

THE NEW VALUE FRONTIER



# Kyocera CSR Report

—Economic, Social and Environmental Reports—

# 2007

KYOCERA Corporation

# The Purpose of the Report

The 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 the Kyocera Group and promote good communication. Supplementary details and other information not contained in these pages can be accessed through our website, [www.kyocera.com](http://www.kyocera.com).

The content of this latest edition of the report has been revised to heighten awareness of Kyocera Group Corporate Social Responsibility. The title has thus been changed from *Kyocera Sustainability Report*, to *Kyocera CSR Report*. Furthermore, the style and layout have been revised for greater visual ease and readability.

We would like to consider your views on the work of the Kyocera Group in planning our future activities. Therefore, please spare a few minutes to complete and return the questionnaire at the back of this booklet.

## Guideline References

- Ministry of the Environment  
<Environmental Report Guidelines (2003 Edition)>
- GRI\* <Sustainability Reporting Guidelines 2002>

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

## Scope of the Report

KYOCERA Corporation (the stand-alone core company) and 167 consolidated subsidiaries.

“Kyocera” in this report refers to the stand-alone unit of the KYOCERA Corporation (Non-consolidated).

Where the scope of the report differs from the above, it is specified.

## Period Covered by the Report

FY 2007 (April 1, 2006 ~ March 31, 2007)

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

## Previous Report

July 2006

## Future Report (Planned)

June 2008

## Other Related Materials (Latest Publications)

Corporate Profile (June 2007)

Financial Statements (June 2007)

Annual Report (July 2007)

## Corporate Overview (As of March 31, 2007)

Name of Company: KYOCERA Corporation

Established: April 1, 1959

Representative: President Makoto Kawamura

Capital: 115.7 billion yen

Net sales: Consolidated 1,283.9 billion yen  
Non-consolidated 531.6 billion yen

No. of employees: Consolidated 63,477 people

KYOCERA Corporation:	1 company
Consolidated subsidiaries:	167 companies
Non-consolidated subsidiaries based on equity method:	2 companies
Total: 170 companies	

Non-consolidated 12,613 employees

- Main business activities:
1. Components Business
    - Fine Ceramic Parts Group
    - Semiconductor Parts Group
    - Applied Ceramic Products Group
    - Electronic Device Group
  2. Equipment Business
    - Telecommunications Equipment Group
    - Information Equipment Group
    - Optical Equipment Group
  3. Others

\* Capital and Sales figures have been rounded off to the nearest 100 million yen.

\* No. of employees in Kyocera (Non-consolidated) does not include expatriated employees.

## Enquiries

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## Corporate Motto

敬天愛人

### “Respect the Divine and Love People”

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 effort, contribute to the advancement of society and humankind.

## Management Philosophy

To coexist harmoniously with nature and society.

Harmonious coexistence is the underlying foundation of all our business activities  
as we work to create a world of abundance and peace.





*Kazuo Inamori*

**Kazuo Inamori**  
Founder and Chairman Emeritus

As we proceed into the 21<sup>st</sup> century, amid the globalization of business and the emergence of large-scale corporate groups, business scandals are on the rise. Trust in corporations is being shaken, and the world is searching for new frameworks and new ways of thinking about business activities. Moreover, the mass consumption of fossil fuels, the razing of forests, emission of chemical substances in huge quantities and other factors are leading to increasingly serious environmental problems on a global scale. Humankind's very survival is threatened. Global warming, destruction of the ozone layer, acid rain and other problems need our attention and action like never before. Humankind is being compelled to adopt urgent countermeasures to protect this irreplaceable world and pass it on to future generations.

The era of single-mindedly pursuing business expansion is over. Business activities now need to be in step with communities and society. Expectations are rising for business enterprises to exercise Corporate Social Responsibility (CSR). This includes contributions to the world that reflect true globalization by considering each country's specific circumstances and activities for protecting the global environment.

Therefore, corporations are now being urged to step beyond simply functioning as business units, re-examine what a corporation should be, and adopt a new way of thinking. The Kyocera Group believes a philosophy of "Living Together" represents this way of thinking. Overcoming diverse difficulties and shaping the future requires a philosophy of "Living Together." This philosophy is necessary if all living things in this world are to survive together. We consider it essential to mutually support each other, especially in areas of need, to coexist and prosper together.

The Kyocera Group's management rationale promotes our philosophy of "Living Together" in three basic areas: "Coexisting with our community," "Coexisting with our global society," and "Coexisting with nature." We must possess a warm and loving heart to please others and find personal happiness in truly practicing a philosophy of coexistence. I continue to share these beliefs with Kyocera Group employees regarding the ideal human attitude of having a warm heart, loving others, and contributing to our global society and human development.

To coexist and prosper among all living things on this Earth as an equal partner, the Kyocera Group will continue to aim for full harmony by basing all of our business activities on the philosophy of "Living Together."

# Top Management Message



*N. Nakamura*

**Noboru Nakamura**  
Chairman



*M. Kawamura*

**Makoto Kawamura**  
President

The Kyocera Group is working to become “The Company” — a corporation that stands out among business enterprises and earns the respect of society. To reach that ultimate goal, our target is to “Become an innovative enterprise that continues to grow.” Our management direction for achieving this target contains three measures: “Practice the ‘Customer-First’ Principle,” “Promote Global Management,” and “Establish a Highly Profitable Business Structure.” All employees are taking part in these measures.

For the Kyocera Group to follow this management direction and continue growing, it is necessary to return to the origins of Kyocera – the Kyocera Philosophy and Amoeba Management. Returning to our origin allows each employee to approach his or her work energetically, with the desire to work hard, achieve goals and create new value, which makes stable and continuous growth possible.

Using this approach, the Kyocera Group can continue to provide society with outstanding products and goods, thereby contributing to a higher quality of life for people everywhere. In diverse ways, we hope to give something back to society.

Giving back to society does not simply end with taxes and employment responsibilities. The Kyocera Group recognizes that a corporation is also a member of society. Aiming to live harmoniously with society, the Kyocera Group contributes to the economic and cultural development of communities through support of the sciences, research, culture and arts; international exchanges and cooperation; local community activities; sports and other areas.

Furthermore, we are aggressively involved in global environmental protection activities. These include providing solar power generation systems around the globe and advancing the development of highly efficient Solid-Oxide Fuel Cell systems. In aiming to develop a recycling-based society, we are promoting waste management and the conservation of energy and other resources. We are continuously integrating our businesses with environmental preservation to achieve sustainable development.

We are deeply grateful for the strong support of all stakeholders who have interests in the Kyocera Group. It is only with such strong support that we are able to continue our operations.

We will be very pleased if this Kyocera CSR report helps you to understand our business activities. We appreciate your support of our operations and we value your opinions.

The roots of the Kyocera Group management reside in the Kyocera Philosophy, a philosophy of life based on the real-life experiences and empirical rules of Kazuo Inamori, founder of Kyocera Corporation. With “To do what is right as a human being” as its most essential criterion, the 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 the Kyocera Philosophy (Corporate Philosophy)?

### Origin of Kyocera Philosophy

In 1959, Kazuo Inamori, founder of the company, established Kyoto Ceramic Co., Ltd., together with seven other colleagues and with the generous support of people around them. 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. The Kyocera Philosophy was thus born as he debated his life and work.



Member at the foundation

### Basic Ideas of the Kyocera Philosophy

The Kyocera Group believes that decisions should always be made through reason and with “To do what is right as a human being” as the basic criteria to achieve compliance with public morals. The criterion of “To do what is right 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.”

### Three Core Elements of the Kyocera Philosophy

The Kyocera Philosophy involves the following three core elements:

- |   |   |
|---|---|
| <p><b>1.</b> Rules, regulations, and promises as the code of corporate conduct</p>  | <p>It includes corporate morals, which clearly show the management approach of the Kyocera Group.</p>   |
| <p><b>2.</b> Mindset required for a company to achieve its objectives and goals</p> | <p>The Kyocera Group aims to become one of the world’s leading companies by conducting business activities toward the realization of its management rationale. The Kyocera Philosophy provides practical approaches and ways of thinking required to fulfill the lofty objective.</p> |
| <p><b>3.</b> Factors that form a respectful corporate personality</p>               | <p>We think that a company has a personality. The Kyocera Philosophy defines the requirements for our corporate personality to earn the trust and respect of people across the world that goes beyond the bounds of races and nations.</p>  |

# Kyocera Group Management Roots

## Permeation and Practice of the Kyocera Philosophy

For the Kyocera Group, nothing is more important than a correct understanding of the Kyocera Philosophy, and its day-to-day application. The Kyocera Philosophy contains only natural, commonsense principles needed to achieve superb management, enjoy a wonderful life and to live correctly as a human being. However, making these principles a part of one's life is by no means easy; it requires tremendous effort. Therefore, various methods are used to disseminate and enhance understanding of the Kyocera Philosophy.

### The Kyocera Philosophy Handbook

The Kyocera Group distributes a Kyocera Philosophy Handbook to every employee so that each and every employee can use, learn, and practice the Kyocera Philosophy on every possible occasion.

The Kyocera Philosophy Handbook is the condensed essence of the 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.

An English edition was published in January 2007, followed by a Chinese edition in May of the same year. As in Japan, these editions are being distributed as teaching materials to enable overseas Kyocera Group employees to acquire the Kyocera Philosophy.



### The Kyocera Accounting Handbook

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 "To do what is right as a human being." The Kyocera Group distributes the Kyocera Accounting Handbook to every employee.

It is an easy-to-understand summary of practical accounting principles that facilitates the accurate identification of the company's actual situation and future direction.

We believe that each and every employee's thorough understanding, acquisition, and practice of the Kyocera Accounting Handbook will lead to the formation of a solid foundation not only for fair accounting activities, but also for the long-term development of the Kyocera Group.



### The Kyocera Employee's Action Guideline

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.

Based on this recognition, the Kyocera Group developed and distributes to employees the Kyocera Employee's Action Guideline, which is a code of conduct intended to align all phases of company activities with the Kyocera Philosophy, according to which employees should conduct their daily business activities.



### Kyocera Amoeba Management

The Kyocera Group uses its own business administration method called "Amoeba Management." Amoeba Management is a method specifically developed to realize the corporate philosophy of the 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.



### Ongoing Kyocera Philosophy Seminars

For individual employees to practice the Kyocera Philosophy, it is important that each person attain a correct understanding and make it a part of his or her life. Ongoing seminars about the Kyocera Philosophy are designed for all employees in the Kyocera Group, including directors, full- and part-time employees and temporary staff. In this way, the Kyocera Group endeavors to deepen understanding and spread the practice of the Kyocera Philosophy.

The seminars are held not just in Japan but overseas as well. Kyocera Group employees around the world can thus share the Kyocera Philosophy as they engage in business activities.



### Readings in Workplaces, Interaction in Company Events and "Compas"

During regular morning gatherings held in Kyocera workplaces, employees read in turn from the various books, handbooks and collected papers associated with the Kyocera Philosophy. Employees also express their own views during these sessions. Through such means, employees acquire and share the Kyocera Philosophy.

In working together, it is important to strive continually toward a relationship of trust among fellow employees, similar to a family. Therefore, company events, "compas" and other occasions are organized as opportunities for strengthening mutual bonds. Among these, the "compa" is more than just a social gathering. It is a chance for employees to engage in deeper discussion of issues arising at work, for getting to know and understand each other better, and for aligning vectors in aiming to accomplish targets.



### Publication of the Kyocera Handbook on Ethics and Manner

To enhance and firmly establish the ethics and manner of employees, the Kyocera Group prepared the Kyocera Handbook on Ethics and Manner in FY 2007. The handbook has been distributed to all employees of the Kyocera Group within Japan, including part-time workers.

The teaching material on ethics and manner is based on the "Ethics and Manner" chapter included in the Kyocera Employee's Action Guideline handbook. However, as the Guideline had space limitations and the chapter contained only text, it was felt that linking the teaching material to concrete action would be difficult.

The new Kyocera Handbook on Ethics and Manner was carefully designed with reader-friendly illustrations and readable explanations. Incorporating practical observations from the workplaces, it contains original viewpoints that enhance the message.

We want all employees to reach a higher understanding of "ethics" and "manner," and to make them a part of their lives through daily application.



### Kyocera Philosophy Essays and Presentation

Since FY 1991, a Kyocera Philosophy Essay Competition has been held annually from December through January, for all Kyocera Group employees in Japan.

The purpose of this competition is to raise awareness of the need to practice the Kyocera Philosophy. Employees look back over their day-to-day business affairs, identify personal experiences and events in the context of the Kyocera Philosophy and summarize them as essays.

Essays submitted by employees are examined, and authors of the most outstanding essays are presented one of four awards: the Chairman Emeritus' Award, the Chairman's Award, the President's Award and the Award for Excellence. Award winners and authors of other outstanding essays deliver their essays during a ceremony celebrating the anniversary of the Kyocera Group's founding, held each April. This is an opportunity for mutual learning and enlightenment.

#### FY 2007 Result

Submissions	15,764 essays
Award Winners	8 People (Chairman Emeritus' Award - 1 person, Chairman's Award - 1 person, President's Award - 1 person, Award for Excellence - 5 people)



# Kyocera Group Management Roots

Condensed in size for easy use, the Kyocera Philosophy, Kyocera Employee's Action Guideline and Kyocera Accountancy handbooks are given to all employees. Beginning with the morning gathering, various opportunities are taken to make use of the handbooks.

Excerpts from these handbooks are shown below.

## Kyocera Philosophy / Kyocera Employee's Action Guideline / Kyocera Accountancy

### Kyocera Philosophy

#### 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.

#### The Result of 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.

#### The Extended Family Principle

Cherish the mutual trust that ties us together as a family, sharing the joys and sorrows of others as our own. This is the basis that connects all Kyocera employees.

The family-like ties make employees appreciate and care for one another. This trusting camaraderie is the basis of our working relationship. Like a family, employees help each other unconditionally when someone is in need, and give comfort even about personal matters.

"Management based on the bond of human minds" means cherishing this family-like relationship.

#### Buy Only What We Need, When We Need It

In purchasing goods and materials, we should not buy more than we need just because it appears cheaper to do so.

Buying extra leads to wasted money. Even if a quantity purchase would temporarily lower the unit cost, we risk the need for warehousing, carrying interest on inventory, or having obsolete items as specifications change. We may even end up with totally useless inventory.

A manufacturer should devote itself to creating profit from manufacturing. It is important to consider buying only what we need, when we need it.

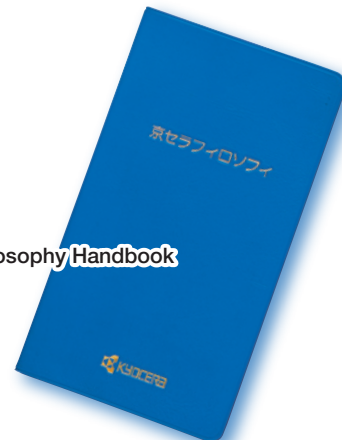
#### Project Our Abilities into the Future

We must set new targets above the level of our present abilities. Though the target may seem unattainable with our present abilities, we must focus on that point in the future, by which time we will be able to achieve the goal. This will force us to think of ways of elevating ourselves to meet higher targets and train ourselves to raise our abilities.

Anyone can say whether or not a target is attainable at their present level of ability. However, this will not lead us to undertake new ventures or attain higher goals.

It is only by challenging what we are not now capable of achieving that we can attain a higher goal.

Kyocera Philosophy Handbook





## Kyocera Employee's Action Guideline

### Legal Compliance

Kyocera conducts business in full compliance with laws and regulations and with a solid sense of morality firmly based on the Kyocera Philosophy. The criterion to do what is right as a human being lies in the sound sense of morality based on social imperatives, such as laws. The Kyocera employees must not willingly engage in or take part in illegal acts for any reason, regardless of whether or not they are job related. At the same time, employees should strive to attain legal knowledge relevant to business operations and daily life activities and behave with a sound, social common sense and a sense of justice, in order to avoid committing illegal acts by mistake or unknowingly.

### 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.



Kyocera Employee's Action Guideline

## Kyocera Accountancy

### Accounting is "The Compass of Management"

Accounting figures can be likened to the figures appearing on instrument panels in an aircraft cockpit. The pilot flies the plane while reading altitude, velocity, direction and other figures on the instrument panels. Similarly, the business operator steers operations while reading the state of the company as shown by accounting figures.

If the aircraft instrument panel malfunctions, then the aircraft cannot be flown correctly. Similarly, if accounting figures are carelessly compiled, then the company will head in the wrong direction. In other words, accounting functions as the "compass" of corporate management. Accounting is so important it could be called the "backbone of management."

Kyocera Accountancy, with its practical "Accounting Principles," plainly explains what can be done to obtain an accurate understanding of the state of the company and the direction to be taken. Each employee needs to attain a good understanding and practical knowledge of these Accounting Principles and to work in step with them. This will form a secure foundation for long-term development of the company.

### Full Potential of the Hourly Efficiency System cannot be Realized without a Strong Will

Kyocera strives to improve profitability using the Hourly Efficiency system. However, the mere existence of an outstanding system does not assure higher profits. Profitability can begin to improve only when employees in the workplace decide to "raise profitability no matter what it takes," and unite efforts toward that goal.

Before that, workplace leaders need a strong will to use all means to raise profitability. Leaders must share that will with all employees in the workplace. Leaders must be in the workplace and persuade employees directly, during meetings and on other occasions, of their determination to improve profitability and by what specific means they will do so. When such a leader "injects spirit" into all employees, then the vectors of all employees will align and profitability will improve.

Kyocera has a superb management system called the Hourly Efficiency system. However, to make best use of the system and actually improve profitability, leaders must first possess a strong will and then share it with all employees.



Kyocera Accounting Handbook

# CSR of the Kyocera Group

The Kyocera Group is setting high goals and advancing its business management with the aim of becoming an outstanding corporation respected by people everywhere. This ideal corporation is referred to as “The Company.” Fulfilling of Corporate Social Responsibility (CSR) commitments and becoming The Company will enhance the Kyocera Group’s sustainability, while also contributing to the sustainability of society.

## How the Kyocera Group Sees CSR

### Fundamental Thinking about CSR

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 contribute to our global society and human development.

In other words, for the Kyocera Group, CSR is certainly not a new concept. It is none other than an application of the basis of our management — the Kyocera Philosophy. Application of the Kyocera Philosophy builds mutual trust with people who have interests in the company. Ultimately, it contributes to sustainable development of the Kyocera Group and the healthy development of society.

### The Objective of CSR Activity

Advancing organizational CSR activities based on application of the 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

### The Scope of CSR Activities

The 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: business, social and environmental.



#### Business Activities that Promote High Profitability

Corporations have an obligation to provide better products and services through their activities, and thereby contribute to raising 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

The Kyocera Group believes creating products and services that are useful for people in diverse fields contributes to the advancement and development of humankind and society. We believe corporations are also members of this society. The Kyocera Group therefore takes an active interest in issues affecting communities and society, and endeavors to find solutions. Additionally, through arts and cultural activities, 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 the Kyocera Group include the active development of environmentally friendly goods. Emissions and waste are processed so that they are returned as close as possible to their natural state.

#### Highly Transparent Corporate Activity

The 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 the Kyocera Group, and thereby enhance trust.



## CSR Promotion System

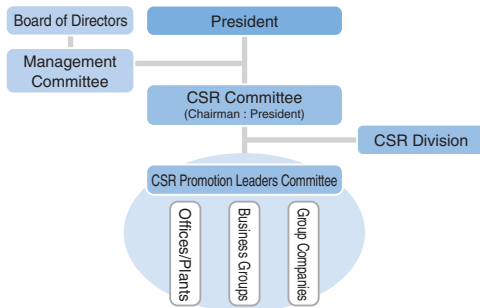
The systems outlined below have been established to promote CSR activities throughout the Kyocera Group.

### 【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 the 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 promotes CSR activities in individual work areas.



## Meetings for Reading of Sustainability Report

Since FY 2006, meetings for the reading of Sustainability Report have been held for employees as Kyocera Group stakeholders promoting CSR activities. The objective of these meetings is to deepen understanding of the thinking behind CSR measures and specific activities.

In FY 2007, the number of meeting places was increased, and many more employees took part. For employees, the meetings are a chance to deepen their understanding of measures that apply to the entire Kyocera Group, not just matters relating directly to their workplace. The meetings create a sense of participation in CSR activities and enable employees to recognize the social value of their work and gain a sense that their work is a worthwhile endeavor.



### Comments from Participating Employees

- I have a strong interest in social contribution activities and was impressed by Kyocera's activities. I would like to see these activities continue.
- It was a good opportunity to gain a better understanding of the company overall and the various paths we plan to follow.



## Sustainability Report Meetings

Sustainability Report meetings have been held each year since FY 2005. Local communities are important stakeholders in the Kyocera Group, and the purpose of these meetings is to build communication.

Residents, local officials, business associates and many other people or organizations in the districts where plants are located are invited to the meetings to hear reports about the Kyocera Group's business, social and environmental activities. Participants engage in an exchange of opinions, tour manufacturing processes, and the facilities.

The number of meeting places was increased in FY 2007, to further build communications with the local communities to whom the Kyocera Group is so deeply indebted.



### Main Comments from Participants

- The plant maintains a thorough 5S\* program, and I would like to follow their example. Although quite some time has passed since I last visited, I received an impression of renewal.  
\* Plant 5S: SEIRI (sort), SEITON (set in order), SEISO (shine), SEIKETSU (standardize), and SHITSUKE (sustain)
- I want the company to support social education of elementary school children and junior high students (with tours of company plants, etc.).
- From the report on measures for the environment, the state of management of the wastewater treatment facility, and other points, I gained a feeling of confidence in Kyocera's environmental management.



## Sustainability Report is Distributed to Employees

In FY 2007, Sustainability Report was distributed to employees. The aim was to deepen awareness of the Kyocera Group's CSR activities and spur active development of CSR activities. Additionally, distributing of the reports is a good opportunity to help employees' families further their understanding of the Kyocera Group.

# Corporate Governance

With the Kyocera Philosophy as its foundation, the Kyocera Group maintains equity and fairness, and faces all situations with courage and conscience, and it intends to realize transparent systems for corporate governance and internal control.

## Corporate Governance

### Basic Policy for Corporate Governance

#### Definition

Structures to ensure that Directors conducting the 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 inculcate the “Kyocera Philosophy,” which is the basis of the management policy of Kyocera Group, into all Directors and employees working in Kyocera Group, and establish a sound corporate culture. The Board of Directors shall establish proper corporate governance through exercise of the 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 the Kyocera Group, to ensure that the conduct of business by the Directors is in compliance with all applicable laws and regulations and the Articles of Incorporation. The Board of Directors will constantly seek the ideal system for corporate governance and always evolve and develop 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 audit by the Corporate Auditors and the Board 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.

- 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 thereon 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, such Director shall comply with such request.
- Representative Directors shall cause the internal audit department to report regularly 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 conduct of business directly to the Corporate Auditors.
- Representative Directors shall also maintain a “system for internal complaint reporting 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.

- In the event that Representative Directors are requested by any Corporate Auditor to effectuate any of the following matters, as necessary to establish a system to ensure effective audit by the Corporate Auditors, Representative Directors shall comply with such request:
  - a. Attendance at important meetings;
  - b. Inspection of minutes of important meetings, important approval documents, and important agreements, etc.; and
  - c. Meetings 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 inculcate the “Kyocera Philosophy” into the Directors, including themselves, and employees of the Kyocera Group.

## 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 the Kyocera Philosophy.

### System for Internal Controls

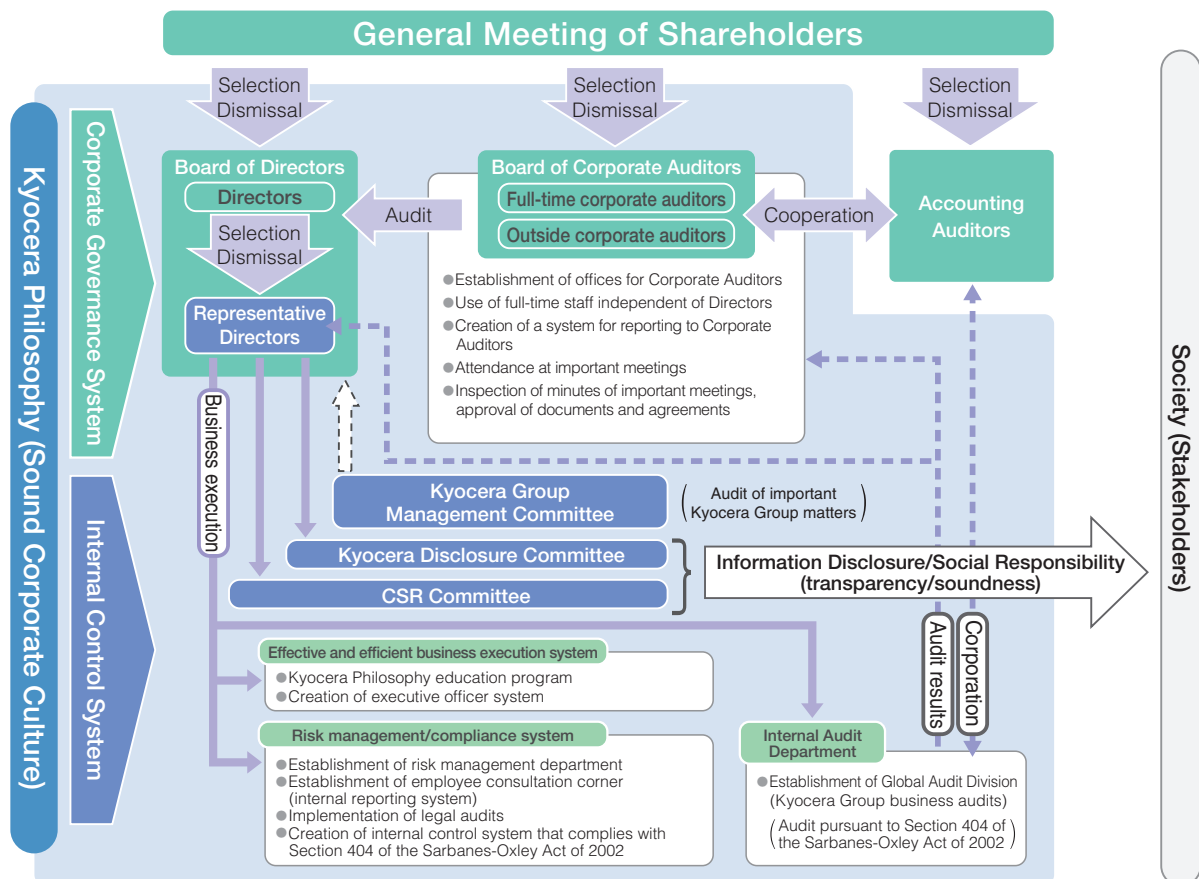
Under the policy as described above, the Board of Directors shall cause Representative Directors to establish the systems described below. In addition, the Board of Directors shall constantly evolve and develop such systems, seeking an ideal system of internal controls.

