

Murata Manufacturing Co. Ltd.

TICKER
TSE:6981

MARKET CAPITALIZATION
US\$31 billion

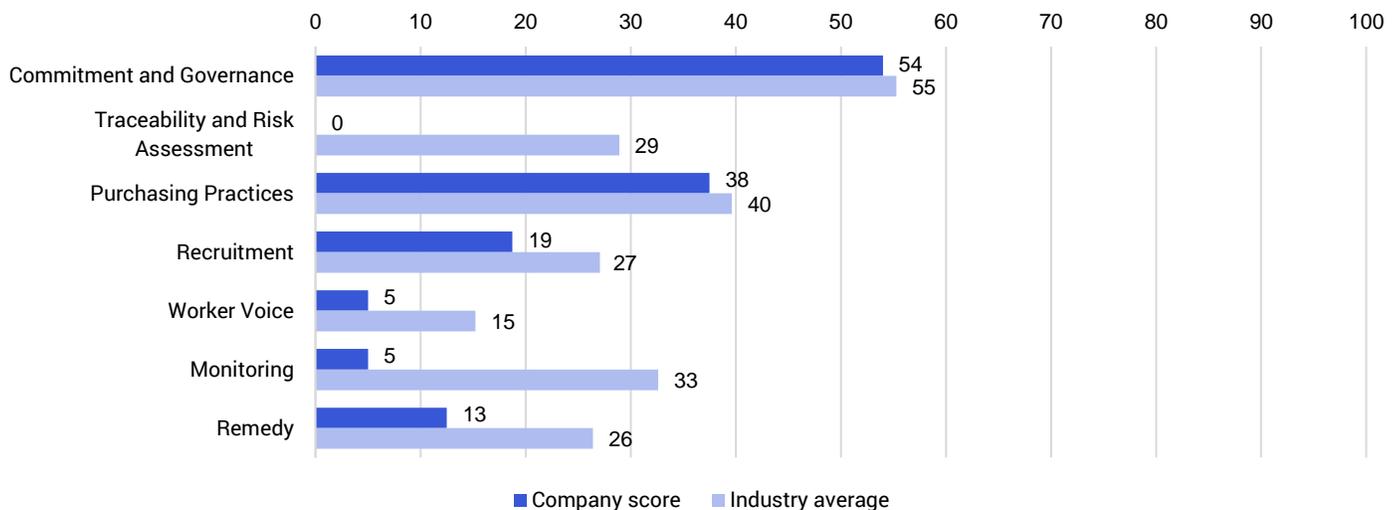
HEADQUARTERS
Japan

COMPLIANCE
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Not applicable](#)
COMMITMENTS
[None](#)
OVERALL RANKING
26 out of 40

(2016: 16 out of 20)

OVERALL SCORE
19 out of 100
SUMMARY

Murata Manufacturing Co. Ltd. (Murata), a semiconductor company supplying to companies such as Apple, HP, and Intel, ranks 26th out of 40 companies. It discloses less information on its forced labor policies and practices than its peers across all themes. However, since 2016, it has moved from the bottom quartile to the third quartile. While in 2016 the company disclosed it did not engage with stakeholders on forced labor, it now discloses that it participates in the Responsible Minerals Initiative and the Japan Electronics and Industries Association, and states that both initiatives address forced labor. Further, the company improved by disclosing it has established a human rights and labor committee that delivers forced labor training to production workers at least once a year. The company has an opportunity to improve its performance and disclosure on the themes of traceability and risk assessment, worker voice, and monitoring.

THEME LEVEL SCORES


LEADING PRACTICES

None

NOTABLE FINDINGS

Commitment and Governance: Murata states that its Director of Human Resources is responsible for the content and the implementation of the company's forced labor policies. It further notes that it has established a CSR Management Committee which "mainly consists of [members of the] Board of Directors [and has] had discussions about the prohibition of forced labor". The company further states that it periodically trains procurement staff on legal requirements and the risks of forced labor and human trafficking in its supply chains. Murata also discloses that it has established a human rights and labor committee that delivers training on forced labor to production workers at least once a year. Further, the company states that when it commences business with employment agencies it delivers "lectures for the prohibition of human trafficking and forced labor". In addition, the company discloses that it participates in the Responsible Minerals Initiative and the Japan Electronics and Industries Association, stating that both initiatives address forced labor.

Purchasing Practices: Murata discloses that when selecting suppliers, it takes into account corporate social responsibility issues including forced labor, using a document review and a CSR checklist. The company further states that it asks its suppliers to sign CSR agreements which require them to adhere to the code of the Responsible Business Alliance¹ (which covers forced labor). It additionally discloses that 95% of its suppliers in Japan and 90% of its overseas suppliers have "undertaken" such CSR Agreements.

Recruitment: Murata discloses that it requires that workers shall not pay fees to recruitment agencies, and that it verifies that this through periodic audits. The company further states that where workers have paid fees, it requests agencies to reimburse them. Further, the company discloses that it audits recruitment agencies and that those audits include assessments of forced labor and human trafficking. It further notes that it is "requesting the same to our suppliers".²

OPPORTUNITIES FOR IMPROVEMENT

Traceability and Risk Assessment: To demonstrate a strong understanding of its supply chains, the company may consider disclosing the names and addresses of first-tier suppliers, the countries of below-first-tier suppliers, the sourcing countries of raw materials at high risk of forced labor, and information on its suppliers' workforce. The company is further encouraged to assess forced labor risks across its supply chains and disclose the risks identified.

Worker Voice: To prevent and address forced labor and human trafficking risks in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and can exercise their right to freedom of association. While the company discloses that its internal grievance channels may also be used by suppliers' workers to report issues related to forced labor and workers' rights, it is encouraged to ensure that these mechanisms are communicated to, trusted and used by suppliers' workers.

Monitoring: Murata discloses that it audits suppliers with low scores and "problematic answers" provided in self-assessment questionnaires. To enable the company to detect forced labor risks in its supply chains, the company may consider adopting and disclosing a supplier monitoring process which includes practices such as unannounced audits, interviews with workers, and visits of production facilities and workers' housing. Disclosing information on the results of its supplier audits, such as the percentage of suppliers audited annually or a summary of findings, assures stakeholders that the company has strong monitoring processes in place.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#), including information on the company's business model.

¹ Note the company does not seem to have adopted the code of the Responsible Business Alliance as its supplier code of conduct.

² Note these requirements are not included in the company's supplier code of conduct.