A waterless printing technique was used.

**[Ink]** The report is printed with vegetable ink, VOC-free (Volatile Organic Compounds).

**[Paper]** Paper – using wood from FSC certified forests as a resource and containing deinked pulp – has been used for the covers of this document.

Green power not emitting CO<sub>2</sub> is adopted as power during papermaking (Grace Wind/820 kWh/t).

Paper – using wood from FSC certified forests as a resource and containing deinked pulp and fresh pulp – has been used for the body of this document.