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

- Internal Rules and systems relating to management of risk of loss, and systems to ensure that conduct of business 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 Corner" as an internal complaint reporting system

- 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 their conduct of business to the Board of Directors

- System to ensure appropriate conduct of business at Kyocera Group
  - Establishment of the "Kyocera Group Management Committee"
  - Establishment of an "Internal Audit Department"



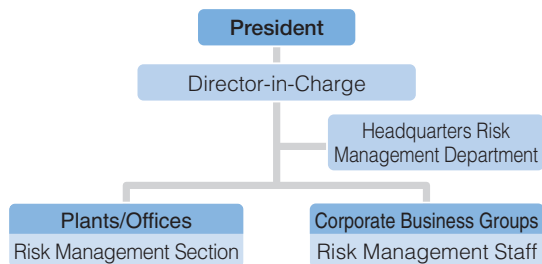
## Compliance and Risk Management

### Compliance System

Kyocera Employee's Action Guideline is a code of conduct for the Kyocera Group and the basis of compliance.

Kyocera has established a Risk Management Division, and is promoting compliance training and thorough communication of legal information. For the audit system and with the intent of finding and solving problems internally, Risk Management Sections are set up cross-divisionally through out the Kyocera Group. Persons to take charge of risk management are appointed in each business division. Kyocera Group's compliance management is being enhanced by such means. We are continuing to enhance cooperation among Group companies, and to enhance the audit system, not just for observance of law, but for compliance as a whole.

#### Corporate Compliance System



### Risk Management

Amid global business development focused on becoming "Become an innovative enterprise that continues to grow", internal and external risks are becoming increasingly diverse. To counter risks in suitable ways, Kyocera is promoting both risk prevention and risk countermeasures. In the total risk management system, the compliance management system deals with risk under normal circumstances. Meanwhile, an emergency response system based on a crisis management manual handles countermeasures in case of emergencies.

#### Basic Policy of Risk Management

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

### Audit System

Kyocera is implementing audits of the various activities of company management to monitor and assess the state of observance of law. Each year, Kyocera revises original checklists of applicable domestic laws and regulations. Self-checking and auditing are implemented according to the checklists.

In FY 2007, compliance management was further strengthened with double-checking through self-checking, and auditing by the Headquarters Audit Department. This applied to 40 workplaces of Kyocera and domestic Kyocera Group companies.

Regarding the Kyocera Group overseas, an Overseas Risk Management Department will be set up within the Headquarters Risk Management Division. An overseas audit system similar to the domestic system will be established.

### Thorough Communication of Applicable Laws and Regulations

A Corporate Information Reading Room containing information on relevant domestic and overseas laws is accessible on the Kyocera Group intranet. This is being made easier to use, and laws are being clarified as far as their relevance to specific divisions. Additionally, the managing staff is promptly advised of any revisions to the information in the Reading Room.

Regarding advertising and publicity aimed at general consumers, criteria for the use of terms and expressions have been placed in the Corporate Information Reading Room. These criteria are in accordance with the Act Against Unjustifiable Premiums and Misleading Representations. Internal checks are implemented to ensure the content remains plain and unmistakable.



Corporate Information Site

### Compliance Training

Compliance Training for the managing staff was expanded FY 2006. This has been incorporated into training curricula for plant managers, office managers and new employees. Training seminars on the Personal Information Protection Act were held in FY 2006 and again in FY 2007.

#### No. of People Attending Compliance Education Seminars (FY 2007)

	No. of participants
Compliance seminar	326
Seminar on the Personal Information Protection Act	274

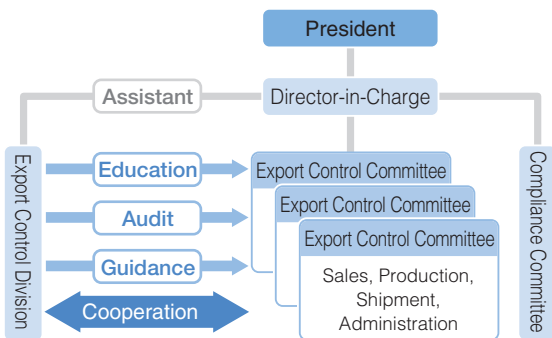
**Employee Consultation Hot-line Center**

Full-time and part-time employees can contact the Employee Consultation Hot-line Center directly to discuss potential violations of compliance rules. Employees are assured of protection of confidentiality and other matters. Having examined the relevant facts in place of the employee, the Center implements corrective action and measures to prevent recurrence. In FY 2007, there were 15 consultations. Countermeasures were completed in all cases.

**Kyocera Export Control Program**

Kyocera has instituted a Kyocera Export Control Program and built an export control system for security purposes. An Export Control Committee is set up in each division. Including all Export Control Committees, the system encompasses information provided by the Risk Management Division through "the Corporate Information Site" and other means, on laws and regulations relating to export security, "the End User List" etc. The information is used to organize appropriate measures for matters relevant to diversification of products and technology, globalization and revisions to laws and so on.

**Kyocera Export Control System**



**Protection of Personal Information**

Kyocera recognizes that personal information is important information concerning the privacy of individuals, and does everything possible to safeguard such information as one obligation to society. Instituting a Basic Policy on Protection of Personal Information, Kyocera has established a personal information management system. The Risk Management Division is responsible for administration and a Director has been appointed to take overall charge. Thorough care is being taken with the management of personal information data, with measures such as restrictions on taking computers outside the company, etc.

**Actions on Sarbanes-Oxley Act, Section 404**

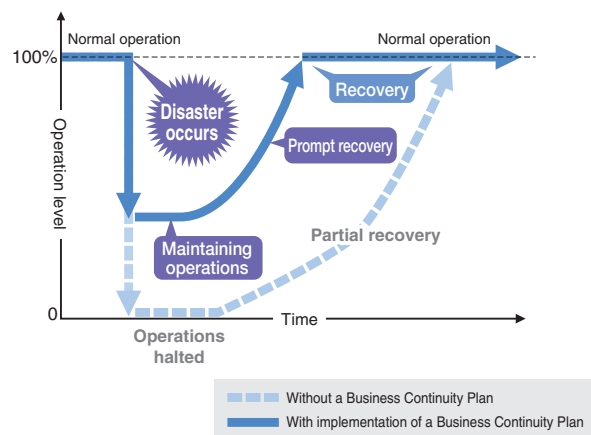
Kyocera is listed on New York Stock Exchange, and has to comply with the Sarbanes-Oxley Act, Section 404, which was enacted in the USA in 2002.

Kyocera Group began to establish internal controls in compliance with Section 404 since FY 2005. In the first year of the compliance (year ended March 2007), Kyocera's internal control over financial reporting was evaluated as effective. We are continuing to maintain and improve internal controls.

**Business Continuity Plan Division**

Kyocera recognizes it has a responsibility to all persons with interests in the corporation to continue important business operations without interruption, even in crisis situations such as disaster, terrorism, system failure or scandal. To meet this responsibility, we established a "Business Continuity Plan Division" in February 2007. The purpose of the department is to prepare measures for the continuation of business, to plan for the recommencement of business as quickly as possible after interruption, and to construct, manage and operate a mechanism for restarting or reorganizing functions in case of emergency. Planning will be completed in the FY 2008, and will be applied throughout the Kyocera Group beginning in April 2008.

**Outline of the Business Continuity Plan**

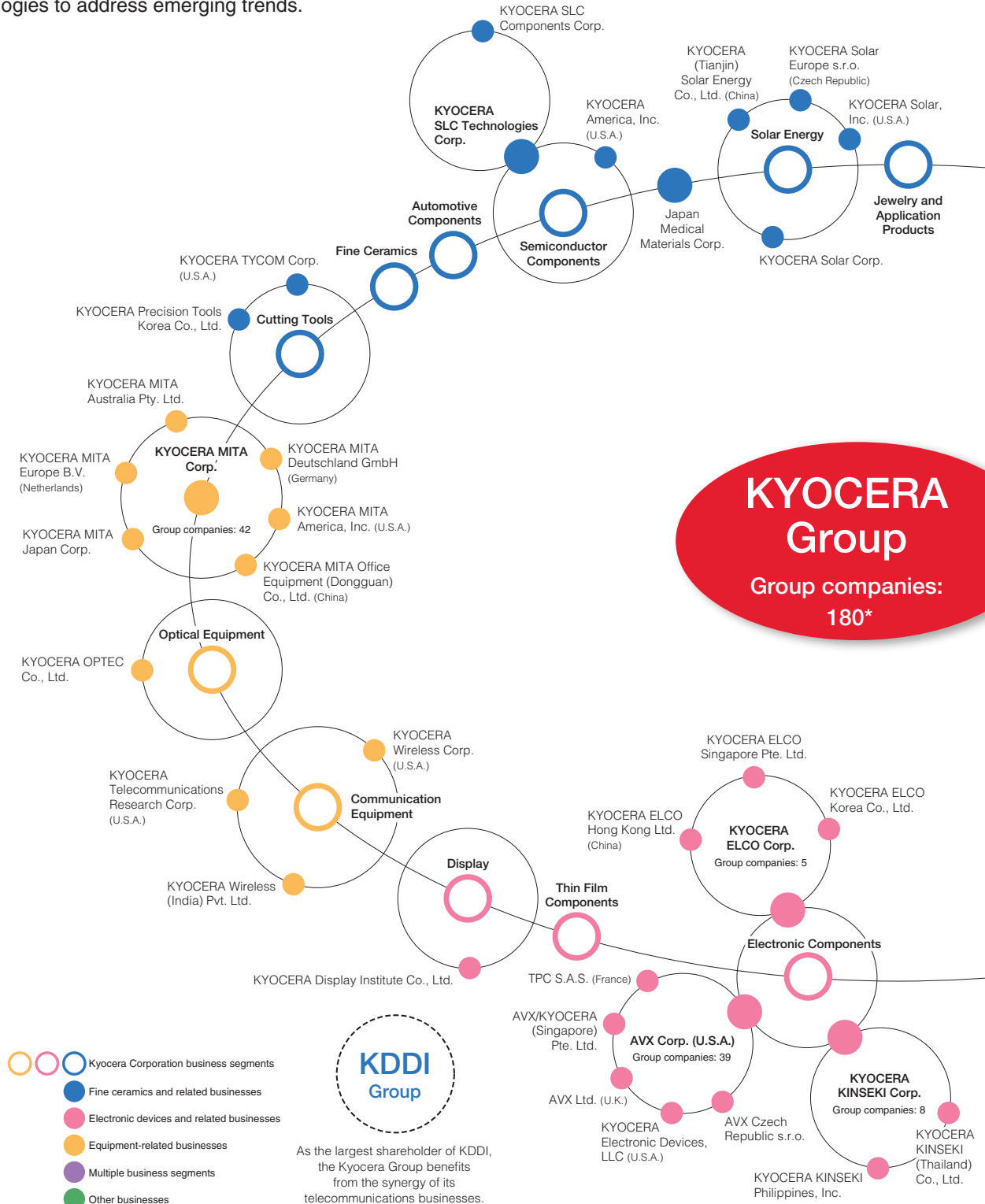


# Creating Valuable Business

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.





Kyocera Group Management Direction

# The Company

**Become an innovative enterprise that continues to grow**

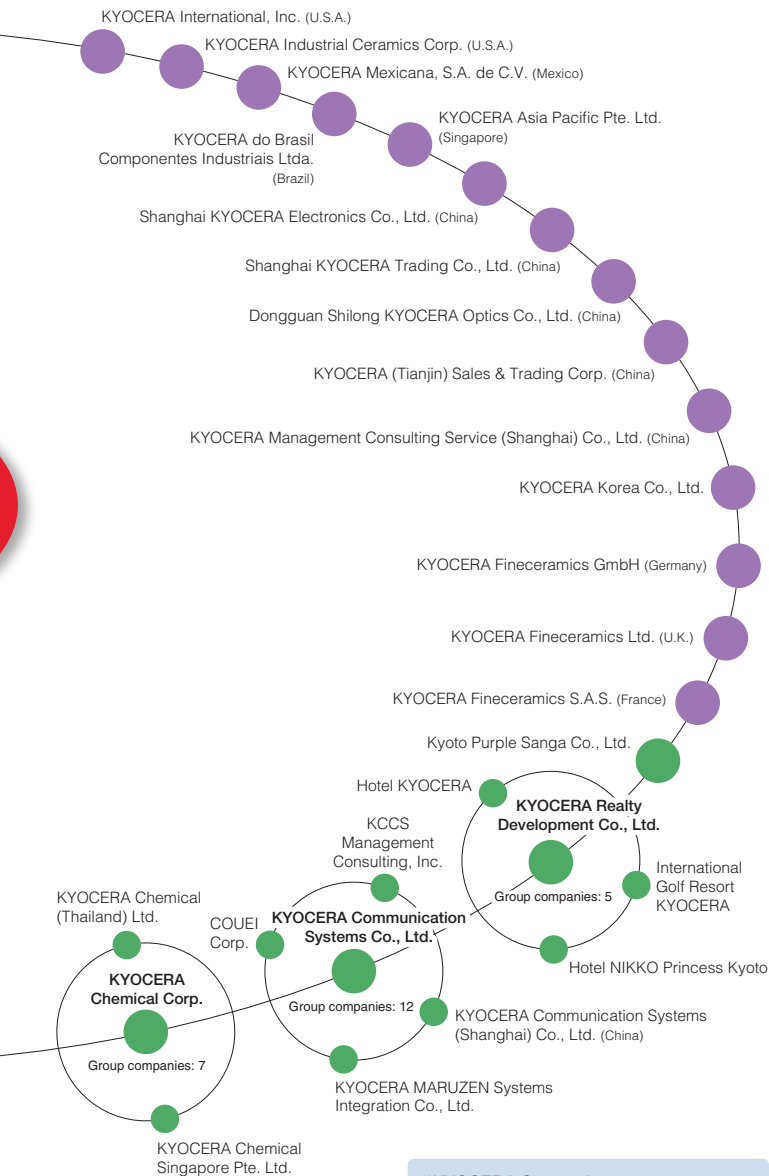
Achieve double-digit sales growth and 15% profit ratio at the minimum

**Direction**

- Practice the "Customer-First" Principle
- Promote Global Management
- Establish a Highly Profitable Business Structure

## Main Group Companies – Overview of Operations

- **KYOCERA MITA Corp.**  
Manufactures and markets information equipment such as copiers, printers and digital multifunction printers
- **KYOCERA KINSEKI Corp.**  
Develops, manufactures and markets crystal units, crystal applied devices and SAW devices
- **KYOCERA ELCO Corp.**  
Develops, manufactures and markets electronic connectors and inter-connect products including internal devices
- **KYOCERA Chemical Corp.**  
Develops, manufactures and markets electronic component materials, electric insulation materials and synthetic resin products
- **KYOCERA SLC Technologies Corp.**  
Develops, manufactures and markets organic packages and substrates
- **KYOCERS Solar Corp.**  
Markets, installs and services solar power generating systems and products
- **KYOCERA OPTEC Co., Ltd.**  
Manufactures and markets lenses and precision optical products
- **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 Display Institute Co., Ltd.**  
Research and development of OLED display
- **Japan Medical Materials Corp.**  
Development, manufacture and sale of medical materials and equipment
- **KYOCERA Communication Systems Co., Ltd.**  
Markets communication equipment, provides system integration services, develops and markets software, and provides management consulting services
- **Kyoto Purple Sanga Co., Ltd.**  
Manages "Kyoto Sanga F.C.", a professional soccer team, and markets its original items
- **Shanghai KYOCERA Electronics Co., Ltd.**  
Manufactures and markets electronic components, fine ceramic products and automotive components
- **Dongguan Shilong KYOCERA Optics Co., Ltd.**  
Manufactures and markets optical components, cutting tools, thin-film device products and applied products
- **KYOCERA (Tianjin) Sales & Trading Corp.**  
Manages and distributes Kyocera products made both in China and elsewhere
- **KYOCERA (Tianjin) Solar Energy Co., Ltd.**  
Develops and manufactures solar modules and systems
- **KYOCERA Asia Pacific Pte. Ltd.**  
Markets fine ceramic-related products and electronic device-related products
- **KYOCERA Fineceramics GmbH**  
Markets fine ceramic products and electronic devices
- **KYOCERA Solar Europe s.r.o.**  
Manufactures solar modules
- **KYOCERA International, Inc.**  
Regional head office of North and Central American operations
- **KYOCERA Wireless Corp.**  
Develops, manufactures, markets and services CDMA handsets
- **KYOCERA America, Inc.**  
Manufactures and markets fine ceramic products
- **KYOCERA Industrial Ceramics Corp.**  
Manufactures and markets fine ceramic products; markets electronic devices
- **KYOCERA Solar, Inc.**  
Develops, manufactures, markets and services solar power systems that can operate on or off commercial power grid
- **AVX Corp.**  
Manufactures and markets a wide range of electronic components, including multilayer ceramic capacitors, tantalum capacitors, interconnect products and more



*KYOCERA Corporation:	1
Consolidated subsidiaries:	167
Non-consolidated affiliates based on the equity method:	2
Related companies based on the equity method:	10
<b>Group companies:</b>	<b>180</b>
(As of March 31, 2007)	

The following pages introduce Kyocera Group topics of interest for FY 2007.

2006

## Release of a Reduced Diameter, Multi-blade Endmill that Contributes to Reduce of Processing Cost Apr.

In April, Kyocera began selling the "MECX Endmill." This milling tool, with its small and multi-blade specifications, achieves high efficiency and lower cost in metal processing due to its low resistance and improved durability.



2006

## Kyocera Solar Panels are Used along a Large Development Project in Western China, the "Qingzang Tielu Railway" Jun.

The "Qingzang Tielu Railway" is an important project in the development of western China. KYOCERA (Tianjin) Sales & Trading Corp. delivered solar panels that will produce a total of 273kW, to be used at 21 stations along the railway as the power source for communications and signals.



Qingzang Tielu Railway



Solar panels on a station roof

2006

## Release of a High-speed Data Compression Tool Jun.

In June, KYOCERA Communication Systems Co., Ltd. released the "Net Bureau Accelerator," a high-speed data compression tool that allows for smoother access to intranets. The Net Bureau Accelerator compresses data packets when connected to an intranet, raising transmission rates and reducing data volumes.



2006

## Kyocera Obtains Osaka Dome Naming Rights Jul.

Kyocera signed a contract for the naming rights for the Osaka Dome with Osaka City Dome Co., Ltd., the owners of Osaka Dome. In July, the Osaka Dome was renamed Kyocera Dome Osaka.



2006

## iBurst™ System Commercial Services Begin in Ghana Aug.

The "iBurst™ System," a wireless broadband system, was put into commercial use in Ghana in August 2006, followed by Norway in September, Canada in November and Lebanon in December. In all, iBurst™ System commercial services began in four countries in FY 2007.



2006

## Release of Eco Friendly Sep.

Kyocera developed an environmentally friendly LCD that is completely free of mercury. This type of LCD uses LEDs (light-emitting diodes) as the backlighting source and can be used for display panels in manufacturing equipment, measuring instruments, medical instruments and many types of industrial equipment. The display was released in September.



2006

## Kyocera Ladies Open (Golf Tournament) Sep.

Kyocera and the Ladies Professional Golf Association of Japan (LPGA) jointly sponsored a two-day LPGA senior tournament, "The First Kyocera Ladies Open in Satsuma." The two-day tournament took place September 21 and 22 at the International Golf Resort KYOCERA, in Satsuma, Kagoshima Prefecture.



2006

## KYOCERA ELCO Korea Begins Operations at New Plant Oct.

KYOCERA ELCO Corp. built a new plant for KYOCERA ELCO Korea Co., Ltd. in Ansan City, Korea. This new plant will provide a prompt supply system for the Korean cell phone market. Local production enables higher efficiency and the production of diverse product types in small quantities, with high added-value. Production began in October.





2006

**ECONOROOT Type R Released for Sale**

Oct.

In October, Kyocera released a newly developed solar power generation system for span roofs and flat roofs on residential houses. The ECONOROOT Type R system is much lighter than the conventional model, and considerable effort went into simplifying the construction process.



2006

**Hertz Technology Inc. Becomes a Wholly Owned Subsidiary**

Oct.

To strengthen its crystal product business, KYOCERA KINSEKI Corp. has made Hertz Technology Inc., the crystal devices manufacturer, a wholly owned subsidiary. The company name was changed to KYOCERA KINSEKI Hertz Corp. on October 1.



2006

**Packaging Contest Winner for Three Consecutive Years**

Oct.

KYOCERA MITA Corp. won the Electronics & Equipment Packaging Category of the "2006 Japan Packaging Contest" for the third consecutive year. The contest is sponsored by the Japan Packaging Institute. KYOCERA MITA Corp. was highly assessed for productivity gains achieved while maintaining quality of goods in transit, and for reducing environmental load.



2006

**Ultra-slim (15mm) Mobile Phone Released for Sale**

Nov.

In November, Kyocera introduced the W44K model in its "au" series of mobile phones. Only 15mm thick, this ultra-slim handset is compatible with au's Listen Mobile Service (LISMO) and has diverse functions including a 2-megapixel autofocus camera.



2006

**Three Digital Color Multifunctional Products Rated 4-Star "Highly Recommended"**

Dec.

BERTL, a renowned company that studies and assesses imaging and information equipment, software and other products for the North American Market, awarded high ratings to three digital color multifunctional products produced by KYOCERA MITA Corp. The three models, KM-C2520, KM-C3225 and KM-C3232, were rated as 4-Star "Highly Recommended."



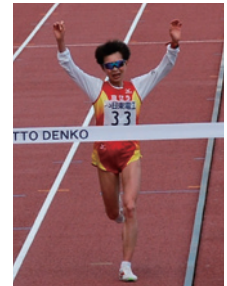
KM-C3232 Series

2007

**First Place in the 2007 Osaka International Ladies Marathon**

Jan.

Yumiko Hara, a member of the Kyocera Track & Field Sports Team, came in first place in the 2007 Osaka International Ladies Marathon, which started and finished at Nagai Stadium in Osaka. Hara won with a personal best record of 2 hours, 23 minutes and 48 seconds. She also represented Japan in the Women's Marathon during the 11<sup>th</sup> IAAF World Athletic Championships, held in Osaka in September 2007.



2007

**Developed Environmentally Friendly Photosensitive Liquid Overlay**

Jan.

KYOCERA Chemical Corp. developed a photosensitive liquid overlay conforming to European environmental regulations (WEEE/RoHS Directive). This product does not use halogens, which may emit poisonous gases when incinerated. It can be used as a surface protection material for flexible circuit boards.

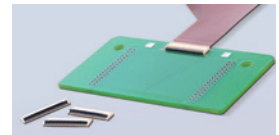


2007

**Developed the World's Shortest FPC (Flexible Printed Circuit) Connector**

Mar.

KYOCERA ELCO Corp. developed the world's shortest FPC connector, only 0.85mm high, with a pitch of 0.3mm and dual-faced contacts. The 6293 series was introduced in March.



A large graphic of a staircase with white steps on a teal background, extending from the top left to the bottom right. The word 'Economic' is in teal and 'Report' is in white.

# Economic Report

**To Become an  
Innovative  
Enterprise that  
Continues to  
Grow**

This involves ensuring that each business is highly profitable and pursuing synergies within Kyocera with the objective of driving sustainable growth even in an ever-changing business environment.

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 to become “an innovation enterprise that continues to grow.” Kyocera promotes efficient resource management, emphasizes consolidated group management and intends to increase corporate value through improvement in business performance.

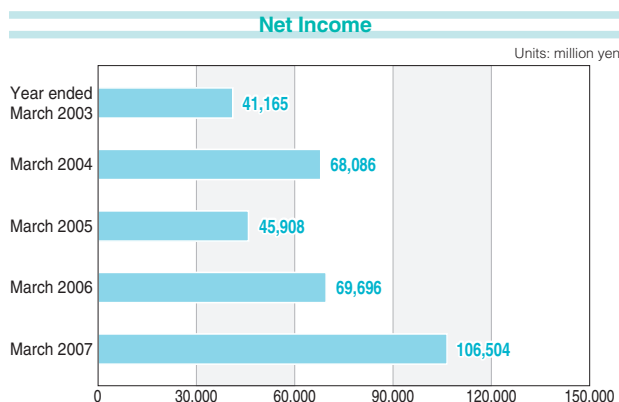
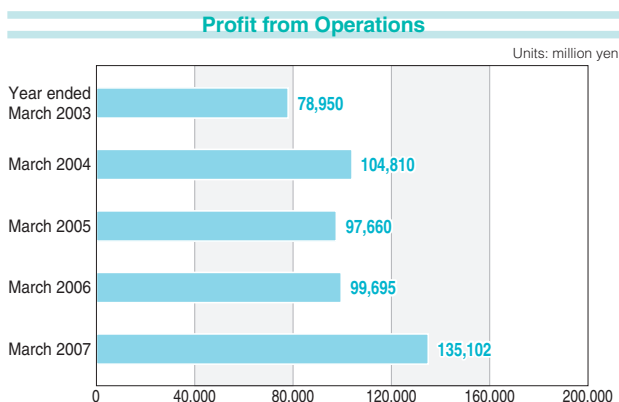
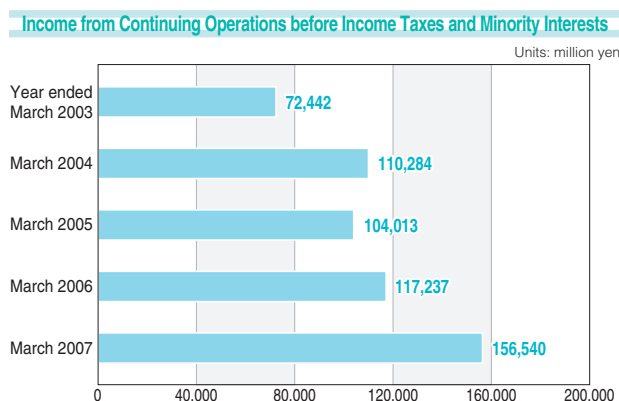
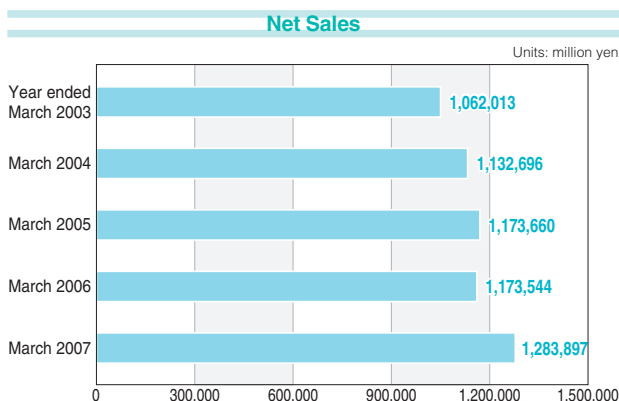
\* The consolidated financial statements are prepared in conformity with generally accepted accounting principles (U.S.A.). Listed figures are rounded off to the nearest unit value.

## Overview of Business Performance for the Year ended March 2007

The consolidated net sales of the Kyocera Group for the fiscal year ended March 31, 2007 amounted to 1,283,897 million yen, an increase of 9.4% compared with FY 2006. Sales in all of four reporting segments in Components Business increased over 10% compared with FY 2006. Sales also increased in Equipment Business due to higher sales in the Telecommunications Equipment Group and the Information Equipment Group.

All reporting segments in the Components and the Equipment Businesses recorded increases in profits. Profit from operations increased by 35.5% to 135,102 million yen, and income from continuing operations before income taxes and minority interests increased by 33.5% to 156,540 million yen. Net income increased by 52.8% to 106,504 million yen compared with FY 2006 due to tax refunds of 4,305 million yen pursuant to the voidance of a portion of the tax assessment relating to transfer pricing adjustment.

### Net Sales, Profit from Operations, Income from Continuing Operations before Income Taxes and Minority Interests, Net Income (Consolidated)

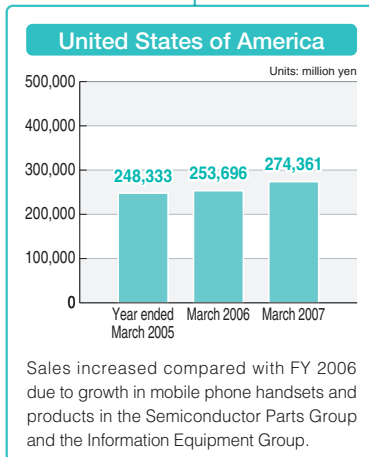
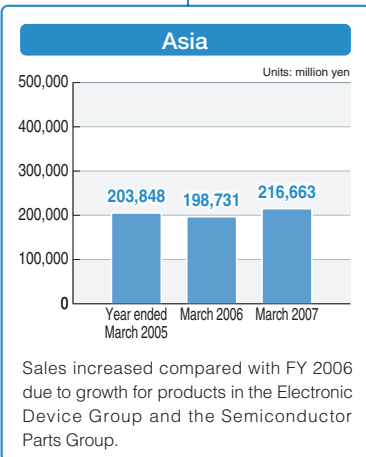
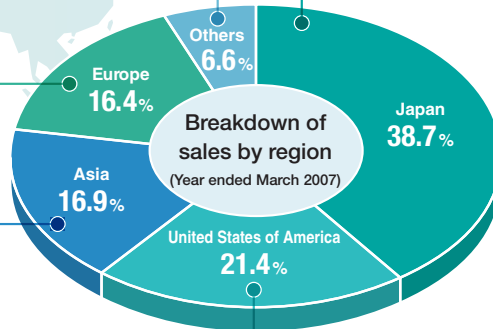
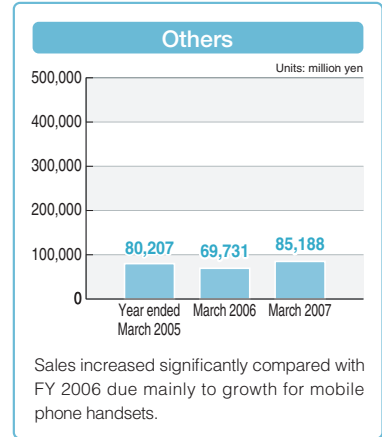
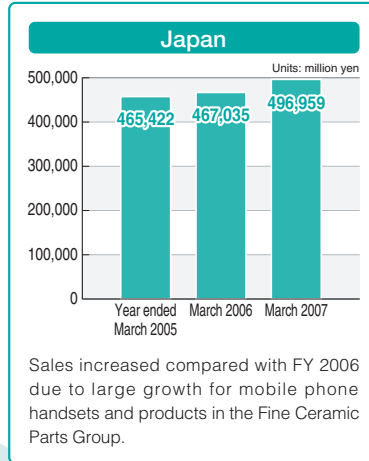
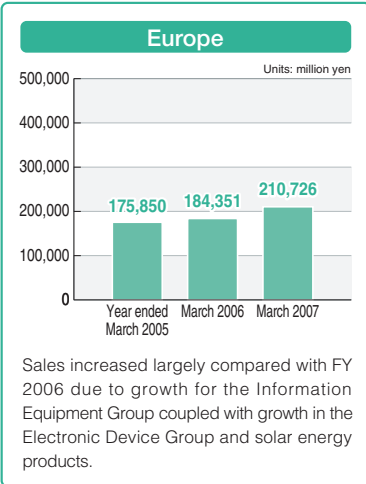


(Note) KYOCERA Corporation sold its shares of KYOCERA Leasing Co., Ltd., a subsidiary engaged in financing services. As a result, business results and profit on sale of its shares of KYOCERA Leasing Co., Ltd. for the fiscal year ended March 31, 2007 have been recorded as income from discontinued operations in conformity with accounting principles generally accepted in the U.S. Net sales, profit from operations and income from continuing operations before income taxes and minority interests for FY 2003, 2004, 2005 and 2006 have been retrospectively reclassified.

# Overview of Company Operations

## The State of Sales by Region

The Kyocera Group is a diverse corporate group of 180 companies\* (as of March 31, 2007) 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.



\*KYOCERA Corporation: 1 company  
 Consolidated subsidiaries: 167 companies  
 Non-consolidated affiliates based on the equity method: 2 companies  
 Related companies based on the equity method: 10 companies  
**Total: 180 companies (As of March 31, 2007)**

## 1. Components Business

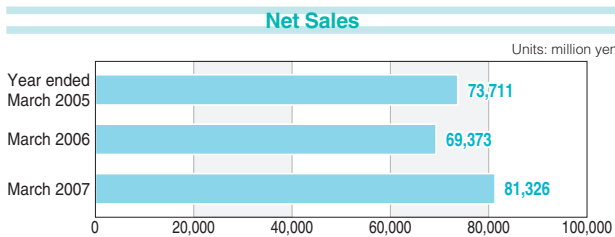
Sales in the Components Business increased by 11.9% compared with FY 2006 due to rising demand for digital consumer equipment such as mobile phone handsets, digital TVs and new game consoles. Operating profit in the Components Business increased by 34.6% as a result of improved profitability achieved through the effects of sales growth and reinforcement of the "Amoeba Management System."

### Fine Ceramic Parts Group

Sales and operating profit in this reporting segment increased compared with FY 2006 due primarily to increased demand for ceramic parts for semiconductor fabrication equipment, spurred by strong production activities in the semiconductor industry.

<b>Net Sales</b>	81,326 million yen	17.2% increase over FY 2006
<b>Operating Profits</b>	15,677 million yen	42.3% increase over FY 2006

- Information & Telecommunication Components
- Sapphire Substrates
- Components for Semiconductor Fabrication Equipment
- Components for LCD Fabrication Equipment
- Automotive Components, ITS related Components
- Ceramic Components for General Industrial Equipment



Components for Semiconductor Processing Equipment



Components for LCD Manufacturing Equipment

### Semiconductor Parts Group

Sales and operating profit in this reporting segment increased compared with FY 2006 due to rising demand for ceramic packages used in mobile phone handsets and digital cameras.

<b>Net Sales</b>	152,292 million yen	12.6% increase over FY 2006
<b>Operating Profits</b>	22,210 million yen	25.2% increase over FY 2006

- Surface Mount Device (SMD) Ceramic Packages
- CCD / CMOS Sensor Ceramic Packages
- LSI Ceramic Packages
- Wireless Communication Device Packages
- Optical Communication Device Packages and Components
- Organic Multilayer Packages and Substrates

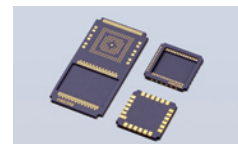
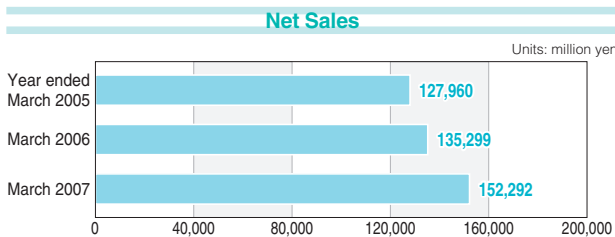
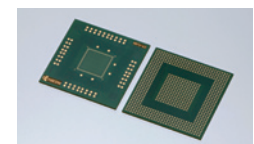


Image Sensor Packages



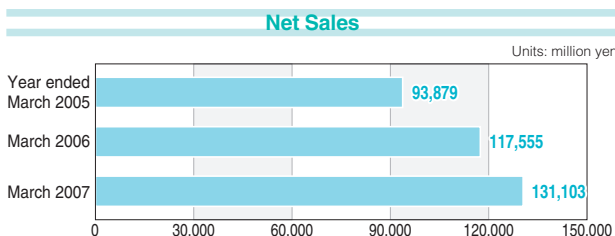
High-Density Organic Packages  
【KYOCERA SLC Technologies Corp.】

### Applied Ceramic Products Group

Sales and operating profit in this reporting segment increased compared with FY 2006 due to sales growth of solar energy products, particularly in the European market, combined with increasing sales of medical materials and cutting tools.

<b>Net Sales</b>	131,103 million yen	11.5% increase over FY 2006
<b>Operating Profits</b>	22,334 million yen	2.1% increase over FY 2006

- Residential and Industrial Solar Power Generating Systems
- Solar Cells and Modules
- Cutting Tools
- Printed Circuit Board Micro Drills
- Jewelry
- Applied Ceramic Related Products
- Dental and Medical Implants



Residential Solar Power Generating Systems



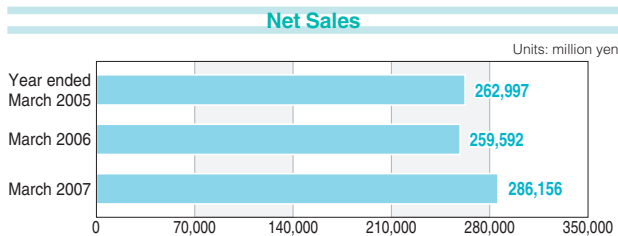
Cutting Tools "CERATIP"

# The State of Operations by Segment

## Electronic Device Group

Both sales and operating profit increased substantially in this reporting segment compared with FY 2006. Sales of capacitors, crystal-related components and connectors, etc., expanded due to strong production activity for digital consumer equipment. In addition, AVX Corp., a U.S. subsidiary, improved its performance.

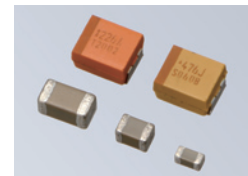
Net Sales	286,156 million yen	10.2% increase over FY 2006
Operating Profits	44,487 million yen	63.7% increase over FY 2006



- Ceramic Capacitors
- Tantalum Capacitors
- Timing Devices  
(Temperature Compensated Crystal Oscillators (TCXOs), Ceramic Resonators, Crystal Units)
- RF Modules
- Surface Acoustic Wave (SAW) filters
- Connectors
- Thermal Printheads
- LED Printheads
- Amorphous Silicon Drums
- Liquid Crystal Displays



LCDs for Industrial Use



Capacitors

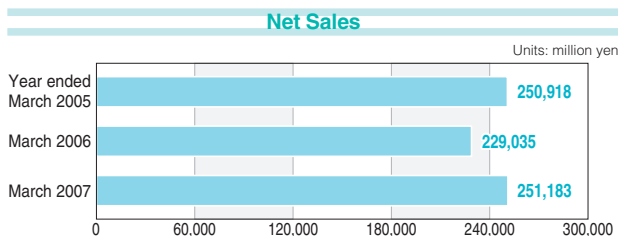
## 2. Equipment Business

Sales in the Equipment Business increased by 7.8% compared with FY 2006 due to increased sales in the Telecommunications Equipment Group and the Information Equipment Group. Through the positive effect of increased sales in the Information Equipment Group, combined with improved profitability in the Telecommunications Equipment Group and the Optical Equipment Group, operating profit for the Equipment Business increased by 71.0% compared with FY 2006.

### Telecommunications Equipment Group

Sales in this reporting segment increased compared with FY 2006 due to higher sales of new mobile phone handsets in Japan and overseas. Operating profit improved due to the positive effect of increased sales in the domestic mobile phone handset business and a reduction in loss at KYOCERA Wireless Corp., a U.S. subsidiary.

Net Sales	251,183 million yen	9.7% increase over FY 2006
Operating Profits	291 million yen	—



- CDMA Mobile Phone Handsets
- Personal Handy Phone System (PHS) Related Products  
( PHS Mobile Phone Handsets, PHS Base Stations, High Speed Wireless Data Transmission Systems )



CDMA Mobile Phone Handsets



PHS Mobile Phone Handsets



### Information Equipment Group

Sales in this reporting segment increased compared with FY 2006 due to expanded sales of digital multifunctional products and printers overseas resulting from aggressive introduction of new products and enhanced marketing activities. The positive effect of sales growth, as well as the yen's depreciation against the Euro and the U.S. dollar, led to an increase in operating profit.

<b>Net Sales</b>	268,781 million yen	7.8% increase over FY 2006
<b>Operating Profits</b>	33,970 million yen	28.6% increase over FY 2006

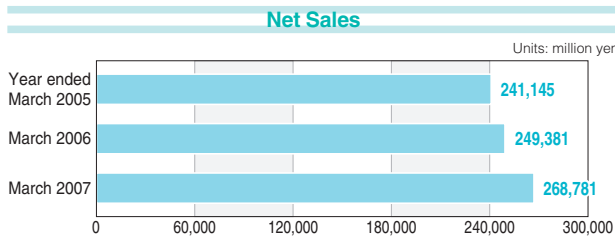
- Ecosys Printer
- Copying Machine
- Multifunctional System



ECOSYS Business Printer  
【KYOCERA MITA Corp.】



Full-Color / Monochrome  
Multifunctional System  
【KYOCERA MITA Corp.】



### Optical Equipment Group

Sales in this reporting segment decreased compared with FY 2006 due mainly to the downsizing of the camera business, while operating loss was reduced through decreased expenses for structural reforms.

<b>Net Sales</b>	11,704 million yen	21.7% decrease over FY 2006
<b>Operating Profits</b>	-1,895 million yen	—

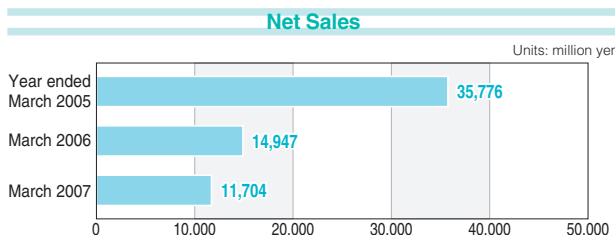
- Optical Modules and Lenses



Aspherical Lenses  
【KYOCERA OPTEC Co., Ltd.】



Scanner Lenses  
【KYOCERA OPTEC Co., Ltd.】

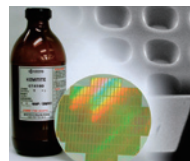


## 3. Others

Sales in this reporting segment increased compared with FY 2006 due mainly to growth in the telecommunications engineering business at KYOCERA Communication Systems Co., Ltd. Although profit grew at KYOCERA Chemical Corp., operating profit in this reporting segment slightly declined as a result of impairment of goodwill at a Japanese subsidiary.

<b>Net Sales</b>	125,656 million yen	7.0% increase over FY 2006
<b>Operating Profits</b>	8,776 million yen	2.3% decrease over FY 2006

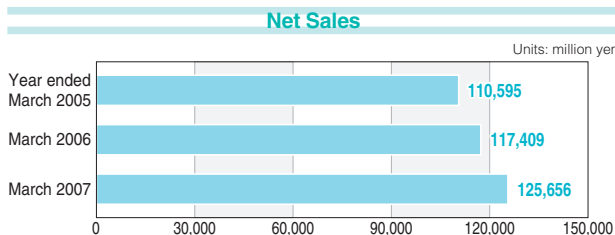
- Chemical Materials for Electronic Components
- Electrical Insulators
- Synthetic Resin Molded Parts
- Telecommunication Engineering Business
- Information and Communication Technology Business
- Management Consulting Business
- Hotel Business
- Realty Development Business
- Insurance Agent and Travel Agent Business



Overcoat for Semiconductors  
【KYOCERA Chemical Corp.】



D@TA Center  
【KYOCERA Communication Systems Co., Ltd.】



Regarding the sales figures for other business segments, please refer to (Note) at the bottom of Page 23.

# Social Report

## A Corporation is a Member of Society

A corporation is a public institution of society. While valuing relationships with all individuals and groups that have interests in the corporation, the Kyocera Group strives to be a member of society that is worthy of trust and esteem.



## The Kyocera Group is dedicated to the unlimited advancement of humankind and society through various social contribution activities, including support for the sciences, culture and sports.

Since it was established in 1959, Kyocera has steadily worked to develop new technologies and new products. Kyocera has continued business activity with the aim of contributing to the advancement and development of humankind and society, by providing the market with high-quality and highly functional products. Over the years, we, the Kyocera Group, have continually received material and intangible support from society. Recognizing that such support has made it possible for the Kyocera Group to be where it is today, we are actively using diverse opportunities for social contribution activities.





Social contribution activities began in earnest 10 years after the company was founded, while Kyocera was still a small business. The company donated three grand pianos and scholarship funds to three elementary and junior high schools in Gamou Town (now Higashi-Omi City) in Shiga Prefecture, where the headquarters and plant were then located. Since then, Kyocera has endeavored to meet its responsibilities as a member of society through various activities that contribute to local communities and society.

Today, the Kyocera Group is a corporation composed of 180 companies in Japan and abroad. Recognizing that a corporation is a member of society, we aim to continue meeting our responsibility as a corporate citizen in supporting development of communities and society, irrespective of the era. Not just in business, but through all kinds of social contribution activities, we will continue striving as an organization for the good of the world and humankind.



A three-school piano concert using the three pianos donated in 1969 (the 10<sup>th</sup> anniversary of Kyocera's founding). Kyocera's social contribution activities began in earnest.

### Timeline of significant social contribution activities

- 1959 ● Foundation of Kyoto Ceramic Co., Ltd.
- 1963 ● Began contributions to an annual Year-end Fundraising Campaign
- 1969 ● Donated scholarship funds to Gamou Town in Shiga Prefecture, and three grand pianos to elementary and junior high schools  
 ● Established the Inamori Scholarship Fund in the Kagoshima University Department of Engineering 
- 1976 ● Established the Kyocera Children's Overseas Study Tour, with the aim of cultivating strong international awareness. By 2000, 860 people had visited the U.S. in 25 tours 
- 1978 ● Established a Japan Study Tour for children of company employees in the U.S., to promote international exchange. By 2002, 514 people had visited Japan in 25 tours  
 ● Collaborated in establishing the Kyoto City Industry Information Center (now, Kyoto Industrial Support Organization 21), to help invigorate the local economy
- 1980 ● Supported establishment of the New Energy Foundation  
 ● Supported establishment of the International University of Japan, Niigata Prefecture, the purpose of which is to cultivate people who can contribute to international society
- 1981 ● Collaborated in establishing the Reizeike Shiguretei Bunko (Collection), for preservation of *Meigetsuki*, written by Fujiwara-no-Teika 
- 1983 ● Kyocera donated a 6kW solar power generating system to Kankoi Village in Pakistan, thereby contributing to an improved quality of life in this non-electrified village (Solar is used to light all homes, and power communal well pumps)
- 1984 ● Supported the establishment of the Inamori Foundation. The Foundation's purpose is to honor and support creative activities that further the development of science and civilization or the spiritual growth and enlightenment of humankind, and to contribute to the peace and prosperity of humanity  
 ● Donated the multipurpose "Inamori Hall" to the Kyoto Prefecture trade fair center's Pulse Plaza 
- Endowed Kyocera Distinguished Professorships at MIT and Case Western Reserve University in the United States  
 ● Supported the establishment of the International Institute for Advanced Studies and the Institute of Fundamental Chemistry Research (now the Fukui Institute for Fundamental Chemistry, Kyoto University), in the Keihanna region of Japan

- 1985 ● Supported management of the Kyoto Prize award ceremonies, an international awards event established by the Inamori Foundation in the same year  
 ● Co-sponsored the "Modern Japanese Paintings Exhibition" with Wacoal Corporation. The purpose of the exhibition was to contribute to the building of amicable international relations by introducing Japanese painting abroad and promoting international exchange of arts and culture. Over two years, the exhibition was presented in seven cities in five countries, both in Europe and the United States 
- Supported the establishment of the Mathematical Sciences Promotion Society
- Established a Kyocera Welfare Fund for the Sendai City Social Welfare Council, in Kagoshima Prefecture
- 1987 ● Set up the Kyoto Conference Foundation with local companies, aiming for the fusion of Kyoto's business and academic circles  
 ● Supported the establishment of the International Research Center for Japanese Studies, a research institute concerned with Japanese culture
- 1989 ● Supported the establishment of the Pacific Resource Exchange Center, to enhance human resource cultivation in Asia-Pacific region nations  
 ● Supported the establishment of the Association for Corporate Support of the Arts, Japan to further the awareness and spread of art and cultural activities
- 1992 ● Supported the establishment of Stanford Japan Center in Kyoto to promote academic exchange between Japan and the U.S.
- 1992 ● Supported The World Business Council for Sustainable Development in recognition of The Earth Summit. The Council was established to work toward achieving a sustainable society
- 1994 ● Agreeing with the J-League's "100-year vision" to energize Japan's sports culture, and in response to local residents' wishes, Kyocera supported the establishment and management of the Kyoto Purple Sanga professional soccer team (now Kyoto Sanga F.C.) 
- 1996 ● Supported installation of a telescope at the Las Campanas Observatory in Chile through a donation to the Carnegie Foundation in the U.S.
- 1997 ● Collaborated in sponsoring the Kyoto Conference on Climate Change (COP3)

- 1997 ● Contributed to sustaining and developing friendly relations between Japan and China by launching the Exchange Mission of Chinese Children, through which children in China are invited to visit Japan 
- 1998 ● To promote cultural awareness, Kyocera opened the Kyocera Museum of Art as a place where visitors can admire diverse artistic assets; and the Kyocera Museum of Fine Ceramics to aid researchers and students who are or will be responsible for the development of ceramic technology. Both facilities are located in the new headquarters building
- 1999 ● Established a Kyocera Management Studies Course in Kagoshima University's Department of Engineering
- 2000 ● Established the Inamori Kyocera Western District Development Scholarship Fund. The purpose of the fund is to provide financial assistance in China's western district for university students needing economic support, and to cultivate people who will become involved in development of the district or in science and technology 
- 2001 ● Opened the Ruins Museum of Jomon in Hotel KYOCERA. The museum displays the Uenohara ruins from Kagoshima Prefecture as well as other Jomon ruins and kitchen midden from all over Japan
- 2003 ● As a sponsor, Kyocera supported The Third World Water Forum, held in Kyoto to discuss the serious water problems of the world
- 2005 ● Supported the establishment of the Inamori Academy of Management & Technology at Kagoshima University. This academy was developed from the Kyocera Management Studies Course in the Department of Engineering, but is accessible to all departments  
 ● Collaborated in establishing the Kazuo Inamori School of Engineering at Alfred University (New York, U.S.A.), to support further academic development and research in ceramics. Alfred University receives high acclaim worldwide for its education and research in ceramics
- 2006 ● Contributed to electrification of Doujiaxian cun, Lanzhou City, in China's Gansu Province by donating a solar power generating system (output 1,020W). Solar power improves the quality of life for residents in all six houses by powering their lighting and audio equipment

Gamou Town, Shiga Prefecture (now Kawai-cho, in Higashi Omi City, Shiga Prefecture)  
 Sendai City, Kagoshima Prefecture (now Satsuma Sendai City, Kagoshima Prefecture)

# Together with Customers

Thorough Application of the "Customer-First Principle"

The Kyocera Group is focused on developing valuable businesses. Based on our "Customer-First Principle," we have a strict quality policy and constantly strive for improvement. This enables us to provide customers with products and services that bring full satisfaction and enjoyment.

We have also established a product safety policy, with the goal of manufacturing products that place the highest priority 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.

To produce quality goods that fully satisfy our customers, the Kyocera Group has established a Kyocera Quality Policy. The objective is constantly in the minds of all employees. We develop our businesses on the basis of this quality policy, and aim to become a corporation that is worthy of trust all over the world. Regarding product safety, the Kyocera Group has formulated a Product Safety Policy. Additionally, to realize product quality from the customer's perspective, we have set up an "All-Company CS\* Improvement Committee." Considering all aspects carefully from planning stages through completion, we ensure thorough adherence to these policies and rules.

\* CS ..... Customer Satisfaction

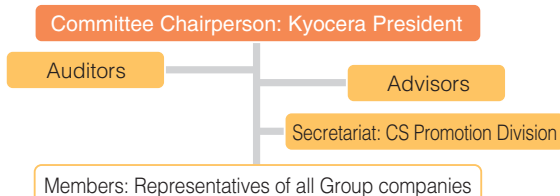
### Kyocera Group "All-Company CS Improvement Committee"

Practicing the Customer-First Principle is one element of the Kyocera Group's Management Direction. To become "An innovative enterprise that continues to grow," pleasing customers and earning strong trust is our most important challenge.

An All-Company CS Improvement Committee meets each month to consider concrete activities toward meeting that challenge. Chaired by the Kyocera President, the committee includes representatives from domestic Kyocera Group companies.



#### Structure of the All-Company CS Improvement Committee



### Objectives of the All-Company CS Improvement Committee

Clarifying CS indicators for each division, bringing problem areas into the open and undertaking a concentrated approach toward improvement lead to higher customer satisfaction and quality improvement. Aiming for Quality Kyocera, we are advancing with the following activities.

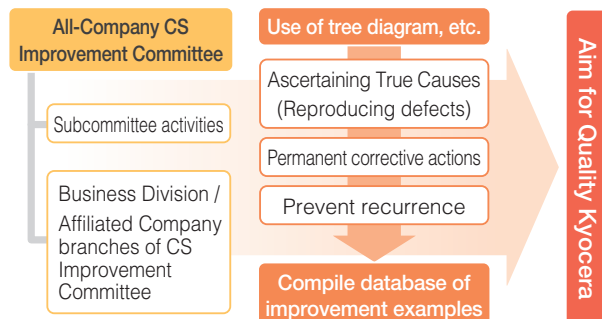
- ① Establishing CS indicators and raising the CS standards in each division of the Kyocera Group.
- ② Analyzing assignment and identifying "True Causes."
- ③ Preventing recurrence of "True Causes."
- ④ Achieving accurate prediction and prevention of quality problems by placing examples of improvements in a database. This enables sharing of information from individual divisions throughout the Kyocera Group.

### Advancing and Strengthening CS Improvement

To further strengthen Customer Satisfaction improvement, subcommittee activities have been steadily enhanced since February 2007. Furthermore, improvements are being implemented in individual divisions by Business Group / Affiliated Company Branches of the CS Improvement Committee. These are led by business group general managers and affiliated company Presidents.

In response to problems, tree diagram and other means are used to reproduce defect phenomena. This enables us to identify "True Causes" and prevent recurrence by implementing permanent corrective actions. Methods and examples of improvements are compiled into a database which is deployed across the Kyocera Group. This raises the problem-solving ability of the entire Kyocera Group and opens the way for achieving Quality Kyocera.

#### Promote and Enhance of CS Improvement



### Strengthening the Quality Management System

Kyocera is working to strengthen and improve its Quality Management System.

- Maintaining certification of international standards for the Quality Management System\*
- CS Improvement Committee activities
- Setting quality targets based on Management Direction and Quality Policy, establishing actions for achieving targets and undertaking improvement activities
- Sharing information

\* Information on the current status of certification of international standards for the Quality Management System is shown on Page 80 of section, titled Facts & Figures.

### 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." This is the foundation of Kyocera's product safety policy.

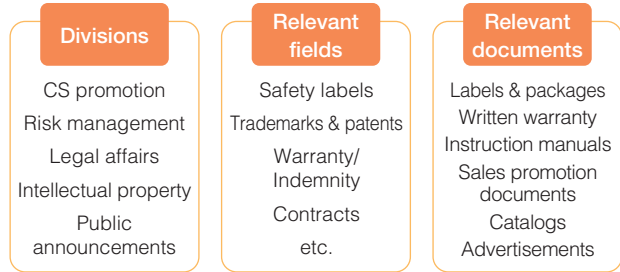
Kyocera has established "Product Safety System Guidelines" as a concrete code of action at all levels of corporate activity. Additionally, "Guidelines for product safety labeling" serve as supplementary guidelines for understanding international standards relating to safety labels.

#### ● Review of Product Safety

The CS Promotion Department supports activities relating to Kyocera product safety, coordinating with individual business divisions and related departments.

- Based on the Product Safety Policy and the manual, we review safety of our products in each process. In accordance with the specified ways, we work on it starting with the design and development stages.
- 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.

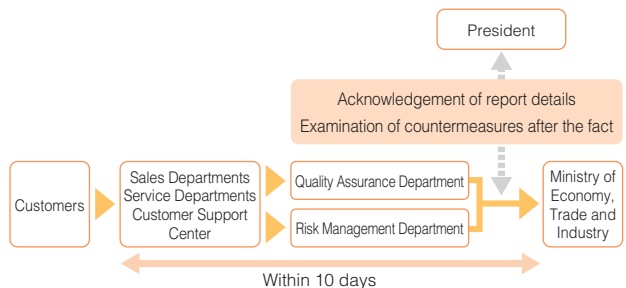
### Official Labeling Checking System



#### ● Compliance with Consumer Products Safety Law

To ensure compliance with May 2007 revisions to the Consumer Products Safety Law, Kyocera revised its in-house reporting system and held briefings for the people responsible in each division.

Kyocera has clarified emergency contacts to enable an immediate response in the case of a serious accident involving company products, and organized a system for immediate reporting of information from customers.



#### Inspection and Repair of the Kyocera Natural Circulation Solar Water Heater [H-220]

The Natural Circulation Solar Water Heater [H-220] was sold mainly in western Japan. Kyocera ascertained that some units may suffer from corrosion of rivets due to rainwater penetrating into the solar collector. Consequently, components may deteriorate and the cover glass could fall off. Therefore, in February 2007, notices urging free inspection and free repair of faulty units were placed in all newspapers and on the Kyocera website. By July 3, 2007, of the 4,909 units in question, inspection and/or repairs had been completed for 2,332 units (47.5% of the total). However, information on the remaining 1,621 units is still unavailable. Kyocera continues to make every effort to obtain information on the location of these units. We deeply regret the concern and inconvenience caused by this product defect.

# Together with Customers

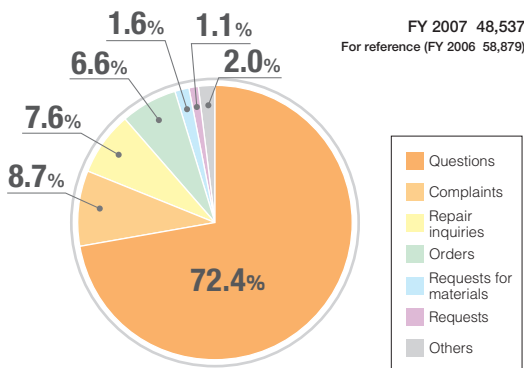
## Responding to the Voices of Customers

### Customer Support Center

Kyocera has set up a Customer Support Center (Call Center) to deal with matters concerning consumer products for general customers. The Call Center functions as an organization independent of the division responsible for the finished product. Unconstrained by the interests of the responsible division, the Call Center strives to respond promptly and precisely to inquiries, complaints and other opinions received from customers.

The valuable information gathered about problem areas and other matters is promptly reported to top management and to the relevant division. This leads to the swift elimination of customer inconvenience and dissatisfaction, the improvement of products and services, and heightened customer satisfaction. Personal information about customers is guarded and managed with strict security, in accordance with internal rules and regulations.

Breakdown of Inquiries



Since the previous fiscal year, the number of inquiries has fallen by about 10,000, mainly for the following reasons.

- Enriched information on the Kyocera website and improved operating manuals
- Fewer inquiries and complaints relating to PHS due to quality improvements
- Withdrawal from consumer camera business

### Developing a Black Cutting Board, a Product Requested by People with Impaired Vision

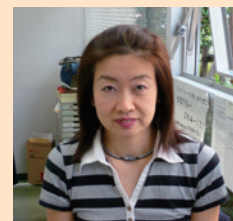
Due to the hygienic image of white, kitchen cutting boards tend to be white. However, a black cutting board provides higher visual contrast, making it easier to see the food being prepared. Kyocera commercialized this product in response to a request from Japan Braille Library, a social welfare organization that sells various tools for people with impaired vision. Spring onions, Japanese radishes, tofu and many other foods are white. Using a cutting board that is the same color as the food makes cutting and chopping difficult for people who have cataracts, difficulty distinguishing certain colors, or other vision impairments. Overturning the fixed notion that a cutting board should be white, this product resulted from an earnest consideration of customer needs, and improves visibility through color reversal. The black cutting board became popular as soon as it was released and is now being sold by many shops.



#### A Customer's Voice

We spoke with Ms. Sanae Yasuda, Manager of the Tools Business Section in the social welfare corporation Japan Braille Library.

Many senior citizens with weak eyesight were asking for a cutting board on which food was clearly visible. This prompted us to ask Kyocera to develop such a product. A product that is convenient for people with impaired vision can be used by anyone; use need not be limited to people with impaired vision. Many people over 60 years old are now using the cutting board, having learned of it through word-of-mouth.





“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” is the Management Rationale of the Kyocera Group. 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 realize 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 innovation 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.

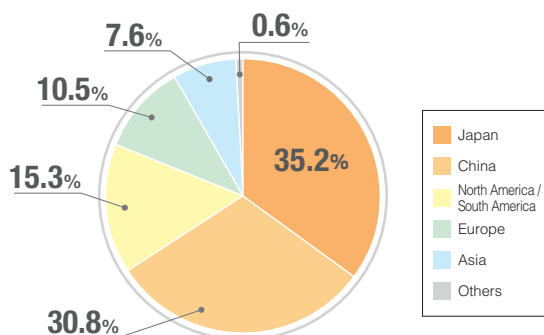
### Respect for Human Rights

The Kyocera Group forbids forced labor and child labor, and does not discriminate on the basis of gender, age, religion, race, nationality or physical features. Our human rights policy reflects international standards such as the UN’s “Universal Declaration of Human Rights” and the International Labor Organization’s (ILO’s) fundamental conventions on human rights. The Kyocera Group employs and appoints diverse peoples, with emphasis on humanity and ability.

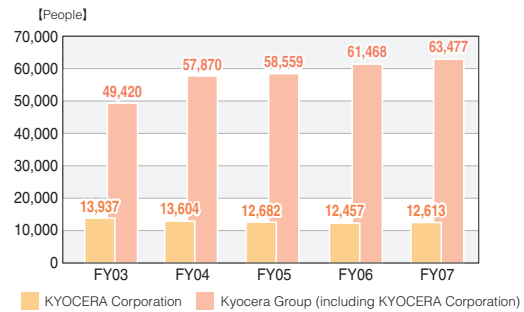
### Approaches to Globalization

Considering employee ratios according to region, about two-thirds of Kyocera Group employees work outside of Japan. Almost all were hired in the country or region where they work. The fundamental principle of personnel affairs in overseas operations is “Harmony & Unity.” We aim to create a sense of togetherness by uniting local employees with employees posted temporarily from Japan. This philosophy has been pursued consistently since our first overseas office opened in 1968 (USA).

**No. of Employees by Region (As of March 31, 2007)**



**No. of Employees**



### Approach to Labor-Management Relations

Labor-Management relations in Kyocera go beyond the generally accepted idea of harmony between management and labor. In Kyocera, the basis of the relations is “coaxial labor and management,” where objectives and perspectives are shared on the same axes. Additionally, much emphasis is put on building relationships based on trust and heart-to-heart bonds among employees. This is encouraged through sporting events, social gatherings and other occasions in which all employees take part.

#### ● Regulations Review Project

As the contemporary environment changes and the needs and lifestyles of employees diversify, we must continually examine the labor environment from the perspectives of suitability, fairness and impartiality. Therefore, in FY 2005 Kyocera launched the Regulations Review Project. This was undertaken jointly by labor and management. As a result of the unified efforts of labor and management, the “Short-Time Work System” was introduced in FY 2007. The “Preparatory Restrictive Work System,” “Accumulated Annual Leave System” and “Volunteer Service Leave System” followed in FY 2008.

#### ● Labor & Management Exchange Conference

At Kyocera, an exchange meeting attended by representatives of both labor and management is held monthly in each plant and place of business. These meetings promote a workplace environment in which it is easy to work, from the perspectives of people at the sites. These meetings explore the working circumstances experienced by employees, as well as the total workplace environment. They offer an opportunity for active exchange of views on areas needing improvement, and other issues.



# Together with Employees

## ● Kyocera Group Sports Festival

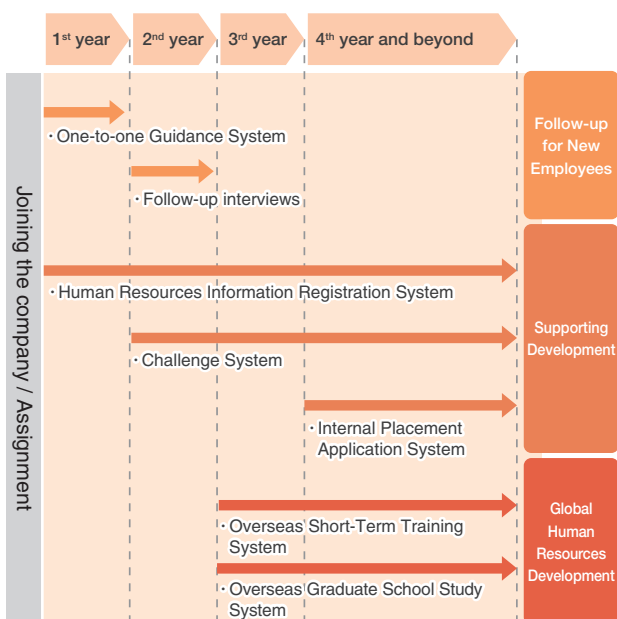
One of the most notable events of the Kyocera Group is the "Kyocera Group All-Company Sports Festival," jointly sponsored by labor and management. The role of this event is growing in importance year by year, as competitions and victory celebrations build a relationship of mutual trust and solidarity. Thirty-two teams took part in the 29<sup>th</sup> festival, held in FY 2007. Having won preliminary rounds involving all Kyocera plants, offices and domestic Kyocera Group companies, they engaged in heated competition in Kirishima City, Kagoshima Prefecture.



## Development of Human "Assets"

Kyocera regards human resources as human "assets" and supports activities that enable employees to become aware of personal development and heighten their abilities. The greater part of personal growth is realized through work. Therefore, Kyocera is focused on building a workplace environment where each employee can work cheerfully and energetically, and on bringing out employees' distinctive qualities to the maximum extent. Kyocera aims to match the ideas and ambitions of employees with the needs of the company, thereby simultaneously achieving employee growth and development of the company. The flowchart illustrates the development of people assets.

Human "Assets" Development Flowchart



## ● One-to-One Guidance System (Supporting Growth of New Employees)

Coaches are selected to take responsibility for the education of each new employee. They give detailed guidance during regular meetings and by other means of communication. Additionally, each employee meets with the personnel responsible for labor affairs. New employees can thus receive advice from many departments. Follow-up interviews are then conducted in the second year of employment.

## ● Human Resources Information Registration System

Using the internal network, this system enables individual employees to register information on their experience and skills, career hopes for the future, or a desire to be posted overseas, etc. Input from employees will allow the company to better match individual ability and suitability with appropriate training and postings. This system will start in FY 2008.

## ● Challenge System (Supervisor/Subordinate Interview System)

Once each year, interviews between supervisors and subordinates are held for the purpose of sharing individual work targets and skill development. With a clear understanding of their functions, employees can concentrate independently on their work and skill development. Supervisors, by heeding subordinate feedback, can continuously raise their ability to reach goals and accomplish business affairs as an organization.

## ● Internal Placement Application System

When divisions anticipate the need for a timely addition of personnel for new operations, expansion of operations or other purposes, this system enables employees throughout the company to apply for placement. Employees can freely apply for new challenges as they desire amid the diverse business fields of the Kyocera Group. The purpose is to offer positions with heightened activity to human assets that possess drive and ambition.

## ● Overseas Training Systems

Kyocera has an Overseas Short-Term Training System and an Overseas Graduate School Study System. The purpose of these systems is to improve language abilities through on-the-job training, to acquire up-to-date knowledge and technology that can only be obtained overseas, and to build international awareness. In FY 2007, six people were sent to the U.S.: five for short-term training and one person to a graduate school.



### Raising Workplace Vitality

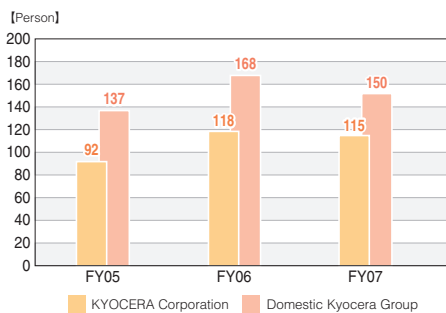
Starting in 2007, Kyocera is conducting surveys on the attitude of all employees. The surveys cover such matters as degree of satisfaction with the job, the workplace atmosphere and the level of confidence in the company. Results are statistically analyzed for each organizational unit to diagnose the level of vitality in the workplace. Diagnostic results serve as a reference indicator for the need to raise the level of workplace vitality. These actions are undertaken chiefly by workplace leaders.

### A Balance of Work and Life

#### Measures for Child Care and Nursing

To support the coexistence of work and home life, in FY 1993 Kyocera introduced a child-care leave system for employees with children younger than one year old. In FY 2007, Kyocera introduced a short-time work system for pregnant employees, and employees raising children through the third year of elementary school. Moreover, Kyocera has established a nursing care leave system that surpasses legal requirements. This system allows employees who need to nurse family members to take a maximum of one year off work.

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



#### Promoting Woman in the Workplace

Promoting women in the workplace is an important management issue. In January 2006, Kyocera set up a Positive Action Promotion Committee, with the personnel director serving as chairman and representatives from each division as committee members. Women's Activity Promotion Committees composed of people in positions of responsibility, labor union representatives and women's representatives have also been set up in various plants and workplaces. Kyocera sponsors related activities and has an internal newsletter to help in create the number of female employees and broaden options for woman, while building a system to improve the balance of work and life.



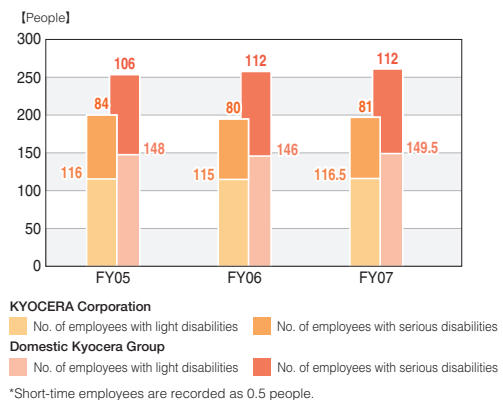
Women's Activity Promotion Committees

### Offering Employment Opportunities to Match Diverse Needs

#### Employing People with Disabilities

Kyocera actively promotes an environment that supports employing of people with disabilities and makes it easier for them to work. Duties are selected upon consideration of the aptitudes of each person. As of March 31, 2007, the ratio of people with disabilities, employed by Kyocera, was 2.0%. This surpasses the legally required ratio (1.8%).

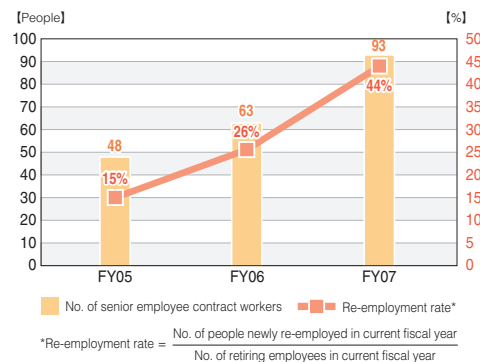
#### No. of Employees with Disabilities



#### Senior Employee System (Re-Employment System)

In FY 2002, Kyocera introduced a system for offering re-employment to employees approaching retirement age. This system satisfies the needs of both employees and Kyocera. For employees reaching regular retirement age, it offers economic stability and the chance to continue with meaningful work, while using acquired abilities and skills for the company. This contributes to further development of the company and perpetuation of corporate climate and culture.

#### Senior Employee Contract Workers (KYOCERA Corporation)



# Together with Employees

## Employee Education

Since the company was founded, Kyocera has practiced management based on the Kyocera Philosophy. The 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, in Philosophy education, employees of the Kyocera Group systematically study the fundamental ideas and management methods embodying those ideas. By spreading the yields of Philosophy study throughout Japan and abroad, the Kyocera Group cultivates human resources who can contribute to the advancement and development of humankind and society.



Kyocera Management Research Institute



Kagoshima Training Center

### The Education Rationale

The Education Rationale is based on Kyocera's philosophy of management. 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.

The Kyocera Group cultivates highly capable human resources who acquire the 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

To achieve the Education Rationale, the Kyocera Group has set five Education Objectives. To achieve these objectives, an education system corresponding to each of the five has been constructed.

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

### The Education System

Training Type	Top Management	Mid-level Employee	Employee	Part-time Employee
Philosophy Education	Director & Executive Philosophy Training	Supervisor & Assistant Supervisor Philosophy Training	Employee Philosophy Training	Part-time Employee Training
	Top Management Seminars	Middle Management Seminars	Employee Philosophy Training	
Management Education	Kyocera Management Studies Course			
	Plant Manager & Division General Manager Training	Sales Manager Training		
Skill-specific Training	Management Skills Training	Administrative Skills Training	Supervisory/Leader Skills Training	Advanced General Skills Training
			HA* Training	General Skills Training
Technical Training			Mid-level Engineer Training	Specialized Technical Training
				Basic Technical Training
Other Training	Chinese Language Studies / Correspondence Education, etc			

\*HA: Human Assessment

### Commencement of Skills-specific Training

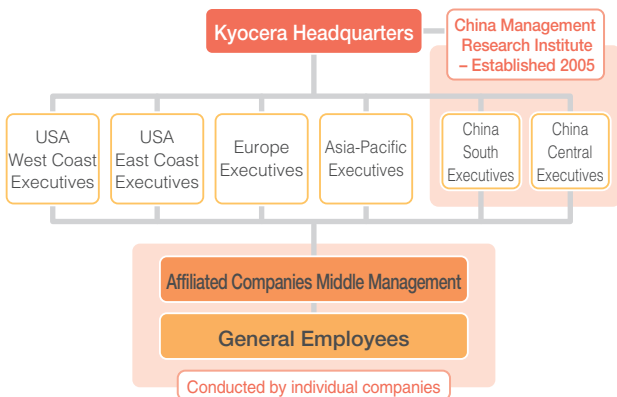
Kyocera is aiming for further growth and development amid maturing markets and intensifying competition on a global level. To achieve this, decisions need to be based on practice and experience. Furthermore, it is essential that individual employees attain business skills and specialized knowledge. This should enable them to analyze matters from a rational perspective using broad knowledge, and thus to arrive promptly at creative solutions for business challenges. Therefore, following a review of previous training systems, a new skills-specific training system was introduced in April 2006. The objective of the new system is to help employees acquire necessary skills and information at specific stages of their careers, from joining the company as new employees, to mid-level employees and on to the executive level.





● Developing Philosophy Education Overseas

The Kyocera Group is developing wide-ranging businesses all over the world. We aim to rise above differences in language, race, religion and diversity of values, and to share the Kyocera Philosophy among all employees as the foundation of the Kyocera Group's Management Rationale. Establishing the Kyocera Philosophy as a part of life generates a sense of fulfillment for each employee, and a sense that their work is worthwhile. This in turn strengthens the business foundation. Through globalization of the education program, ongoing Philosophy education has been conducted annually in the Kyocera Group overseas since FY 2004. "Top Management Philosophy Seminars" for the senior general manager level are held regularly. "Middle Management Philosophy Seminars" are held continually for mid-level employees who generally function as section managers. Of these, the number of applicants who want to attend the "Top Management Philosophy Seminars" increases with each seminar. The seminars are an opportunity to raise management awareness within the senior management tier. Furthermore, seminars for general employees have been held in the North American region since October 2004 and in the European region since March 2005. Seminars for general employees in other regions are being organized in turn.



Middle Management Philosophy Seminars (China)

● Plant Manager & Office Manager Training

In February and May of 2006, four-day training courses were held for plant and office managers in the domestic Kyocera Group. The purpose of the courses was to help plant and office managers generate the necessary awareness and acquire the knowledge needed for smooth management of plants and offices. Thirty-nine people attended the courses. The training began with review of the functions in which plant and office managers need to be involved. Based on specific and detailed division of duties, the courses clarified the mission, functions and responsibilities of plant and office managers, who then studied matters of business execution essential to accomplishing their duties. These courses help to raise the awareness and business execution ability of plant and office managers to the same level, while aligning the vectors of the Kyocera Group as to how plants and offices are operated.



● FY 2007 Education Results

In FY 2007, as many as 61,674 employees in Japan and abroad attended training courses in the Philosophy and other areas. Courses in Philosophy education have been held continually since FY 2003. Regular and systematic training is implemented at all levels of employment, from top management to part-timers, with the aim of sharing, spreading and sustaining the Kyocera way of thinking. Training has been enriched by expanding eligibility for participation in the Kyocera Management Studies Course, in which employees study Amoeba Management — a business management method unique to Kyocera. Employee education has been further enhanced by newly implemented "Skills-specific Training Courses" aimed at raising business skills and abilities.

No. of Employee Training Course Participants (FY 2007)

Name of Course	Philosophy Education		Management Training	Skills-specific Training	Technical Training	Total
	Domestic	Overseas				
No. of Course Participants in 2006*	22,991	10,958	24,558	2,489	678	61,674

\*Results above refer to training conducted by training departments in Kyocera.

# Together with Employees

## Safety & Health / 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, the Kyocera Group actively promotes safety and health alongside disaster prevention activities, while concentrating on building a corporate climate embodying the concept of "Safety First."

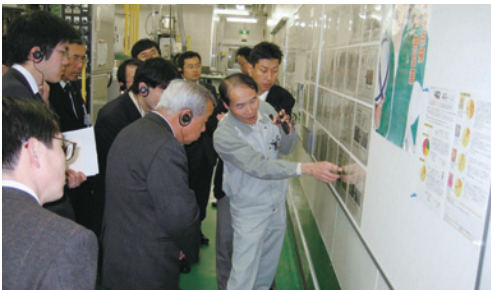
### Introduction and Operation of the Occupational Health and Safety Management System

Working toward the eradication of work-related accidents, Kyocera has been steadily setting up its Occupational Health and Safety Management System (OHSAS18001) since July 2004.

In October 2005, the Kyocera Shiga Gamo Plant, the Shiga Yohkaichi Plant and the Corporate Environment and Safety Management Organization overseeing the Kyocera Group received OHSAS certification. In 2006, 12 production facilities of Kyocera and KYOCERA MITA Corp. received the certification. The system is currently being introduced at all production facilities in the domestic Kyocera Group. Furthermore, the system will also be employed at non-production facilities in the domestic Kyocera Group starting in April 2008.



Assessment by outside certification body



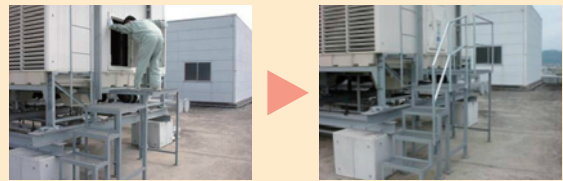
On-site assessment

### Benefits of the Occupational Health and Safety Management System (Examples of Improvements)

Introduction of OHSAS18001 has uncovered risks that are difficult to detect through day-to-day safety activities, and enabled implementation of basic countermeasures.

#### OHSAS Improvement – Example No. 1

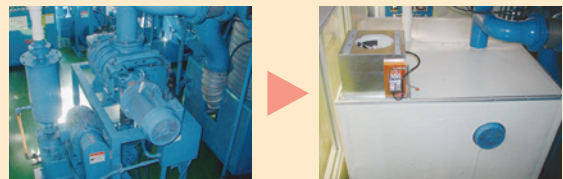
Preventing Falls from Scaffolding



Guard rails were installed to reduce the risk of falling from scaffolding during inspection of cooling towers.

#### OHSAS Improvement – Example No. 2

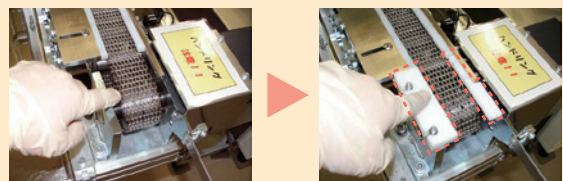
Suppressing Noise by Installing Sound-proof Covers



Noise at manufacturing sites was reduced by placing sound-proof covers over the vacuum pumps used for vacuum kilns.

#### OHSAS Improvement – Example No. 3

Preventing Injury by Covering Conveyor Belts

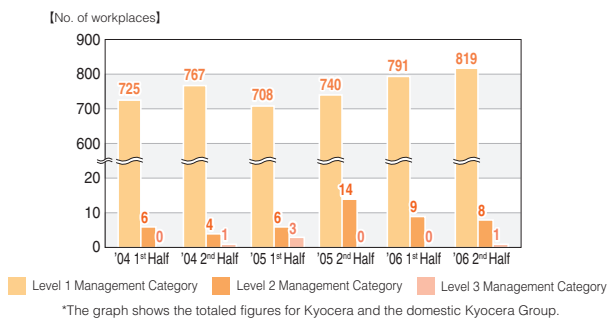


Covers were installed on product conveyor belts. The covers prevent fingers from slipping into gaps if the hand is inadvertently placed in the conveyor assembly.

### Creating a Comfortable Work Environment

The Kyocera Group actively promotes a work environment in which employees can work safely, healthfully and comfortably. Regarding concentrations of chemical substances and other materials in the work environment, the Group has set its standards at less than 1/10<sup>th</sup> of the concentrations permitted by law. The Kyocera Group standards are close to the lowest numerical detection limits of measuring equipment. As a result of work environment measurements in 2006, 98.9% of the domestic Kyocera Group was placed in the Level 1 Management Category (no improvement needed). One work site fell into the Level 3 Management Category in 2006, which meant improvement was required by law. Countermeasures have already been implemented.

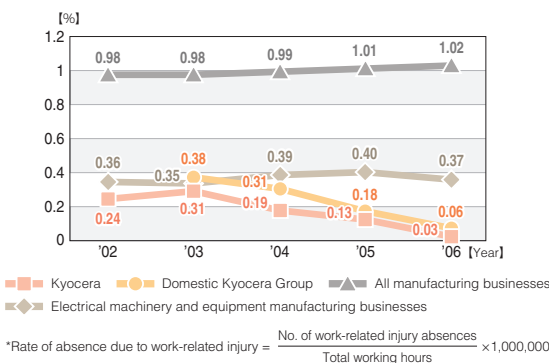
#### Kyocera & Domestic Kyocera Group Companies Work Environment Test Results



### Safety Levels of Kyocera and the Domestic Kyocera Group

In 2006, the rate of absence from work due to work-related injury in Kyocera and the domestic Kyocera Group was 0.06 (Kyocera was 0.03). This result is much better than the ratio of 0.18 (0.13 for Kyocera) in 2005. Moreover, 2006 showed the best results since collection of data for the domestic Kyocera Group began in 2003.

#### Frequency of Work-Related Injuries



### Kyocera Group Emergency Lifesaving System (Installation of AEDs)

The domestic Kyocera Group is installing AED (Automated External Defibrillator) units at work sites. They will enable emergency lifesaving treatment should an employee or visiting customer suffer cardiac arrest. From 2005 through the end of March 2007, 36 AED units were installed in the domestic Kyocera Group. Roughly 1,400 people have completed training on operating AEDs. We will continue to promote training in the use of AEDs. By building a system that incorporates appropriate emergency lifesaving treatments, even in the event of cardiac arrest, we are creating a work environment in which employees can work in safety and with peace of mind.



AED training courses

### Strengthening Mechanisms for Overseeing Law Observance in the Kyocera Group

An inspection by the Labor Standards Bureau on September 13, 2006, determined that the talc added to raw materials used for certain ceramic products contained asbestos. The asbestos was present as an impurity and exceeded the legally permitted limit of 0.1%. As the use of this material violated the Industrial Safety and Health Law Enforcement Order enacted September 1, 2006, Kyocera was directed to stop using it. Use of the material was discontinued on the same day. It was replaced by an asbestos-free talc.

In overseeing its law observance, Kyocera has endeavored to correctly interpret and understand the law. Kyocera accepts full responsibility for any errors. We have since reorganized the system for monitoring enactments and amendments to laws and regulations, and for implementation of thorough measures as needed.



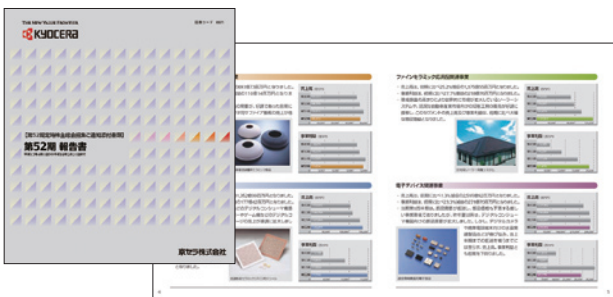
# Together with Shareholders and Investors

The Kyocera Group is striving to improve the transparency of business activities. At the same time, we are working for 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 a corporation, as an important opportunity to communicate with shareholders and strives for its openness.

The report we send to our shareholders is designed with photographs, graphs and other reference information such as explanations of end-of-year figures so that it can easily be understood. Furthermore, we strive to ensure that the opinions of many shareholders are reflected in management by sending out the notices of the meeting of shareholders earlier than the legally required time as well as making voting rights exercisable via the internet. Additionally, we held a social gathering for shareholders to communicate with directors of Kyocera subsequently to the 2007 General Meeting of Shareholders.

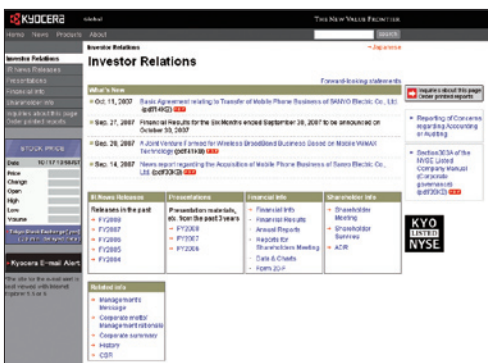


Reports to Shareholders

## Proactive Disclosure

The Kyocera Group presents financial statements and other information for which disclosure is legally required through the corporate website. In addition to the required information, the Kyocera Group also proactively provides a wide range of other timely information, from stock prices to the latest news and much more.

The Investor Relations page on the Kyocera Group website earned Kyocera recognition as a Daiwa Investor Relations 2007 Excellent IR Website.



## Profit Distribution

Kyocera has set a dividend policy focused on linkage 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 full-year payout for the year ended March 2007 was raised from 100 yen per share to 110 yen.

## Assessment of Socially Responsible Investment (SRI)

Socially Responsible Investment (SRI) has been expanding in recent years. Under SRI, in addition to financial analysis, investment vehicle selection is based on a corporation's social fairness and ethics, consideration for the environment and human rights, and other assessments of social responsibility.

The Kyocera Group is proceeding with diverse measures to fulfill social responsibilities of the corporation. This stance is highly acclaimed and has earned the Group selection as an investment benchmark stock.

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

- Overseas SRI index
  - Ethibel Sustainability Index (As of December 21, 2006)
- Domestic SRI (Eco) funds
  - Daiwa Eco-fund (As of February 20, 2007)
  - Japan Open "Good Company" (As of 2006 December 25, 2006)
  - Daiwa SRI Fund (As of May 21, 2007)
  - Asahi Life "Asu no Hane" (As of September 20, 2006)
  - Mitsubishi UFJ "Family Friendly" (As of November 20, 2006)
  - Fukoku SRI Fund (As of April 23, 2007)
  - Eco-Partners "Midori no Tsubasa" (As of January 29, 2007)
  - Eco-Balance "Umi to Sora" (As of September 25, 2006)

## IR Activities in Japan and Abroad

In addition to listing of shares on the Tokyo Stock Exchange and Osaka Stock Exchange, Kyocera has listed American Depository Receipts (ADR) on the New York Stock Exchange. The Kyocera Group actively discloses information to shareholders and investors in Japan and abroad. A wide range of information can be accessed through the Kyocera website at the URL below.

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

Procurement departments are windows for business associates. We must constantly be wary of buyer's logic, or the logic of the party in a stronger position. To consistently engage in fair purchasing activities, we have adopted the following rationale: "Purchasing is Company's face. Be fair always Let's become a reliable and valuable Purchasing Group by gratitude toward others, humble reflection to our behaviors and additionally best efforts all the times"

## Relations with Business Associates

Kyocera regards business associates as "valued partners" and places great importance on growing together and on mutual improvement achieved through learning from each other. With business associates actively suggesting diverse improvements, for instance, both parties are applying knowledge and insight toward bettering the quality, environment, delivery time and cost.

Additionally, to foster a better understanding of Kyocera's basic approach to business transactions, we actively visit suppliers and use various opportunities to build communication. In this way, we build 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 for a report giving a general overview of the company, and to complete a "Questionnaire about Environment-Related Activities." The supplier is assessed and 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.

- Whether the fundamental thinking of the 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.: VAVE\* proposal strength)
- Whether the company is generally outstanding, in such areas as quality, price, delivery time, service response, etc. (e.g.: ISO9000 series or equivalent quality management systems; lead-time reduction activity)
- Whether the company is seriously involved in global environmental conservation activity. (e.g.: ISO14001 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 the Kyocera Group, and to appeal for even greater cooperation in the future. In FY 2007, the number of seminar days was increased to enable participation by greater numbers of suppliers. Eight seminars were held in two venues, in Yokohama and Kyoto. They were attended by 732 people representing 488 companies.

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 provides an ideal opportunity for exchange of opinion with business associates and for building relationships based on trust.



### ▶ Main Responses from Participating Business Associates

- I was very interested in learning about market trends and new product development.
- I hope to make good use of this in business strategy for the next fiscal year and wish to attend the seminar in early February.
- I left with a good understanding of the division's policy.



# Together with Society

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 organ,” the Kyocera Group will continue to work actively not just in business, but also in contributing to society in diverse ways.

## Supporting Academic Advancement and Research

### Support for “The Kyoto Prizes”

The Inamori Foundation established the Kyoto Prizes in 1984 based upon the belief of Kyocera’s founder, Kazuo Inamori, that, “a human being has no higher calling than to strive for great good of humanity and the world.” Organized by the Inamori Foundation, the Kyoto Prizes are international awards honoring the achievements of individuals or groups in three categories: Advanced Technology, Basic Sciences, and Arts & Philosophy. Kyocera actively supports this event.



The Presentation Ceremony at Kyoto International Conference Hall

### Establishing of the Inamori Kyocera Western District Development Scholarship Fund

In 2001, Kyocera and the company’s founder, Kazuo Inamori, established the “Inamori Kyocera Western District Development Scholarship Fund.” The purpose of the fund is to support the education of people in China’s western district, who can then contribute to development of the region and to science and technology. Financial support is offered to university students who have excellent character and academic potential, but are economically disadvantaged. Each year, scholarship funds are offered to 240 students at 12 universities. Thus far, 1,625 students have received scholarships.

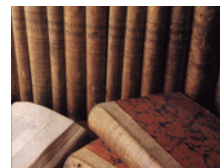
In recognition of the contribution to development of the western district and other regions in China, Kyocera and Kazuo Inamori were presented with the first Award for Contribution to Peace and Development in September 2006. The award was presented by the Chinese People’s Association for Friendship with Foreign Countries and the Chinese Friendship and Peace Development Fund.



The Award

### Donation of the Kyocera Collection “British Parliamentary Documents”

The history of British parliament (from the 19<sup>th</sup> century) is set out in 12,836 volumes containing 8 million pages. The “British Parliamentary Documents” are regarded as being among the most valuable reference materials for research on the modern history of the world. In 1998, they were presented to the National Museum of Ethnology in Japan as the Kyocera Collection. In 2006, the collection was transferred to the Center for Integrated Area Studies (CIAS) in Kyoto University.



### The 22<sup>nd</sup> Kyoto Prize Laureates (FY 2007)

#### Advanced Technology Category

[Biotechnology & Medical Technology]

**Dr. Leonard Arthur Herzenberg**

Outstanding contribution to life sciences with the development of a flow cytometer that uses fluorescent-labeled monoclonal antibodies



#### Basic Sciences Category

[Mathematical Sciences]

**Dr. Hirotugu Akaike**

Major contribution to statistical science and modeling with the development of the Akaike Information Criterion (AIC)



#### Arts & Philosophy Category

[Arts (Painting, Sculpture, Craft, Architecture, Design)]

**Mr. Issey Miyake**

A designer who has made great contributions to the innovative development of clothing by fusing Eastern and Western cultures and applying cutting edge technology



### Opening of The Kyocera Museum of Fine Ceramics

The Kyocera Museum of Fine Ceramics was opened in 1998, on completion of the new Kyocera Headquarters building. The purpose of the museum is to contribute to further development of fine ceramic technology and the industry by displaying the process by which Kyocera developed its fine ceramic technology over the years. The museum includes a library with a collection of books and reference materials on fine ceramics. A similar facility was opened in Kokubu plant, Kagoshima Prefecture, in 2001.



The Kyocera Museum of Fine Ceramics



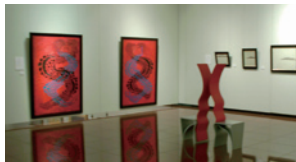
The library

## Supporting Culture and Arts

### Opening of the Kyocera Museum of Art

To promote cultural awareness and support the development of regional culture, in 1998 Kyocera opened the Kyocera Museum of Art on the first floor of its headquarters building. Copper plate print from Picasso's "347 Series," Japanese paintings by Kaii Higashiyama, Ikuo Hirayama and others, Western-style paintings by Ryuzaburo Umehara, Gentaro Koito and others, sculptures by Toshio Yodoi and Shinya Nakamura, Qianlong glassware and many more items are on permanent exhibition. The museum is open to all and admission is free. Kyocera offers the museum as a place of relaxation, freely accessible to local residents and visitors, where anyone can appreciate great works of art and experience the joy of seeing such beauty.

The Kyocera Collection Exhibition, held in May through June of 2006, was immensely enjoyed by many people. This exhibition included works by Seison Maeda and Meiji Hashimoto, the "Manhattan Fukei" series by Soichiro Tomioka, works by contemporary Chinese artists, and many more.



The Kyocera Collection Exhibition

### Supporting Kirishima International Music Festival

Held each year in Kagoshima Prefecture, Kirishima International Music Festival includes a series of classical concerts featuring musicians active on the global stage, as well as master classes for students of music. In addition to supporting the festival activities, Kyocera also presents scholarship funds to outstanding students.



A pamphlet on the music festival

### The Ruins Museum of Jomon

The 93-meter elevated walkway joining the main building and the new annex of Hotel KYOCERA houses an exhibition of relics from the Jomon period. The exhibition features distinctive ruins, relics from kitchen mounds excavated from sites all over the country, and includes relics from the Uenohara Jomon ruins\* excavated in 1996 in Kirishima City, Kagoshima Prefecture. This exhibition provides an opportunity to become more familiar with the culture and history of Jomon-period Japan.



\* Uenohara Jomon ruins  
Excavated in 1996 in Kirishima City, Kagoshima Prefecture, these ruins are from the oldest known and largest community of the early Jomon period.

## International Exchange & Cooperation

### Friendly Exchange Mission for Chinese Children to Visit Japan

Kyocera believes that young people who experience different cultures develop a better worldview and can become strong, broad-minded leaders. This is the aim of inviting Chinese children to visit Japan. The ninth tour was held in FY 2007. Thirty children from Shanghai City, China, gained a deeper understanding of Japan.



### Donation of Solar Power Brings Electricity to Villages

Hoping to improve quality of life for years to come, Kyocera brought electricity to a village in Gansu Province, China, in April 2006 by donating a solar power generating system (output: 1,020W). The system was donated to Doujiaxian cun, a community of six houses about 50 km from Lanzhou City. It serves as the power source for lights, televisions, and other equipment.



### Eight JICA Trainees from Seven Countries are Welcomed

In September 2006, eight trainees from seven countries visited the Chiba Sakura Office through the independent administrative institution JICA (Japan International Cooperation Agency). As part of "Training on small hydro-electric and clean energy power generation technology," they attended seminars on the principles of power generation and power systems using solar cells, engaged in discussions on the solar energy business as a whole and toured the office.



# Together with Society

## Local Community Activities

### Inamori Receives Herb Klein Civic Leadership Award

Kazuo Inamori, the founder of Kyocera, received the Herb Klein Civic Leadership Award, sponsored by San Diego Regional Economic Development Corp., at the University of San Diego. The award was presented in recognition of contributions the Kyocera Group has made to the local community over many years. These contributions began in 1975 when Kyocera became the first Japanese manufacturer to establish a plant in San Diego, creating jobs for the local people. Later contributions included the San Diego Japanese Friendship Garden, landscaped in Balboa Park as a place of recreation and relaxation for the people of San Diego, and cooperation in establishing an Olympic Training Center that incorporates the latest facilities.



Japanese Friendship Garden in Balboa Park



The soccer grounds donated by Kyocera to the Olympic Training Center

### Training for Schoolteachers in Kyoto Prefecture

Sixty-eight teachers at Kyoto prefectural elementary, junior high and senior high schools took part in Kyocera Philosophy training courses. The courses were held at the Kyocera Management Research Institute in Kyoto City in late July and early August, 2006.

The teachers to be selected for administrative jobs as principals and vice-principals attended. The Kyoto Prefecture Office of Education asked Kyocera to conduct the course, anticipating its usefulness in school administration. Participants were divided into two groups. Each group attended a two-night, three-day training organized around audiovisual materials and group discussions.



### “Summer Festivals” Held at Plants and Workplaces

Aiming to open the company to the local community, the first Summer Festival was held at the Shiga Plant in 1972. Since then, local people have been invited to plants, offices and other Kyocera sites all over the country for festivals. They are now popular with many communities as an annual summer festival. In FY 2007, about 40,000 people attended festivals at 19 locations in Japan.



### Establishment of the Kyocera Crime Prevention Patrol

In January 2007, Kyocera Crime Prevention Patrol were inaugurated at the Kokubu Plant and the Hayato Plant, in Kagoshima. In all, 111 company vehicles used for daily business have magnetic sheets on the sides that state, “Kyocera Crime Prevention Patrol.” The Patrol are contributing to neighborhood security by watching over the movements of children and participating in other crime prevention activities.



### Shuttle Car Donated to a Welfare & Vocation Center

Each year since 1963, in conjunction with the Year-End Charity Drive, Kyocera has endeavored to help local communities using funds donated by employees and the company. In FY 2007, the Kagoshima Sendai Plant donated a vehicle with a low step for use by people who attend the Sendai Welfare & Vocation Center job-training facility. The purpose of the center is to provide training that will help people with disabilities to become self-supporting. The vehicle was purchased with contributions accumulated at the Kyocera Kagoshima Sendai Plant in the Welfare Fund, and was presented to the center through the Satsuma Sendai City Social Welfare Council.



### Tree Illumination at Kyocera Headquarters

Each Christmas since headquarters was relocated to Fushimi-ku, Kyoto, in 1998, the building has been illuminated with a Christmas tree using the building’s interior lights. In FY 2007, trees in the open space around the building were illuminated with 110,000 low-power LED lamps, adding a touch of poetic charm to the end of the year.





**Supporting Restoration of a Well Associated with Toyotomi Hideyoshi**

Kyocera donated a solar power generating system to Rakuo Elementary School in Shimogyo-ku, Kyoto, to aid in the restoration of a well on the school grounds. Toyotomi Hideyoshi a samurai warrior used water from the well, known as "Houensui," for a Tea ceremony. The solar system powers the pump used for drawing water from the well. Water from the well is used to maintain the school garden and for other environmental education. The well will also provide water for daily use in case of emergency.



The restored Houensui



**Promoting and Supporting Youth Soccer**

Kyocera supports youth soccer with the aim of promoting local sports activities and the healthy development of young people, in both body and mind. In Kyoto, Kyocera supports the Sanga Cup Kyoto Youth Soccer Championships. Some 2,400 Kyoto prefecture elementary school children in 120 teams take part in the tournament. Additionally, Kyocera supports youth soccer schools coached by Kyoto Sanga F.C. professional coaches and others, in Kyoto, Kagoshima and other areas.



©KYOTO SANGA F.C.

**Supporting Sports / Other Activities**

**Supporting Kyoto Sanga F.C.**

In response to the strong local outcry for a professional soccer team based in the Kyoto area, Kyocera supported establishment of Kyoto Purple Sanga (now Kyoto Sanga F.C.) in 1994. Kyocera agrees with the J-League's "100-Year Vision" to energize Japan's local sports culture. Kyocera understands that local corporations have a responsibility to support efforts that add vitality to the communities they serve. Therefore, the Kyocera Group continues to cooperate with local administrations and other influential corporations in supporting the team.



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**Dietary Education**

Today there is rising interest in dietary education as people become more interested in the healthy growth of body and mind. Through education and experience, people seek knowledge about different food choices and endeavor to cultivate the ability to choose wisely. Kyocera promotes the advancement of dietary education in a variety of ways.

Kyocera actively supports opportunities that build communication between parents and children through food and cooking. For instance, we are developing kitchen utensils and goods to make cooking together a more enjoyable experience for parents and children. We are cooperating in production of "Oyako Cooking [Let's Make Dinner]," a general dietary education program on a children's channel, Kid's Station, and promote dietary education in various ways.



**Other Main Contributions (FY 2007)**

**Supporting Academic Advancement and Research**

- Support for Kyoto International Culture Forum 2006

**Supporting Culture and Arts**

- Support for Saito Kinen Festival Matsumoto
- Support for the Chinese Culture Festival

**International Exchange & Education**

- Support for The 11<sup>th</sup> Youngsters' Science Festival in Kyoto

**Local Community Activities**

- Support for Pink Ribbon Kyoto
- Support for The 4<sup>th</sup> Kyoto Intercollegiate Festival
- Support for the light pageant "Twinkle Joyo"
- Support for the autumn music festival "Cool Beat in Kyoto"
- Support for the Kyoto Hanatōro events

**Supporting Sports Activities**

- Donation to the Sports Fund Foundation

**Disaster Relief**

The Kyocera Group provides support for people affected by devastating natural disasters. In FY 2007, financial aid was extended to disaster victims as outlined below.

- Victims of the Central Java earthquake
- Victims of the Nagano Prefecture Okaya City Flood

# Environmental Report

Assuring More  
Effective  
Environmental  
Protection in  
Visible Ways

The 21<sup>st</sup> Century is expected to make history as the “environmental era.”

Kyocera Corporation recognized early on the burden that business activities can place on the environment of the earth as well as on human life. Having a clear vision for environmental protection, we pursue a harmonious balance between economic activities and environmental activities. While offering consumers attractive products and services, we maintain our group’s commitment to conducting a wide variety of environmental preservation activities such as reduction of waste materials, energy conservation, prevention of global warming, and resource conservation.



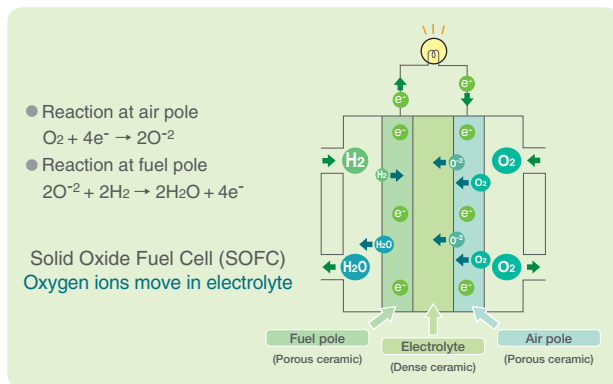
We had our environmental information report reviewed by an independent third party organization and as a result, the report was given the above mark of approval by the Japanese Association of Assurance Organizations for Environmental Information (J-AOEI).

This mark proves in terms of reliability that the environmental information described in this report meets the “environmental report review/registration authorization criteria” specified by J-AOEI.



## Increasingly, fuel cells are expected to provide a clean energy source for the next generation.

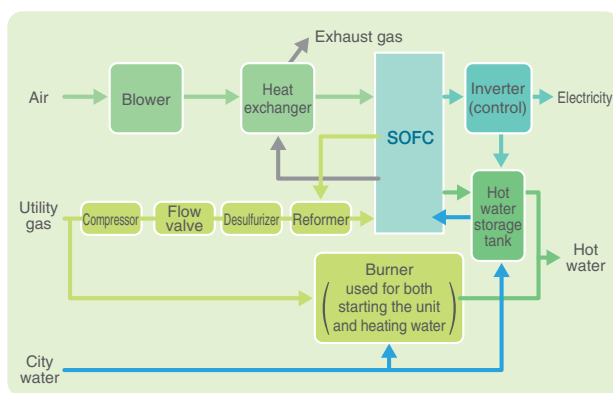
The fuel cell is an innovative power generation device which produces electricity through the chemical reaction of hydrogen and oxygen. The advantages of fuel cells include high energy efficiency and an expected energy conservation effect due to reduced fuel consumption. Also, because the fuel cell does not involve combustion in the process of power generation, it releases extremely low amounts of carbon dioxide (CO<sub>2</sub>), nitrogen oxide (NO<sub>x</sub>), and sulfur oxide (SO<sub>x</sub>) into the atmosphere. Since fuel cells generate electricity in close proximity to energy consumers, the energy loss through electric transmission is low and waste heat can be utilized. These features enable fuel cells to have potential future applications such as dispersed power systems for industrial and home cogeneration systems.



Structure of Fuel Cell

### Developing Fuel Cells at Kyocera

In the late 1980s, Kyocera initiated a study of the Solid Oxide Fuel Cell (SOFC), expected to be the most highly efficient type of fuel cell, with the belief that this area of research would benefit from the fine ceramics technology we have accumulated since our company was established. In 2001, we also started developing a 1kW-class fuel-cell-power generating system.



SOFC Cogeneration System (Total System Flow)

### Practical Application of the SOFC

Since 2004, we have worked in cooperation with Osaka Gas Co., Ltd., to develop a home SOFC cogeneration system with 1 kW output. In 2005, we conducted a trial of the system in a Japanese residence — the first time this had ever been done in Japan — demonstrating both high energy efficiency and reduced CO<sub>2</sub> emissions, among other benefits.

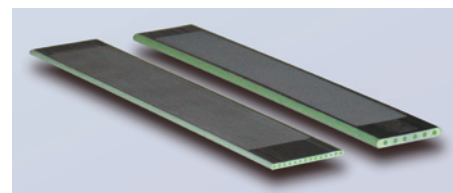
In 2006, Osaka Gas Co., Ltd. and Kyocera jointly developed a smaller SOFC cogeneration system with rated output lowered from 1 kW to 700 W, which will be ideal for installation in smaller, urban residences. At present, development is on target for a 2008 market introduction.

### Features of the SOFC Cogeneration System with a Rated Output of 700 W

#### ● Thin-type Cell\* and Compact Cell Stack

We developed a new, thin-type cell with decreased thickness from 3mm to 2mm. The cell stack (an assembly of cells) was also considerably downsized from 200 cells to 126 cells.

\* Cell: The smallest battery unit contained in a fuel cell



2mm cell (New type, left) and 3mm cell (Former type, right)

#### ● Simpler Power Generating Unit Configuration

The air induction mechanism that supplies air to the power generating unit (a metallic case containing the cell stack and reformer) is now integrated into the chassis of the power generating unit. The configuration of the power generating unit was simplified to reduce its size by about 50% as compared with the 1 kW model.

#### ● Smaller Hot-water Supply/Heating Unit Utilizes Exhaust Heat



Power generating unit (left) and hot-water supply/heating unit (right)

The hot water tank capacity was decreased and the layout of the auxiliary boiler was changed to incorporate a thin, 330mm-deep unit that is more suitable for installation in smaller, urban residences. (The hot-water supply/heating unit that utilizes exhaust heat was jointly developed by Osaka Gas Co., Ltd. and Chofu Seisakusho Co., Ltd.)

# Kyocera Environmental Charter

Since its founding, Kyocera has been implementing comprehensive activities such as environmental preservation, energy saving, global warming prevention, resource conservation, and development of global environment preservation products based on the corporate motto “Respect the Divine and Love People” and 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 mankind.” The Kyocera Environmental Charter was established on October 1, 1991 in order to contribute to global environment preservation even more positively and continuously.

## Kyocera Environmental Charter

Established: October 1, 1991

Revised: January 1, 2006 (Latest revision)

### 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 problem 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.

#### V Internal Organization

1. Establishment of a Green Committee
  - (1) In order to comply with the Kyocera management philosophy, which makes global environmental protection a priority, and to review internal environmental policy measures, Kyocera will establish a "Green Committee" consisting of the president and corporate division managers.
  - (2) Kyocera will establish the following subcommittees of the Green Committee: an "Environmental Preservation Section," which will aggressively promote global environmental preservation; an "Energy Conservation and Global Warming Prevention Section," which will promote energy saving and measures for global warming prevention; a "Resource Conservation Section," which will promote effective utilization of resources; and a "Global Environmental Products Section," which will promote the development of products which make a positive contribution to the environment and/or impose a reduced overall environmental burden.
2. Environmental Compliance Organization
  - (1) Kyocera will appoint Environmental Director(s) from its top management team, and establish both an "Environmental and Safety Management Committee" and an environmental organization to take charge of all environmental matters for the entire Kyocera Group. In addition, Kyocera will facilitate and simultaneously establish an internal system for assigning environmental and safety responsibilities to a designated person.
  - (2) For the purpose of environmental management, an "Environmental and Safety Compliance Committee" consisting of staff from production departments and environmental specialists will be established at each facility or corporate division as the need arises.
3. Preparation of Environmental Rules
 

Kyocera will prepare environmental and safety control manuals and rules to encourage complete implementation of environmental protection measures.
4. Environmental Audit
  - (1) To ensure compliance with legal and governmental environmental regulations, and internal environmental standards, an internal audit team and various sections reporting to the Green Committee will conduct audits on both a regular and an "as needed" basis.
  - (2) The Environmental Director, Corporate Division Manager, Facility Manager and Environmental Specialists will implement an independent auditing system regarding environmental protection at both the headquarters and each facility.

#### VI Application

The Kyocera Environmental Charter will be applied to Kyocera Corporation's facilities and to its domestic and overseas affiliates.

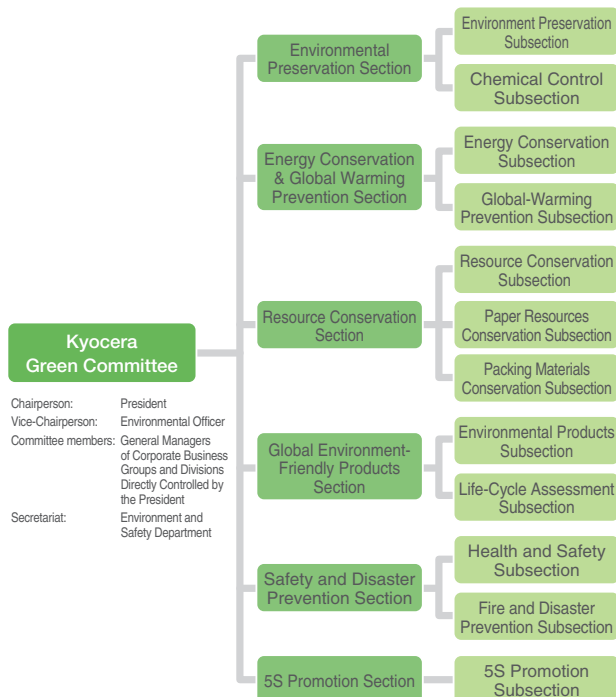
# Environmental Management

## Promotion System

Kyocera established the Kyocera Green Committee with the president as its chairman in December 1990. In December 1991, we set up the Kyocera Group Green Committee, allowing the entire group to prepare for the promotion of environmental protection activities based on the Kyocera Environmental Charter. Presently, management systems based on the ISO 14001 Environmental Management Standard are established and applied in all locations.

### Kyocera Green Committee

Consisting of the president as chairperson and the managers of departments as members, Kyocera Green Committee meetings are held to discuss and determine specific targets and measures reviewed by each section and subsection. These targets and measures will be achieved through specific activities at each plant, division and branch office. The sections and subsections are organized to tackle comprehensive themes, such as advancing environmental protection through specific actions including environmental conservation, energy conservation and the prevention of global warming. They also encourage resource conservation, global environmental products, safety, disaster prevention and complying with 5S methodology, which are all related themes.

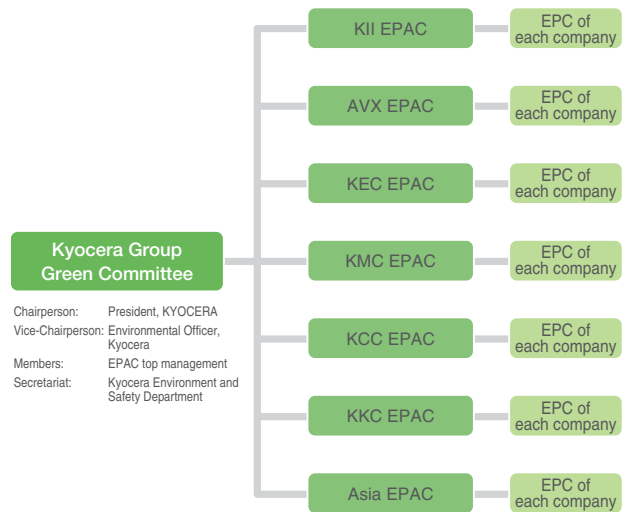


### Kyocera Group Green Committee

The Kyocera Group Green Committee meets regularly to hear reports about the current status of Kyocera and each Environmental Protection Assurance Committee (EPAC), and to review problems and issues, and exchange opinions.

There are seven EPACs:

- KII (KYOCERA International, Inc.) Group
- AVX (AVX Corp.) Group
- KEC (KYOCERA ELCO Corp.) Group
- KMC (KYOCERA MITA Corp.) Group
- KCC (KYOCERA Chemical Corp.) Group
- KKC (KYOCERA KINSEKI Corp.) Group
- Asia (others, mainly in Asia) Group



#### EPAC: Environmental Protection Assurance Committee

EPAC guides and supports the Environmental Protection Committee (EPC) of group companies in promoting environmental conservation activities based on the Kyocera Environmental Charter. It also conducts audits in cooperation with each EPC in order to promote environmental protection activities for the entire 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.

### Deployment of the Environmental Management System

The Kyocera Group works for the protection of the global environment by applying an Environmental Management System based on the ISO 14001 Environmental Management Standard at all locations in Japan and abroad. We adopted an Environmental Management System in 1996 when the ISO Standard was established. We now actively apply such systems in the following four categories.


Number of Locations Applying the Environmental Management System (FY 2007)

Kyocera Group Integrated Environmental Management System	205
Environmental Management System (Individual certification)	37
Self-certification Environmental Management System (AVX Group)	45
KGEMS	82
<b>Total</b>	<b>369</b>

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

### History of Kyocera Group Integrated Management System Certification

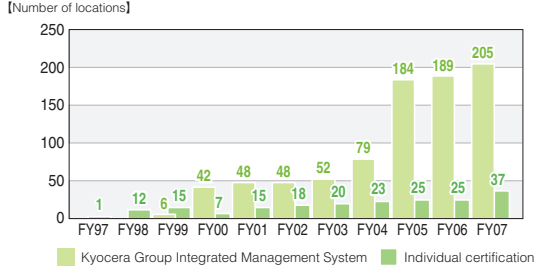
October 1996	The Mie Plant obtained certification for the first time.
September 1997	All Kyocera production locations in Japan obtained certification.
March 1999	Six major offices obtained integrated system certification.
August 1999	Integrated the previously certified locations and unified the registrations as a company-wide integrated system.
November 2000	Expanded to the domestic group integrated system.*



ISO 14001 Certificate of Registration

\* Thereafter, we have expanded the range of registrations.

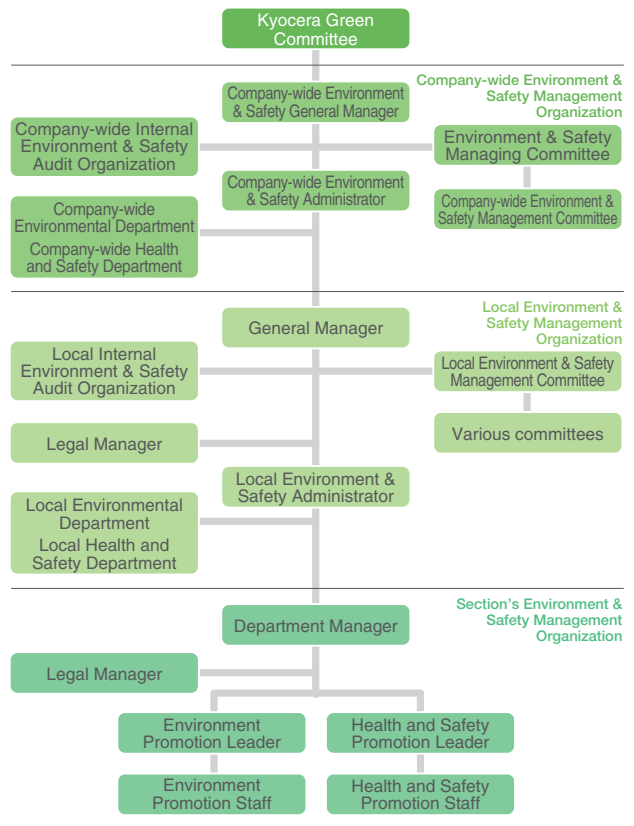
### Expansion of the Acquisition Range of ISO 14001 Certification



### Organization of the Environmental Management System

The targets and measures determined by the Kyocera Green Committee are applied and regulated through the Kyocera Group Integrated Environmental Management System. In FY 2007, the Shiga Yasu Office, KYOCERA SLC Technologies Corp., and KYOCERA Communication Systems Co., Ltd. were newly added, bringing the total to 205 monitored locations. In FY 2006, the system was renamed the Kyocera Group Integrated Environment & Safety Management System when it was combined with the Occupational Health and Safety Management System (OHSAS 18001). In FY 2007, the range of monitored facilities was expanded to include all plants of Kyocera and also of KYOCERA MITA Corp., which began monitoring 15 locations.

### Organization Chart of the Environment & Safety Management System





# Environmental Management

## Environmental Accounting

The Kyocera Group established an Environmental Accounting System in FY 2003. Since then, we have used it as an environmental management indicator by monitoring the horizontal development of environmental measures, and collecting data by business segment, etc. By introducing quarterly data collection in FY 2005, we now grasp information in a more timely manner and have improved the accuracy of our data.

We will continue to expand the application range of the system and use it as a global environmental management indicator.

**Range of data collection:** 1. Sites collectively certified for the Kyocera Group Integrated Environmental Management System — 205 sites (refer to page 81)  
 2. Dongguan Shilong KYOCERA Optics Co., Ltd. (China), Shanghai KYOCERA Electronics Co., Ltd. (China), AVX Group (19 sites), KII Group (4 sites) — Total of 230 sites

**Period covered:** April 2006 through March 2007

**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 2007, environmental preservation costs were 2.022 billion yen for the investment amount, and 12.7 billion yen for the expense amount.

The investment amount for FY 2007 was reduced by 2.592 billion yen as compared with that for FY 2006. This is due to the fact that new plants were constructed in FY 2006, resulting in a temporarily elevated investment for pollution control facilities.

The expenses increased by 1.387 billion yen because of the increased depreciation allowance and the running costs of the new facilities, as well as increased research and development expenses, for energy conservation, energy creation, and pollution control measures.

Meanwhile, the economic effects as a result of environmental conservation measures increased by 1.858 billion yen, as compared with last year, including essential measures for the prevention of global warming and the reduction of wastes.

In FY 2006 the economic effects resulting from environmental preservation measures exceeded expenses, excluding research and development costs with the economic effects not allocated, by 215 million yen, allowing us to achieve environmental profitability for the first time. We regard this as the result of our effective environmental protection measures taken to date.

In an analysis by business segment, both the investment amount and expense amount of the businesses related to electronic devices were the highest.

In regard to environmental conservation benefits (cumulative calculations), electricity usage was reduced by installing inverters and improving the operation efficiency of refrigerators, and reducing fuel consumption by introducing centrifugal chillers. These improvements made it possible to increase the effective amount of CO<sub>2</sub> reduction by 20.8% as compared with that in FY 2006.

In the category of reducing waste, the effective amount of waste reduction increased by 10.0% as compared with that in FY 2006, due to the introduction of nitric and hydrofluoric acid waste liquid treatment equipment, changing waste plastics to valuable materials, etc.

For environmental conservation benefits (gross amount), there were more increased items than in FY 2006, but eleven out of the thirteen items were improved on a unit per sale amount.

The main measures for reduction in environmental impact for FY 2007 included reduction of greenhouse gases through the introduction of centrifugal chillers and environmental conservation through a closed system for wastewater containing cyanogens.

We will continue to promote such positive environmental conservation measures.

#### Concept of Consolidated Environmental Accounting

Double reporting of internal transactions is prevented in companies subject to data collection. For group companies with an equity ratio of other than 100%, data collection is performed by regarding the investment amount, expense amount, and environmental conservation effects as 100%.

#### Concept of Environmental Conservation Costs

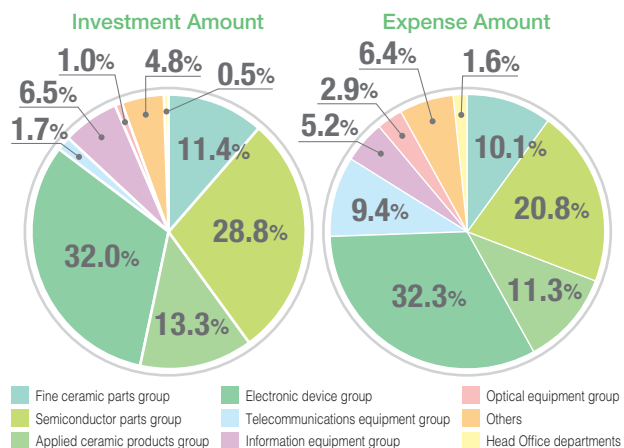
For environmental conservation facilities, the investment amount and running costs are totalled. For environmental conservation activities, expenses accruing from such activities are computed.

#### Concept 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.

Economic impact resulting from environmental preservation measures on research and development costs are not calculated.

### Analysis by Business Segment



**Environmental Conservation Costs**

(Unit: Million yen)

	Investment		Cost		Main Measures	Appropriate Page
	FY 2007	FY 2006	FY 2007	FY 2006		
Business area costs	1,364	3,299	6,313	5,660		
Pollution prevention costs	771	1,687	3,206	2,988	Introduction and maintenance / management of pollution prevention equipment, Measurement and analysis of environmental load	P56, 67
Global environmental conservation costs	430	961	799	525	Introduction of energy-saving devices, Greenhouse gas reduction activities	P69-71
Resource recycling costs	163	651	2,308	2,147	Resource-saving activities, Introduction and maintenance / management of waste recycling equipment	P65-66, 72-73
Upstream / downstream costs	—	—	264	357	Responding to green procurement, Collection and recycling of used products	P63-64
Management costs	77	49	1,026	1,056	Improvement and application of the environmental management system, Coping with PRTR	P50-56, 68
R & D costs	581	1,266	5,071	4,225	Product development contributing to environmental conservation	P59-63, 76
Social activity costs	—	—	20	8	Co-sponsored donations for environment-related associations, Environmental classes on site	P74-75
Environmental remediation costs	—	—	6	7	Cleanup and monitoring of groundwater	P56
<b>Total</b>	<b>2,022</b>	<b>4,614</b>	<b>12,700</b>	<b>11,313</b>		

**Economic Effects of Environmental Preservation Measures**

(Unit: Million yen)

	Amount of Money		Main Matters
	FY 2007	FY 2006	
Income	3,225	1,814	Selling of valuable properties
Cutting costs	4,619	4,172	Reduction in electric expenses, Reduction in fuel expenses, Reduction in waste disposal costs
<b>Total</b>	<b>7,844</b>	<b>5,986</b>	

**Cost-effectiveness**

(Unit: Million yen)

	FY 2007	FY 2006
Expense amount excluding research and development costs (1)	7,629	7,088
Economic effects resulting from environmental preservation measures (2)	7,844	5,986
<b>Cost-effectiveness (2 - 1)</b>	<b>215</b>	<b>△ 1,102</b>

**Environmental Conservation Effects (Cumulative Calculation)**

Effect Content	Annual Effect			CO <sub>2</sub> equivalent	CO <sub>2</sub> Reduction Effect			
	FY 2007	FY 2006	Unit		FY 2007	FY 2006		
Reduction of electricity	77,954	71,852	MWh	→	Amount of reduction	73,977 Ton-CO <sub>2</sub>	61,260 Ton-CO <sub>2</sub>	
Reduction of fuel	8,507	5,505	Kℓ (Crude oil equivalent)			Monetary equivalent	117 million yen	97 million yen
Reduction of greenhouse gases such as PFC	25,572	22,075	Ton-CO <sub>2</sub>					
Reduction of water usage	40,315	39,910	1,000 m <sup>3</sup>					
Reduction of chemical substances	12,795	12,627	Ton					
Reduction of waste	36,463	33,157	Ton					

¥1,585/ton-CO<sub>2</sub> is used as the monetary equivalent of the CO<sub>2</sub> reduction effect. (The EU emissions trading average price for the whole financial year of 2006 is employed.)

**Environmental Conservation Effects (Gross Amount)**

		Unit	FY 2007	FY 2006	Total Environmental Conservation Effects	Benefit of Environmental Conservation Effects per Net Sales*1	
Environmental conservation effects concerning resources used for business activities	Total input of energy	GJ	17,025,100	16,568,377	△ 456,723	7.6%	
	Input energy by type	Electricity	MWh	1,461,307	1,411,569	△ 49,738	6.9%
		Fuel	Kℓ (Crude oil equivalent)	68,640	69,471	831	11.1%
	Handled volume of materials subject to PRTR	Ton	5,434	4,609	△ 825	△ 6.1%	
Environmental conservation effects concerning environmental impact and waste discharged by business activities	Input water resource	m <sup>3</sup>	11,449,098	10,820,175	△ 628,923	4.8%	
	Greenhouse gas emissions	Ton-CO <sub>2</sub>	749,690	717,315	△ 32,375	6.0%	
		CO <sub>2</sub>	Ton-CO <sub>2</sub>	746,673	713,985	△ 32,688	5.9%
	Greenhouse gas emission by type	PFC	Ton-CO <sub>2</sub>	3,017	3,330	313	18.5%
	Release / transfer of materials subject to PRTR	Ton	380	286	△ 94	△ 19.4%	
	Total discharge of industrial waste	Ton	28,794	27,739	△ 1,055	6.6%	
	Total drainage volume	m <sup>3</sup>	7,301,672	6,856,782	△ 444,890	4.2%	
	NOx emission	Ton	65.8	74.7	8.9	20.8%	
SOx emission	Ton	3.2	7.1	3.9	58.8%		

Note: Since the range of data collection of environmental conservation effects (gross amount) is adjusted to the range of data collection of 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 2007 and FY 2006. (Benefit Per Net Sales)

**Major Greenhouse Gas Reduction Measures**

Plant Name	Subject	Summary	Investment Amount	Effects Expected (annually)	
				Reduction	Economic Effects
Shiga Yohkaichi Plant	Introduction of centrifugal chillers	Reduction of CO <sub>2</sub> by high-efficiency centrifugal chillers	43 million yen	1,461 ton-CO <sub>2</sub>	13 million yen
Kagoshima Sendai Plant			192 million yen	9,797 ton-CO <sub>2</sub>	158 million yen
Sandai Office, KYOCERA SLC Technologies Corp.			55 million yen	3,728 ton-CO <sub>2</sub>	62 million yen
KYOCERA KINSEKI Yamagata Corp.			27 million yen	611 ton-CO <sub>2</sub>	13 million yen

**Major Environmental Conservation Measures**

Plant Name	Subject	Summary	Investment Amount	Effects Expected (annually)	
				Reduction	Economic Effects
Shanghai KYOCERA Electronics Co., Ltd.	Introduction of wastewater treatment facility	Cyanogens (closed system) wastewater treatment equipment	78 million yen	Discharge of cyanogens 700g	—
Kagoshima Sendai Plant	Introduction of nitric and hydrofluoric acid treatment facility	Waste liquid treatment by absorption of chemical substances	51 million yen	Amount of discharged material 96 tons	4.8 million yen

# Environmental Management

## Environmental Audit

Kyocera conducts various audits to monitor and confirm the proper application of the Environmental Management System as well as the environmental management situation at each location.



### Environmental Management System Audit

In the Kyocera Group Integrated Management System, a company-wide internal environmental audit is conducted in addition to the divisional internal environmental audit performed at each division. The company-wide internal environmental audit is one of the functions of the group integrated system. An auditor from another plant/office conducts this audit to examine the effectiveness of the plant/office's internal audit and the work performance situation of the plant/office manager. All 25 plant/office locations were audited in FY 2007.

These audit results are subjected to corrective actions without delay and also reported to the plant/office managers and the environmental officer. They are reflected in the review and improvement of the Environmental Management System.

Furthermore, we are assessed by an external certification organization every year in order to renew ISO 14001 registration certification. In FY 2007, we had two observation items, but the overall evaluation showed improvement in our environmental management system.



Audit for certification

### Environmental Inspection

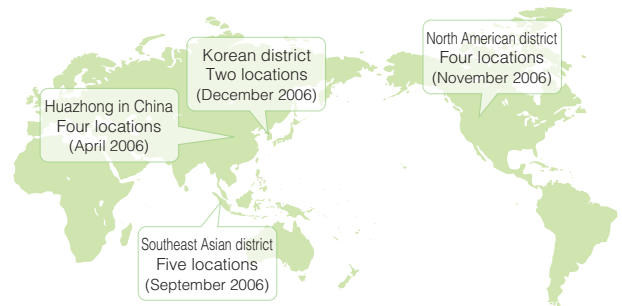
The Kyocera Group annually performs self-inspection of its environmental management system for the purpose of grasping the environmental management state of each plant/office and improving the management level.

In FY 2007, we inspected 10 locations during Environmental Awareness Month (June), and six locations during Safety and Disaster Prevention Month (October).



Domestic environmental inspection

We also plan and perform inspections at overseas locations. This is an overall self-inspection, covering similar topics to those covered in Japan, such as the environment and energy conservation, together with safety and disaster prevention and 5S, which are closely related. We conducted inspections at 15 locations in the following four districts in FY 2007 as the first year of full-scale performance.



Korean district



North American district



Huazhong in China



Southeast Asian district

## Environmental Education

### Environmental Education for Employees

Under the Kyocera Group Integrated Environmental Management System, environmental education is provided, helping our employees to understand the significance of working on environmental conservation activities and the role each person plays at each division to raise overall environmental awareness.



Environmental education for new employees

#### Number of Personnel Completing Environmental Training (FY 2007)

Classification of education	Name	Personnel trained (No.)
Education by hierarchy	Education for new employees	2,629
	Education for section chiefs	773
Education by function	Education for plant/office managers	19
	Education for local environmental managers	12
	Education for personnel responsible for local environmental departments	22
	Education for department managers	67
	Education for environmental enhancement leaders	187
	Education for environmental enhancing personnel	247
	Education for personnel engaging in specific environmental jobs	21,149
	Education for employees of in-plant resident companies	256
	Education for vendor companies	1,476
	Total	26,837

### Training Seminars for Internal Environment and Safety Auditors

Internal training seminars are regularly provided to train internal environment and safety auditors, who play a prominent role in continuously improving the management system. Those who pass the end-of-seminar test are certified as internal environment and safety auditors.

In FY 2007, 99 internal environment and safety auditors and 17 chief internal environment and safety auditors passed the test. At present, 526 employees are actively working as internal environment and safety auditors.



### Environmental Education for Vendor Companies

In the Kyocera Group Integrated Environmental Management System, environmental education on work, preparation and emergency action is provided to vendor companies engaging in operations and services that have the potential to affect the environment.

In FY 2007, this education was provided to a total of 1,476 persons at relevant plants/offices.

### Kyocera Group Environmental Awareness Month

Specifying each June as Kyocera Group Environmental Awareness Month, the Kyocera Group undertakes various efforts for the purpose of raising environmental awareness and enhancing environmental management and conservation activities in each division.

In FY 2007, activities such as environmental inspection including safety and disaster prevention and 5S, and environmental patrols by each office manager were conducted under the theme, "Take action against global warming."

During the month of June, we received 478 environmental posters and 18,751 environmental slogans. We give awards for these excellent contributions and use them in annual awareness campaigns that go on display to the entire group.

#### Best Slogan of FY 2007

What we'll leave to the earth as our legacy: rich spirits and rich resources

#### Environmental Posters





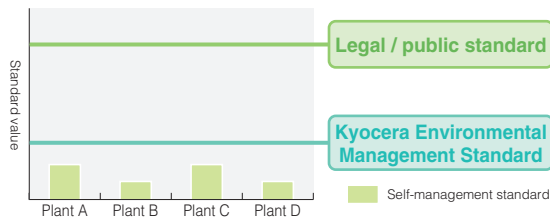
# Environmental Management

## Environmental Risk Management

### Kyocera Environmental Management Standard

Kyocera established a Kyocera Environmental Standard that is more stringent than legal and public regulations require, while each plant/office specifies still stricter self-imposed standards in order to assure thorough management.

As a result of introducing various types of new environment-related equipment and improving performance to meet or surpass the self-management standard, the state of Kyocera's environmental management is steadily improving.



### Examples of Kyocera Environmental Management Standard (Extracted from a total of 44 water-related substances)

Item	Unit	Water Pollution Control Law	Kyocera Environmental Management Standard	Self-management Standard (Example: Shiga Gamo Plant)
Biochemical oxygen demand (BOD)	mg/l	160 and under	10 and under	7.2 and under
Chemical oxygen demand (COD)	mg/l	160 and under	10 and under	9.5 and under
Suspended solid (SS)	mg/l	200 and under	5 and under	4.8 and under
Soluble iron content	mg/l	10 and under	5 and under	0.4 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	0.27 and under



24-hour nonstop COD / cyanogens monitoring system for final effluent (Shiga Gamo Plant)

### 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

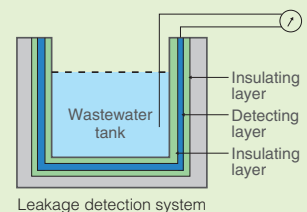
In FY 2007, the Kyocera Group had no administrative warnings, fines/penalties, or minor fines related to the environment. At KYOCERA OPTEC Co., Ltd., there was a complaint about noise coming from the outside chiller unit. We took immediate action to mediate this complaint.

### Monitoring Soil and Groundwater Contamination

Kyocera established the Internal Environmental Management Standard for soil contamination in FY 1993, 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, and make efforts for 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, this enables us to take immediate action before any contaminants infiltrate the soil.

#### Leakage Detection System

An insulating layer and conductive detecting layer are applied to the inner surface of the pipe or wastewater tank. If the insulating layer is damaged, this system detects leakage according to a change in electrical resistance between the wastewater and the detecting layers.



In 2003, soil contamination was found at the Kawaguchi Plant, Kawasaki Plant and Moka Plant of KYOCERA Chemical Corp. during self-inspection. Following our administrative guidelines, we completed appropriate remediation measures in March 2007.



Chemical processing facility for polluted groundwater



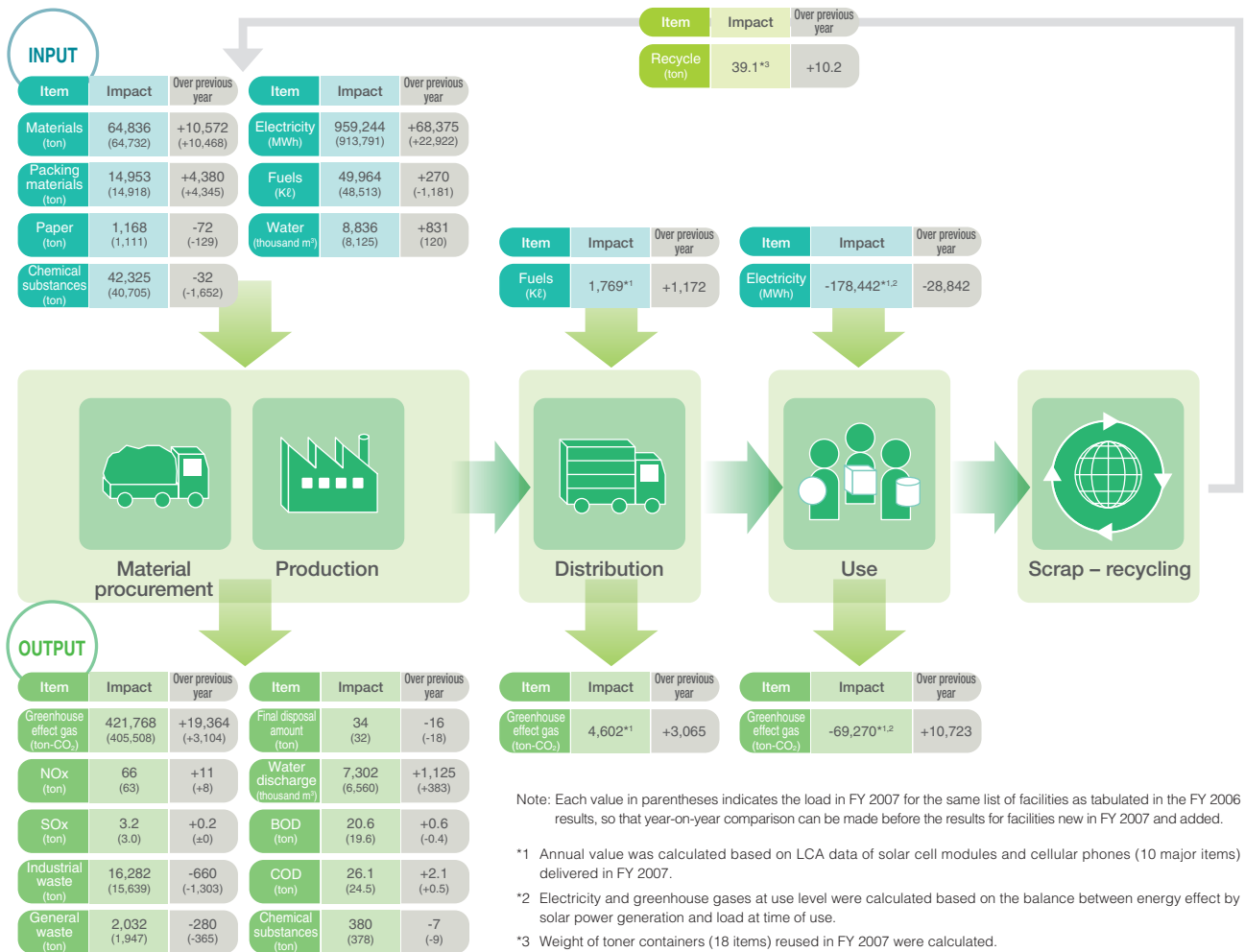
Removal of Contaminated Soil

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



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

**Scope of Data Collection**  
 Sites certificated under Kyocera Group Integrated Environmental Management System (Refer to page 81)



**Input Items**

Materials	Consumption amount of main raw materials and sub materials
Packing materials	Consumption amount of packing materials
Paper	Amount of copy paper and forms used in manufacturing process
Chemical substances	Amount of toxic/hazardous chemicals monitored ordinances and use in our production (specified by 12 ordinances including the Poisonous and Deleterious Substances Control Law, Fire Service Act (hazardous materials), Industrial Safety and Health 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, heavy oil (crude oil equivalent)
Water	Consumption amount of city water and groundwater

**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 of 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	Loads of discharged biochemical oxygen demand
COD	Loads of discharged chemical oxygen demand
Chemical substances	Release and transfer amount of chemical substances specified by PRTR (Class 1 designated chemical substances)

# Environmental Protection Promotion Plan and Results

Kyocera promotes positive environmental protection activities with an itemized list of 31 topics on the Group's Integrated Environmental Management System in order to carry out its environmental policy and clarify action plans and middle/long-term goals.

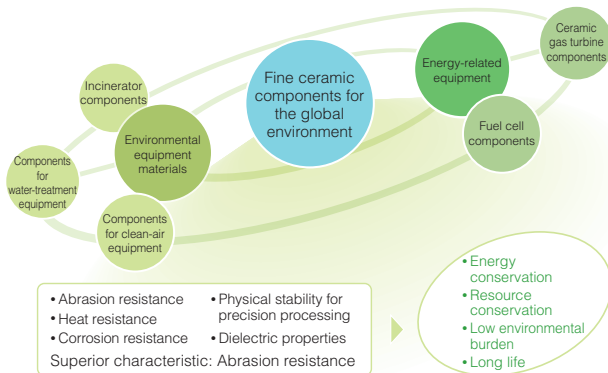
Activity Item			5 <sup>th</sup> Environmental Protection Promotion Plan					Related Pages
			Reference	FY 2007 Goal	FY 2007 Result	FY 2008 Goal	FY 2016 Goal	
Reduction of waste discharged	Industrial waste	Plant	FY 2005 discharged weight per net sales	12% reduction	29.9% reduction	18% reduction	50% reduction	P65-68
		Office	FY 2005 discharged weight per net sales	12% reduction	2.9% reduction	18% reduction	30% reduction	
	General waste	Plant	FY 2006 (1 <sup>st</sup> half) discharged weight per net sales	12% reduction	46.2% reduction	18% reduction	50% reduction	
		Office	FY 2006 (1 <sup>st</sup> half) discharged weight per net sales	12% reduction	19.6% increase	18% reduction	30% reduction	
Zero emissions	Waste	—	Zero emissions maintained	Zero emissions maintained	Zero emissions maintained	Zero emissions maintained		
Reduction of waste generated	Industrial waste and valuables	Plant	FY 2005 weight per net sales	6% reduction	18.3% reduction	10% reduction	30% reduction	
		Office	FY 2006 (1 <sup>st</sup> half) weight per net sales	6% reduction	0.7% increase	10% reduction	30% reduction	
	General waste	FY 2006 (1 <sup>st</sup> half) weight per net sales	6% reduction	16.3% reduction	10% reduction	30% reduction		
Reduction of Class 1 designated chemical substances specified by PRTR Law (subject: 18 substances)	Amount used	FY 2005 net consumption per net sales	12% reduction	31.5% reduction	15% reduction	25% reduction		
	Release amount	FY 2005 net release amount per net sales	27% reduction	24.7% reduction	30% reduction	50% reduction		
	Transfer amount	FY 2005 net transfer amount per net sales	13% reduction	11.7% reduction	20% reduction	30% reduction		
Reduction of volatile organic compounds (VOC)	Emission into air	FY 2006 (1 <sup>st</sup> half) emission (absolute value)	18% reduction	11.1% reduction	30% reduction	50% reduction		
Control by gross amount in wastewater	Mercury, Cadmium, Lead and Hexavalent Chromium discharged	FY 2005 discharge (absolute value)	50% reduction	70.2% reduction	100% reduction achieved (closed system)	Maintained		
Reduction of energy consumption	Electricity	FY 2005 consumption per net sales	4% reduction	7.9% reduction	6% reduction	20% reduction	P69-71	
	Fuels	FY 2005 consumption per net sales	4% reduction	19.3% reduction	6% reduction	20% reduction		
Reduction of greenhouse gas emissions		FY 1991 emission (absolute value)	3% reduction	16.4% increase	6% reduction	10% reduction maintained (FY 2010 10% reduction)		
Reduction of vehicle fuel consumption (company cars and private cars used for business purposes)		FY 2005 consumption per net sales	5% reduction	12.5% reduction	7.5% reduction	30% reduction	P72-73	
Reduction of water consumption (city water and groundwater)	Plant	FY 2005 consumption per net sales	10% reduction	6.9% reduction	15% reduction	20% reduction		
	Office	FY 2005 consumption per net sales	5% reduction	9.7% increase	7.5% reduction	10% reduction maintained (FY 2009 10% reduction)		
Reduction of gas purchased (nitrogen, hydrogen, argon)		FY 2005 purchased amount per net sales	15% reduction	22.1% reduction	17.5% reduction	30% reduction		
Reduction of travel expenses (domestic and overseas travel expenses)		FY 2005 travel charge per net sales	4% reduction	1.4% increase	6% reduction	10% reduction		
Reduction of office paper purchased		FY 2005 purchased weight per net sales	6% reduction	3.1% reduction	9% reduction	20% reduction		
Reduction in the purchase of paper for production processes		FY 2005 purchased weight per net sales	6% reduction	17.0% reduction	9% reduction	20% reduction		
Reduction of paper discharged		FY 2005 discharged weight per net sales	6% reduction	2.2% reduction	9% reduction	20% reduction		
Reduction of packing materials purchased		FY 2005 purchased amount per net sales	6% reduction	10.2% reduction	9% reduction	30% reduction		
Reduction of PVC usage (inner packing materials) (already completely ceased using PVC for external packing materials, bags and cushioning materials)		FY 2005 purchased amount per net sales	20% reduction	61.7% reduction	30% reduction	Completely stopped using		
Expanded certification of global environmentally friendly products		Number of developed and manufactured items in each year	60% certified	100% certification	70% certified	100% certification continued (FY 2011, 100% certification)	P59-64	
Completely stopped purchasing 6 substances specified by RoHS Directive		—	Completely stopped purchasing	Completely stopped purchasing	Completely stopped purchasing	Completely stopped purchasing		
Sales expansion of global environmentally friendly products		FY 2005 certified product net sales	20% improvement	131% improvement	35% improvement	100% improvement		
Reestablished LCA system		—	Promoted LCA implementation	Promoted LCA implementation	Promoted LCA implementation	Promoted LCA implementation		
Introduction of environmental efficiency factors		—	Model operation	Reviewed introduction	Introduction and application	Introduction and application		

\* Covers sites certified under Kyocera Group Integrated Environmental Management System (refer to page 81).

\* Values per net sales show the environmental impact amount per million yen of sales.

## Environmentally Friendly Products with Core Technology from Fine Ceramics

Fine ceramics — Kyocera's core technology — are excellent examples of ecological materials which contribute to environmental preservation. Taking advantage of their superior resistance to abrasion and heat, Kyocera provides a variety of environmentally friendly products that contribute to society.



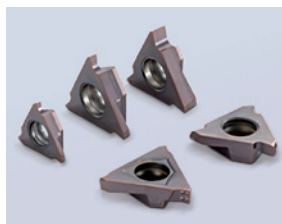
### Gas Filter Element

The gas filter element has high heat resistance and a low pressure drop, and is used, for example, in the exhaust gas unit of incinerators. Its capability of collecting dust in high temperature ranges helps limit the generation of dioxins.



### Cutting Tools

Because of superior hardness, strength, wear resistance and fracture resistance, Kyocera's ceramic tools are widely used in machining operations for automobile parts and industrial machine parts. The long product life of these tools contributes to resource conservation.



## Environmental Assessment in Product Development

The Kyocera Group strives for all of its products to be “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 focusing on environmental protection at the product development stage. In addition, we delineate between the concepts of “contributing to environmental protection” and “lowering environmental impact,” depending on how environmental consciousness in our products is realized.

#### ● 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.

#### ● 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.

### Kyocera Environmentally Friendly Products



# Green Products

## Environmental Assessment Steps

### ● Step 1: Target-setting

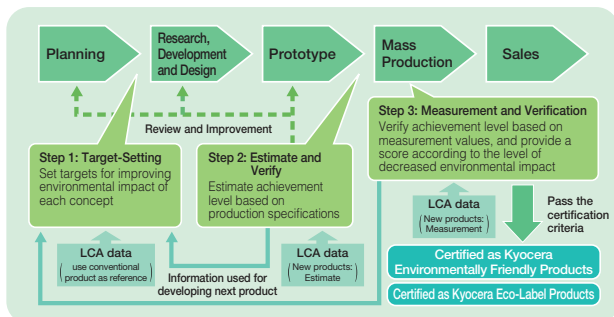
Identify desirable concepts to incorporate into the product and set specific targets before beginning the stages of research, development and design. To set targets accurately, select existing products which are to be compared with new product specifications, perform LCA\*, and use the results.

### ● Step 2: Estimate and Verify

After clarifying production specifications, estimate energy consumption and execute LCA to assess whether the target will be achieved.

### ● Step 3: Measurement and Verification

In the mass production stage, perform LCA for verification based on actual measurement data such as yield and energy consumed and assess (grade) the environmental consciousness of the product.



\*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 Global Environmentally Friendly Products

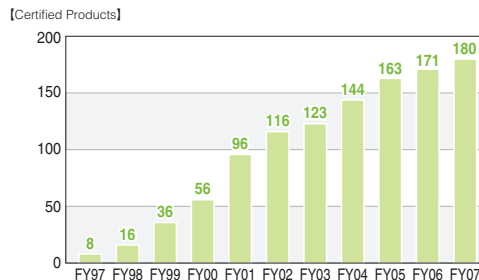
### Certification System

Products in mass production are evaluated and graded according to a numerical point allocation that represents the current product's environmental impact. This point allocation is then multiplied by a number between one and six, as determined by the expected comparative decrease in environmental impact by the new product.

After this calculation, products that qualify will be certified as Kyocera Global Environmentally Friendly Products and Kyocera Eco-Label Products.

In FY 2007, nine new products were certified as Kyocera Global Environmentally Friendly Products.

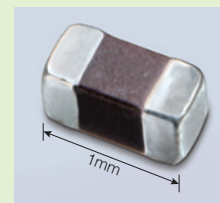
### Kyocera Global Environmentally Friendly Products – Total Number of Certified Products



### Kyocera Global Environmentally Friendly Products in FY 2007 – Examples of Certified Products

#### Multilayer Ceramic Chip Capacitor

This capacitor has been highly miniaturized while maintaining functionality, thus reducing the resource input and energy consumption during manufacturing and contributing to both resource and energy conservation.



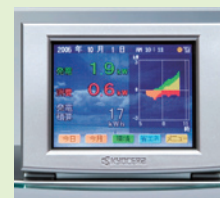
#### Cellular Phone "W42K"

A reduction in both manufacturing man-hours and power consumption during use contribute to energy conservation. Its construction and ease of disassembly also enable improved recycling efficiency.



#### Solar Power Monitor "ECONONAVIT ii"

"ECONONAVIT ii" provides an energy-saving function that enables users to check progress by setting monthly power consumption targets, thereby assisting in energy conservation efforts.



## Environmental Measures ① Solar Photovoltaic System

Global warming is a serious problem not only affecting living conditions for human beings, but also disrupting the balance of sensitive global ecological systems.

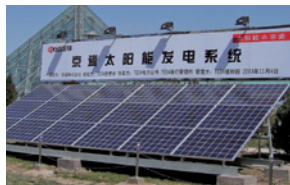
To preserve the global environment, we must quickly develop alternative sources of energy to replace fossil fuels. We must take immediate action on this issue to ensure that all living things will survive in the future.

Kyocera is involved in solar power generation with the goal of looking beyond short-term profit to contribute to the advancement of human society from a long-term perspective. Kyocera is working to continually expand its solar power generation business, which may help to ameliorate this critical problem.

### ● Donation of Solar Power Generating Systems by Kyocera



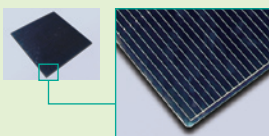
Donation to Kankoi Village in Pakistan (1983)



Donation to Tianjin Government in China (2003)

### History of Kyocera's Solar Power Generation Business

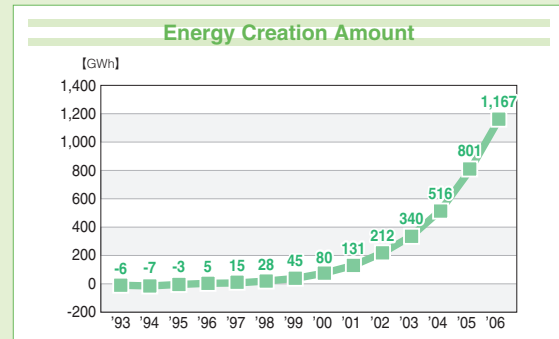
- 1975 Began research and development on solar batteries. Kyocera took the initiative in establishing "Japan Solar Energy Corp. (JSEC)" as a joint venture with Matsushita Electric Industrial Co., Ltd., Sharp Corporation, Mobil Oil Corporation and Tyco Laboratories Inc. (~1980).
- 1980 Began full-scale research, development, and manufacture of solar batteries, applied products and other solar thermal energy systems at Shiga Yokkaichi Plant.
- 1982 Began mass production of polycrystalline silicon solar cells.
- 1987 Kyocera's 10 cm<sup>2</sup> polycrystalline silicon solar cells achieved the world's highest conversion efficiency rate of 15.1% at that time.
- 1991 Expanded production of solar cells to an annual capacity of 6 megawatts, the largest capacity in Japan.
- 1993 Released residential solar power generating systems (for the first time in the industry).
- 1998 Set a world record for the largest production volume of solar batteries.
- 2004 Established solar module manufacturing with a quadripartite framework, in Japan, China, Mexico and the Czech Republic.
- 2006 Kyocera's 15 cm<sup>2</sup> solar cells achieved the world's highest conversion efficiency rate of 18.5% (internal measurement).



### Environmental Accounting in Solar Power Generating System

● Principle of Environmental Accounting Calculation  
Once installed, solar power generating systems continuously generate clean electric power. This means that all generated electricity can be considered as energy created. This "energy creation benefit" is calculated, based on the cumulative electricity amount\*<sup>1</sup> generated by solar power generating systems after installation. We deduct the amount of electricity consumed during manufacturing and in the life cycle of solar power generating systems\*<sup>2,3</sup> from the above amount.

● Energy Creation Benefit  
There was no energy creation benefit until 1995 because the cumulative energy used for manufacturing was larger than the cumulative amount generated by the systems. The benefit turned positive in 1996 and the cumulative benefit as of 2006 exceeded 1,167 GWh\*<sup>4</sup>. This 1,167 GWh of energy creation benefit can be considered as 9.9 billion yen in economic benefit when converted to monetary terms\*<sup>5</sup> by using the electricity price rate. It is expected that the systems delivered by Kyocera before 2005 will continue power generation for another 20 years during their life cycle. The cumulative energy creation benefit is expected to reach 11,782 GWh, which is equivalent to 100.2 billion yen in monetary terms (converted using the electricity price rate). The benefit is also considered as a 4,242 thousand ton CO<sub>2</sub> reduction\*<sup>6</sup> when converted using CO<sub>2</sub> emission rates.



<Calculation Conditions>  
 \*1: Calculated from the estimated average value of generated power simulated by KYOCERA Corporation at 16 locations in Japan  
 \*2: Calculated estimated electricity consumption for manufacturing based on 2.2 years energy payback time when the production capacity is less than 100 MW/year and 1.5 years when the production capacity is 100 MW/year or larger (System size: 30MW/year, roof installation type), Product life: 20 years (Source: "Solar power generation evaluation report" 1996 NEDO Contract Report of the Photovoltaic Power Generation Technology Research Association, March 1997)  
 \*3: The estimated electricity used to manufacture the solar power generating systems Kyocera supplied from 1992 to 2005. The amount is calculated from the year the systems started power generation (Example: Electricity used for manufacturing in 1992 is included in the value for 1993)  
 \*4: 1GWh = 1,000 MWh = 1,000,000 kWh  
 \*5: Calculated based on high-voltage power supply rate BL (other seasons) 8.5 yen/kWh of Kansai Electric Power Co., Inc., assuming a large user (as of March 31, 2007)  
 \*6: 360g-CO<sub>2</sub> per 1 kWh



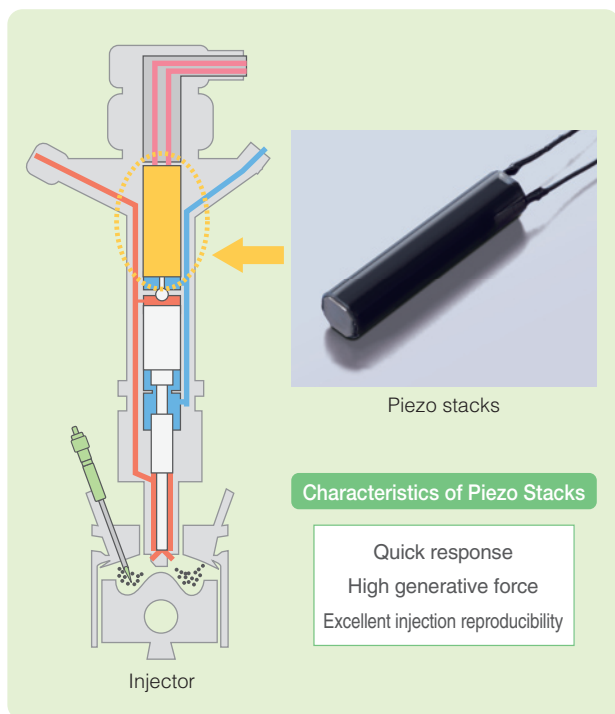
## Green Products

## Environmental Measures ② Automotive Parts

Based on its excellent material technologies, Kyocera supplies a variety of automobile parts that contribute to improved fuel consumption efficiency and reduced exhaust gas pollution.

### Piezo Stacks

There have been many recent improvements in the areas of combustion, fuel efficiency, catalysts, and diesel particulate filters (DPF) that reduce the hazardous substances found in diesel engine exhaust gases. Improved combustion requires high-pressure injection of fuel in extremely precise quantities. Kyocera is developing “piezo stacks” with high precision and rapid response capabilities for use with injectors that provide precision control of the injected fuel quantity. We contribute to the prevention of global warming by providing these piezo stacks to the market.



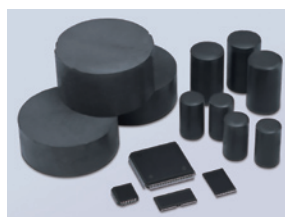
## Environmental Measures ③ Organic Materials

In its systematic research and development in pursuing new possibilities for the field of chemistry, KYOCERA Chemical Corp. has already begun developing technologically advanced products in support of global environmental protection. These include halogen-free, antimony-free, fire-retardant materials and lead-free mounting materials, in addition to the recycling of production materials. These achievements result in the production of “green materials.”

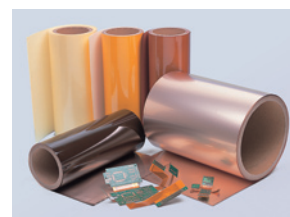
### Halogen-free Materials

Halogenated elements, including chlorine and bromine, may produce hazardous materials such as dioxins when burned. Their use is controlled by chemical substance regulations in various countries throughout the world, a practice that began in Europe. KYOCERA Chemical Corp. produces many halogen-free\* materials that comply with these laws, thus helping to minimize the environmental impact of regulated chemical substances.

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



Molding compounds for semiconductor encapsulation



Printed circuit board materials

### Low-VOC Materials

Volatile Organic Compounds (VOC) is a generic term for organic compounds which become gaseous at room temperature and include substances such as toluene and xylene. VOC is considered one of the causes of suspended particulates in photochemical smog, which negatively impacts health. KYOCERA Chemical Corp. develops and sells styrene-free insulating varnishes used in the insulation of motors. These insulating varnishes have been shown to have VOC levels of 1/50 or less than that of existing Styrene-type products and to have considerably less odor.



Insulating varnish

## Environmental Measures ④ Copiers and Printers

Based on its long-life technology, KYOCERA MITA Corp. is developing printers that contribute to resource conservation throughout their life cycles.

### Printer (LS-6950DN)

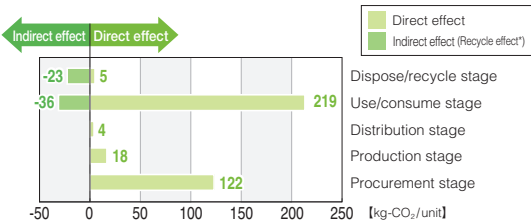


Measures for reducing the environmental impact of printers

- ① Reduced number of parts requiring periodic replacement  
Long-life amorphous silicon print drum adopted
- ② Reduced consumables  
Employ a method of replacing toner container only
- ③ Reduced waste  
Promote the reuse of toner containers

### Results of LCA

#### Global Warming Impact in Each Stage [CO<sub>2</sub> equivalent (kg)]



\* "Recycle effect" indicates the indirect effect of environmental impact on other products. The environmental impact of paper used for copies during the life cycle of the copier is not included in the above data.

#### Main Environmental Impact During Life-Cycle

	Total for all stages	
Global warming impact (CO <sub>2</sub> equivalent)	368kg	[309kg]
Acidification impact (SO <sub>2</sub> equivalent)	0.564kg	[0.462kg]
Energy consumption	8,044MJ	[6,758MJ]

Note: [ ] shows data including recycle effect.  
Conditions: Copying 384,000 sheets in 5 years.

### Certification of Environmental Labels (FY 2007)

KYOCERA MITA Corp. actively seeks certification by various environmental labels, which help customers identify products that have a low environmental impact.

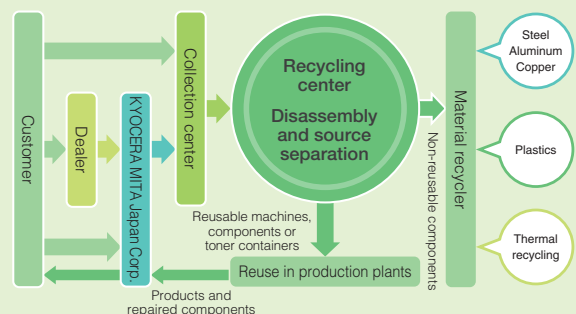
<p>&lt;Japan&gt; Eco Mark</p> <p>Copier: 15 models Printer: 1 model</p>	<p>&lt;Germany&gt; Blue Angel</p> <p>Copier: 4 models Printer: 1 model</p>	<p>&lt;Northern Europe&gt; Nordic Swan</p> <p>Printer: 3 models</p>
<p>&lt;Taiwan&gt; Green Mark</p> <p>Copier: 2 models</p>	<p>&lt;Japan&gt; Eco Leaf</p> <p>Printer: 3 models</p>	

### Recycling Used Copiers

Reusable components are removed from collected products and consumables, cleaned and inspected for possible reuse.

Non-reusable components are manually disassembled and separated by raw material and recycled.

Valuable know-how and data provided by disassembly are summarized in the KYOCERA MITA Eco-friendly Design Standards. This information is used to improve the ease of component disassembly for future products.



Recycling Flow of Used Products

# Green Products

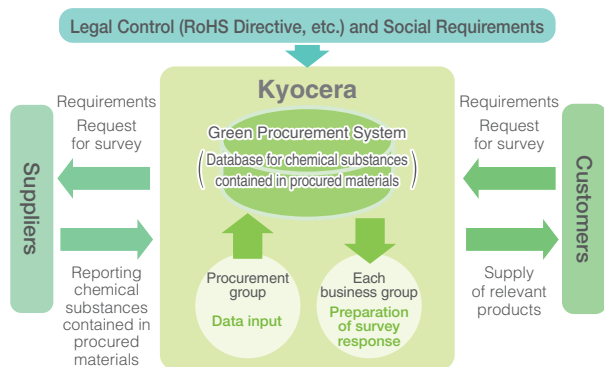
## Managing Chemical Substances in Products

Recently, legal controls and social requirements have dictated stricter environmental regulations for chemical substances in products.

Kyocera has enhanced its control of chemical substances in products in order to promptly meet customers' requirements and survey requests about such situations.

The Kyocera Group has established a global policy to comply with the EU's "RoHS Directive" of July 2006, which prohibits specified toxic chemical substances in electronic equipment sold in Europe. The Kyocera's internal policy also prohibits these substances in products sold in areas other than Europe. Kyocera's compliance thus contributes to the global reduction of hazardous substances. Furthermore, we are taking action to fully comply with the new chemical substance control known as "Registration, Evaluation, Authorization and Restriction of Chemicals (REACH),"\* which will be gradually enforced beginning in June 2007.

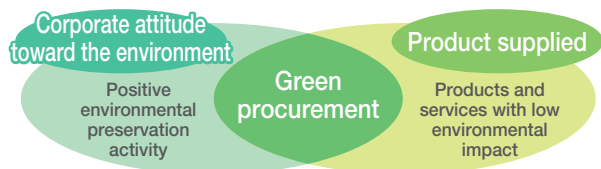
\*REACH: A European Union law that specifies registration, evaluation, authorization and restriction controls for chemical substances both imported into and produced in Europe.



Flow Chart of Survey / Reporting of Chemical Content in Products

## Green Procurement

To promote environmental preservation activities, it is also necessary to take appropriate actions in supply chain management. Kyocera established its Green Procurement Standard in 1998 to address the procurement of environmentally friendly materials and asks suppliers for their cooperation based on Kyocera's Guidelines for Green Procurement.



### Assessment of Corporate Attitude

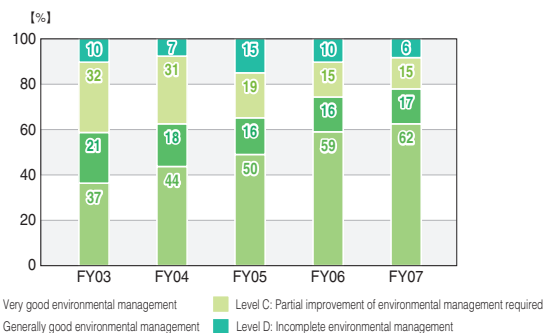
Kyocera conducts an annual survey on its suppliers' status in regard to environmental management. Survey results from 1,967 companies in FY 2007 are shown below.

As to Level C and D suppliers, Kyocera requested cooperation with our environmental protection policies from those suppliers and audited their activities.

Furthermore, Kyocera provides the KGEMS Manual to suppliers that intend to establish environmental management systems and is active in helping them construct these environmental management systems.

According to survey data, the number of Level A suppliers is increasing. This suggests that the environmental management of our suppliers has improved.

#### Supplier Environmental Status Survey Results



### Assessment of Product Supplied

Kyocera requests that its suppliers take action to ensure that their products meet the requirements of the Kyocera Guidelines for Green Procurement.

We strive for "non-containment and non-use of prohibited chemical substances" with our suppliers' strong support and cooperation by asking them to provide a "Guarantee of Non-use" and a table of constituent contents.

#### Kyocera Guidelines for Green Procurement (Requirements for Suppliers)

1. Non-containment and non-use of prohibited chemical substances
2. Energy conservation and resource conservation
3. Availability of easy recycling
4. Reduction of packing materials

## Waste Reduction and Recycling Measures

To contribute to establishing a recycling-based society, Kyocera started its activities for industrial waste reduction with a basic policy in FY 1992. Kyocera has been working to reduce waste, including general waste since FY 2006, by focusing on minimizing the generation and discharge of all waste.

### Basic Policy for Waste Reduction

1. Minimize waste generated by business activities
2. Recycle waste once it is generated
3. Change non-recyclable waste into harmless materials

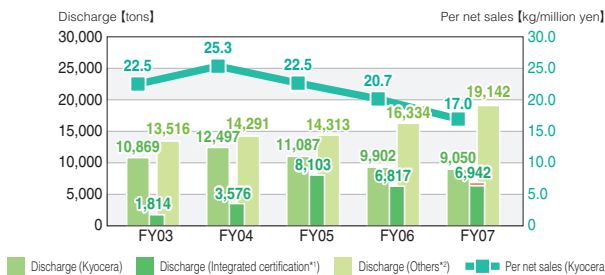
### Fiscal 2007 Results

#### ● Reduce Industrial Waste Discharge

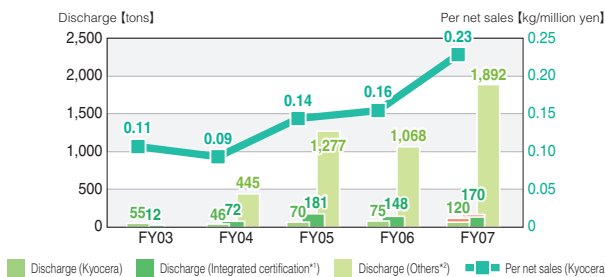
The plant activities comprising the majority of Kyocera's discharge resulted in a reduction of 24.3% per net sales (17.0) against the target of 12% reduction per net sales from the FY 2005 level (22.5). This was achieved by introducing internal treatment equipment for liquid wastes.

Office activities resulted in an increase of 58.8% per net sales (0.23) against the target of 12% reduction per net sales from the FY 2005 level (0.14) because of the collective disposal of fixtures and furniture.

#### Industrial Waste Discharge (plants)



#### Industrial Waste Discharge (Offices)



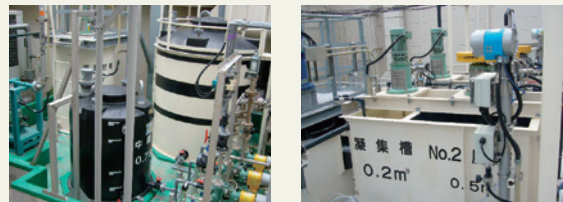
Notes  
 \* : Amount of sites newly included in the scope of data collection from FY 2007  
 \*1 Integrated certification: Sites certified under the Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (Ref. to Page 81)  
 \*2 Others: Except KYOCERA Corporation and integrated certified sites

Site information Please refer to environmental impact data for individual sites on our web page (<http://global.kyocera.com/ecology/>).

### Examples of Industrial Waste Reduction Measures

#### Installed Nitric and Hydrofluoric Acid Treatment Equipment (Kagoshima Sendai Plant)

Waste liquids produced from the manufacturing process, including nitric and hydrofluoric acid, were previously sent to a waste disposal firm as industrial waste. Installing nitric and hydrofluoric acid treatment equipment resulted in an annual reduction of 216 tons of this waste.



#### Installed CVD Waste Liquid Treatment Equipment (Kagoshima Sendai Plant)

We previously used specialized vendors for treating waste liquids produced from CVD equipment, as this industrial waste is subject to strict regulations. Installing waste liquid treatment equipment resulted in an annual reduction of 196 tons of this waste.



#### Recycling Waste Plastics (Shiga Gamo and Yokkaichi Plants)

Waste plastics were previously sent as industrial waste to vendors that incinerated them and utilized the resulting heat, a process known as thermal recycling. Divided separation has made it possible to implement material recycling of some waste plastics as valuable resources. This allows us to reduce 78 tons of waste annually.



# Green Factory

## ● Reducing General Waste Discharge

Kyocera's general waste discharge was reduced by 42.8% per net sales (2.46) against the target of 12% reduction per net sales from the FY 2006 first half level (4.31). This was achieved by measures that include recycling wooden pallets into woodchips and measures taken to reduce sludge in sewage treatment tanks.

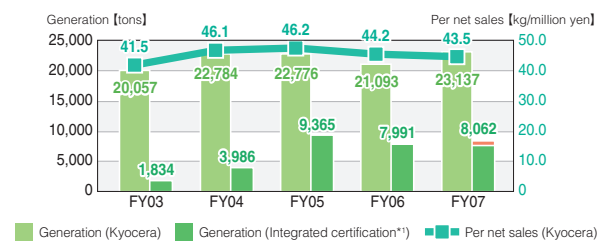
### General Waste Discharge

Item		FY 2006 1 <sup>st</sup> Half Result (as reference)	FY 2007 Result	Increase/Decrease
Discharge per Net Sales (kg/million yen)	Plant	4.18	2.33	Decreased by 44.3%
	Office	0.13	0.14	Increased by 4.6%
	Kyocera total	4.31	2.46	Decreased by 42.8%

## ● Reducing Waste Generation

Kyocera not only undertakes activities to reduce the discharge of industrial waste, general waste and valuables, but also promotes activities that reduce their generation. Plant activities responsible for the majority of industrial and valuables waste resulted in a reduction of 5.7% per net sales (43.5) against the target of 6% reduction per net sales from the FY 2005 level (46.2). Office activities resulted in an increase of 38.1% per net sales (0.29) against the office target of 6% reduction per net sales from the fiscal 2006 first half level (0.21).

### Waste Generation (Plants)



\* Total of industrial waste and valuables is shown.

### Waste Generation (Offices)

Item		FY 2006 1 <sup>st</sup> Half Result (as reference)	FY 2007 Result	Increase/Decrease
Generation per net sales (kg/million yen)	Office	0.21	0.29	Increased by 38.1%

\* Total of industrial waste and valuables is shown.

## ● Promoting Zero Emissions

Kyocera defines zero emissions as "an amount of waste land-filled at final landfill sites (including residue discharged from

intermediate waste processing companies) that is no more than 1% of the total waste amount, excluding waste that must be disposed of by local governments through a specified method." We have achieved zero emissions in all of group companies certified by the Kyocera Group Integrated Environmental Management System. We intend to continuously expand these activities.

## ● Proper Waste Disposal

In accordance with waste disposal regulations established in 1994, Kyocera holds consignment contracts with companies for waste disposal after it conducts thorough investigations, including financial stability and on-site surveys.

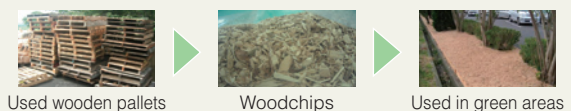
Kyocera conducts field surveys of its disposal companies twice per year to ensure that waste is being treated appropriately. In FY 2007, we conducted field surveys and exchanged information with 53 companies.



### Examples of General Waste Discharge Reduction Activities

#### Recycling of Used Wooden Pallets (Shiga Gamo and Yohkaichi Plants)

Used wooden pallets from manufacturing plants are made into chips and used in green areas, resulting in annual recycling of 206 tons. With cooperation from Higashiomi City, Shiga Prefecture, they are also used in parks and along city sidewalks.



### Examples of Waste Generation Reduction Activities by the Overseas Kyocera Group

#### Internal Recycling of Waste Plastics (AVX Czech Republic, s.r.o) (Czech)

Plastic debris generated from processes is collected and ground into powder. This results in 8.4 tons of plastic material being recycled annually.



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 \*1 Integrated certification: Sites certified under the Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (Ref. to Page 81)

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## Air Pollution and Water Pollution Prevention Activities

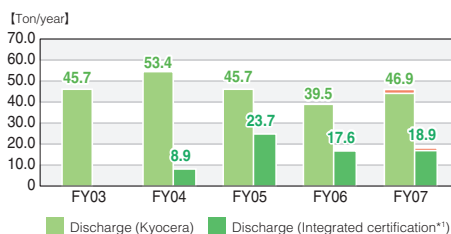
Kyocera has been involved in activities to reduce pollutants because the discharge of pollutants into water, the atmosphere and soil causes a large impact on the natural environment and ecosystem. Kyocera manages pollutants very strictly, setting tighter limits than legal controls require through its company-wide Kyocera Environmental Management Standard, established in FY 1993.

### FY 2007 Results

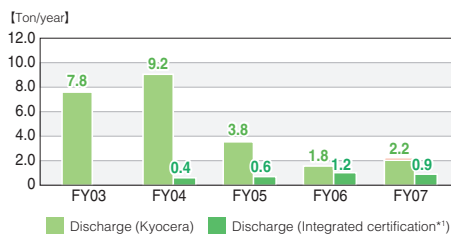
#### Air Pollution Prevention Activities

Under the Kyocera Group Integrated Environmental Management System, Kyocera established the Kyocera Environmental Management Standard with emission concentrations of SOx and NOx more tightly controlled than legal requirements specify, to prevent air pollution and global warming. Each plant/office establishes its own Self-Management Standard, through which we work to reduce environmental impact. In FY 2007, Kyocera faced an increase in NOx due to the addition of a large gas furnace, but reduced SOx by changing fuel, as compared with FY 2005.

#### Total Amount of NOx Discharged



#### Total Amount of SOx Discharged



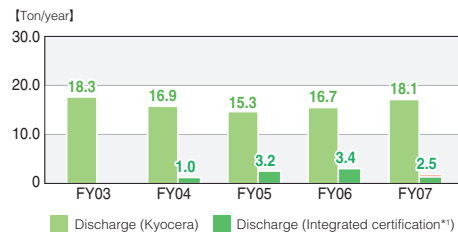
#### Measures for Water Pollution Prevention

Kyocera controls the total amount of "substances that impact human health" in discharged water, as specified by the Water Pollution Control Law. Since FY 2006, we have taken measures

to control the discharge amount of the following four substances: mercury, cadmium, lead and hexavalent chromium. In FY 2007, we reduced discharge of these four substances by 70.2% against the target of an average reduction of 50% of the FY 2005 result, due to efforts to improve wastewater treatment efficiency. In FY 2008, we will introduce a closed system to treat wastewater containing these substances.

Under the Kyocera Group Integrated Environmental Management System, Kyocera is also taking action to reduce environmental impact on rivers through tight control of wastewater discharge. In FY 2007, the BOD discharge amount increased along with an increase in total wastewater volume due to expanded production, as compared with FY 2005.

#### Total Amount of BOD Discharged



#### Example of Water Quality Improvement Activities

##### Modification of Wastewater Treatment Facility (Kagoshima Hayato Plant)

To further improve wastewater quality and increase processing capacity, we reviewed the inflow system of each wastewater treatment facility and upgraded to the most appropriate treatment system. We also modified the reaction chambers and flocculation tanks of each wastewater treatment facility to increase processing capacity.



#### Example of Water Quality Improvement Activities by Overseas Kyocera Group

##### Installation of Cyanogen Wastewater Closed Treatment Facility (Shanghai KYOCERA Electronics Co., Ltd.)

Kyocera group companies located overseas are also working aggressively to reduce environmental impact and risk. Shanghai KYOCERA Electronics Co., Ltd. in China treats cyanogen wastewater in its newly installed plating process line with ion-exchange resin and reverse osmosis membrane equipment for water recycling during production processes.



Notes \* : Amount of sites newly included in the scope of data collection from FY 2007  
 \*\*1 Integrated certification: Sites certified under the Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (Ref. to Page 81)

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 2007 Results

#### ● Reduction of Class 1 Designated Chemical Substances Specified by PRTR Law

Under the Kyocera Group Integrated Environmental Management System, Kyocera manages, and has specified reduction goals for, 18 chemical substances that account for more than 90% of the Class 1 designated chemical substances specified by the PRTR Law and used by Kyocera.

By substituting alternative substances and implementing process improvements, Kyocera has reduced the amounts of these substances used by 31.5% per net sales (1,733.6), reduced the amounts released by 24.7% per net sales (144.8), and reduced the amount transferred by 11.7% per net sales (132.1) against its reduction targets.

Item	FY 2005 Reference	Reduction Target	FY 2007 Result	Increase/Decrease
Used amount per net sales (g/million yen)	2,529.3	12%	1,733.6	31.5% reduction
Released amount per net sales (g/million yen)	192.4	27%	144.8	24.7% reduction
Transferred amount per net sales (g/million yen)	149.7	13%	132.1	11.7% reduction

#### ● Supporting the PRTR Law

The handled, released and transferred amounts of chemical substances subject to the PRTR Law, as reported in the Kyocera Group Integrated Management System in FY 2007, were reduced as shown in the table below, through substituting alternative substances and other measures.

Item	FY 2005 Result	FY 2007 Result	Increase/Decrease
Handled amount (Ton)	6,203.4	5,434.4	△769.0
Released amount (Ton)	198.5	162.6	△35.9
Transferred amount (Ton)	257.8	216.9	△40.9

#### ● Management and Disposal of PCB Waste

PCB (polychlorinated biphenyl) waste is strictly controlled and managed at specified locations with control sheets prepared in accordance with the relevant law through the Kyocera Group Integrated Environmental Management System. Kyocera was an early registrant for disposal of these wastes with the Japan Environmental Safety Corporation.



PCB storage box (Shiga Gamo Plant)

#### ● Reducing Volatile Organic Compound (VOC) Emissions into the Air

Emissions of volatile organic compounds (VOC) are now strictly controlled by a law enacted in 2004. The Central Environment Council of the Ministry of the Environment also established a policy to reduce VOC emissions into the air by 30% (compared with 2000) in 2010. Considering these circumstances, Kyocera has targeted reduction of the four substances (toluene, IPA, acetone and methanol) that comprise more than 90% of VOC used by Kyocera, by 30% in FY 2008 and 50% in FY 2016 (compared with the first half of FY 2006) based on the Kyocera Group Integrated Environmental Management System.

In FY 2007, Kyocera achieved a reduction of 11.1% (emission of 566.3 tons) against the FY 2006 emission reduction target of 18% (emission of 636.7 tons) as a result of improved solvent collection equipment and other measures.

Item	FY 2006 Reference*	Reduction target	FY 2007 Result	Increase/Decrease
Emission amount (Ton)	636.7	18%	566.3	11.1% reduction

\* FY2006 reference is a value created by doubling the amount of emissions from the first half of FY 2006.

#### Example of Reduced VOC Emissions into the Air

##### Introduction of Acetone Solvent Collection Equipment (Kagoshima Kokubu Plant)

Introduction of acetone solvent collection equipment resulted in an annual reduction of about 19 tons of VOC emission into the air.



##### Improved Collection Rate of Toluene Collection Equipment (Kagoshima Sendai Plant)

In FY 2007, collection equipment improvements reduced emissions of toluene into the air and resulted in a 12% increase in collection rate as compared with FY 2006.

#### ● Preventing Dioxin Generation

Kyocera enacted a plan to abolish all small incinerators in April 1999 to prevent the generation of dioxins, resulting in all of its small incinerators being abolished by December 2000.

Currently, there are three "complex intermediate waste processing facilities" that perform the integral functions of incinerating waste, then drying the sludge and waste liquid by using the heat from incineration. These facilities meet Kyocera Environmental Management Standards that are more strict than the tightest discharge standard of the Law Concerning Special Measures against Dioxins (1/10 of the legal control).

## Energy Conservation

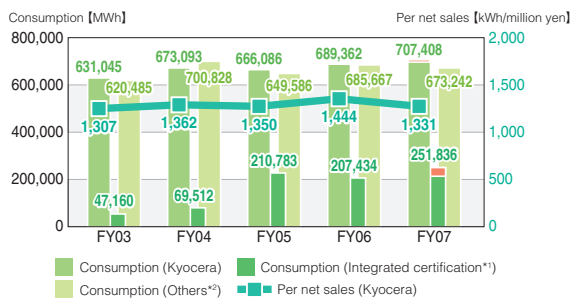
Increasing energy consumption has an impact on environmental issues such as global warming. It is now a common practice for corporations to utilize limited energy levels more effectively to complete the required industrial activities. Kyocera began its energy conservation measures in FY 1993 with the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

### FY 2007 Result

#### ● Reduced Electricity Consumption

Kyocera's electricity consumption was reduced by 1.4% per net sales (1,331) against the target of 4% reduction from the FY 2005 level (1,350). We enacted energy saving measures for production equipment as well as using inverter pumps and energy saving measures for single-crystal sapphire production equipment. However, we did not achieve the target due to the operation of a new production line.

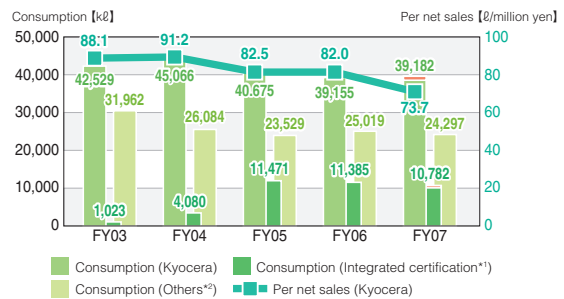
### Electricity Consumption



#### ● Reduced Fuel Consumption

Kyocera's fuel consumption was substantially reduced by 10.7% per net sales (73.7) against the target of 4% per net sales reduction from the FY 2005 level (82.5). Although consumption increased due to production increases, the conversion from absorption-type chillers operated by gas to highly-efficient turbo chillers operated by electricity resulted in a considerable reduction of fuel usage, thus achieving the target.

### Fuel Consumption



### Example of Energy Conservation

#### Energy-saving Single-crystal Sapphire Production Equipment (Shiga Gamo Plant)

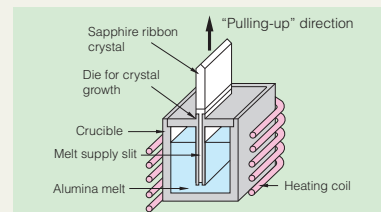
Kyocera produces single crystal sapphire, used for substrates and optical parts, through a manufacturing process called the EFG method. This method provides products with large diameters or specific shape requirements in an integrated production process that spans from "pulling-up" the raw material to machining. The energy consumption of the EFG equipment that pulls-up the raw material is a large part of this process. However, we significantly reduced electricity consumption by improving its heating efficiency.

#### Benefits

Annual electricity reduction	2,160,000kWh
Annual CO <sub>2</sub> reduction	564 ton-CO <sub>2</sub>



Single crystal sapphire



Structure of EFG Equipment

Notes \* : Amount of sites newly included in the scope of data collection from FY 2007  
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 \*2 Others: Except KYOCERA Corporation and integrated certified sites

Site information Please refer to environmental impact data for individual sites on our web page (<http://global.kyocera.com/ecology/>).

# Green Factory

## Global Warming Prevention

As we approach 2008, the first commitment period specified in the Kyoto Protocol, it is necessary to take strong measures in achieving the greenhouse gas reduction target. Kyocera is working to reduce greenhouse gas emissions through various global warming prevention measures such as energy conservation.

### FY 2007 Result

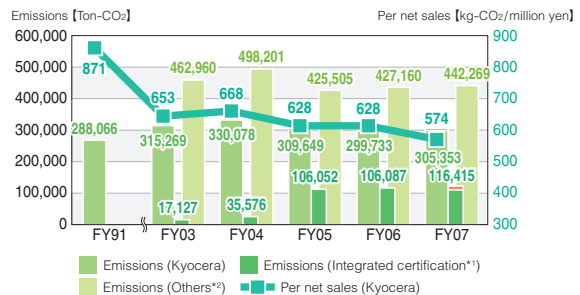
#### ● Reducing Greenhouse Gas Emissions

Kyocera's greenhouse gas emissions were 305,353 ton-CO<sub>2</sub>, up 6% against the target of 3% reduction from the FY 1991 level (288,066 ton-CO<sub>2</sub>) due to increased energy consumption resulting from increased production.

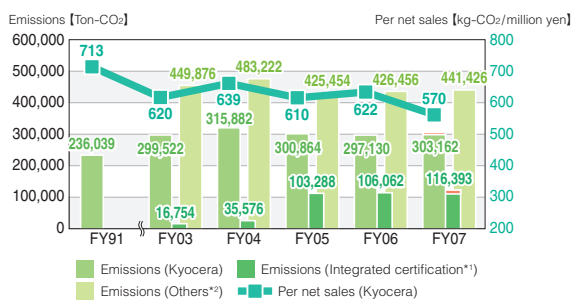
The value per net sales was significantly reduced by 34.1% as compared with FY 1991 through various energy-saving activities conducted from FY 2006 through FY 2007, such as the introduction of turbo chillers.

In FY 2008, Kyocera intends to achieve its target through energy-saving measures for production facilities and other methods.

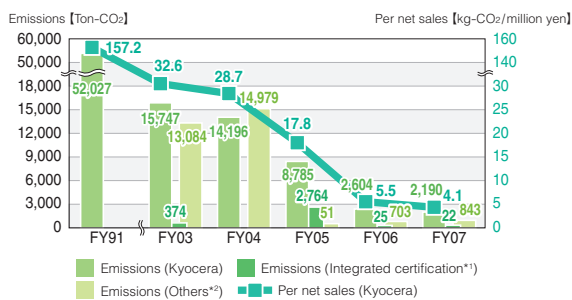
### Emission of Greenhouse Gases



### CO<sub>2</sub> Emissions



### PFC and Others Emissions



\* PFC and others: CH<sub>4</sub>, N<sub>2</sub>O, PFC, HFC, and SF<sub>6</sub>

Notes  
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### Example of Global Warming Prevention

#### Introduction of High-efficiency Turbo Chillers (in four domestic sites)

In FY 2006, high-efficiency turbo chillers were installed at the Shiga Yohkaichi Plant, Kagoshima Sendai Plant, International Golf Resort KYOCERA, and KYOCERA KINSEKI Yamagata Corp. Installation of nine total units resulted in an annual CO<sub>2</sub> reduction of 15,800 ton-CO<sub>2</sub>.



Kagoshima Sendai Plant



International Golf Resort KYOCERA

● Environmental Impact of Shipping [Promotion Modal Shift]

Environmental impact resulting from shipping products has many effects, such as global warming, air pollution, traffic jams and noise.

The Kyocera Group takes action to minimize environmental impact caused by the transportation of our products.

As an example of a modal shift, the transportation of semiconductor components produced at the Kagoshima Sendai Plant was changed from trucks to railway, resulting in a reduction of 5.4 ton-CO<sub>2</sub> in FY 2007.

Example of Reducing Environmental Impact of Shipping

Modal Shift Activities (Kagoshima Sendai Plant)

Shipping Overview

- Product: Semiconductor components
- Amount: 3.82 tons/per shipment
- Frequency: 2 to 3 shipments/month

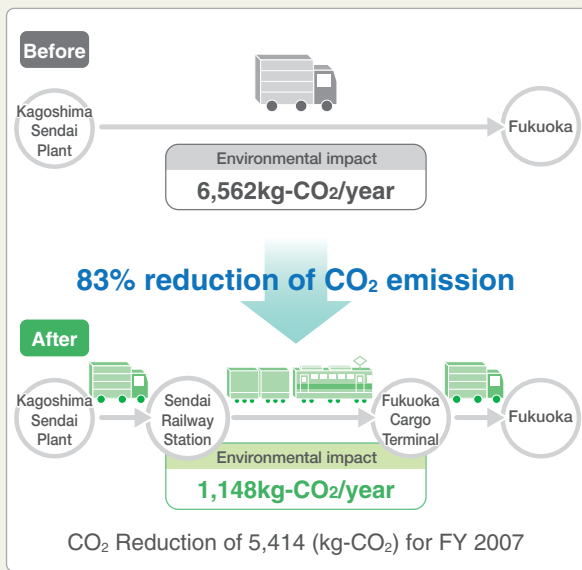
CO<sub>2</sub> Emission per Transportation Ton-km\*

- Railway: 22 (g-CO<sub>2</sub>/ton-km)
- Truck: 173 (g-CO<sub>2</sub>/ton-km)

(Standard Commercial-use type)

\* Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure and Transport

"Guidelines for CO<sub>2</sub> Emission Calculation Method in Logistics Ver. 2.0"



● Energy Conservation and Global Warming Prevention Plan for FY 2008

In FY 2008, a top priority will be lowering the amount of energy used by production equipment, through installing turbo chillers and various new kinds of manufacturing equipment.

Kyocera is not only extending its efforts to ensure energy conservation at plants but also in offices. We installed infrared sensors that control the lighting in the Kyocera Museum of Art and the Museum of Fine Ceramics in the Kyocera Headquarters building, as one example of energy conservation.

■ Introduction of Turbo Chillers

- Kyocera
  - Kagoshima Kokubu Plant
  - Kagoshima Hayato Plant
  - R & D Center, Keihanna
- Domestic Kyocera Group
  - KYOCERA SLC Technologies Corp., Kokubu Office
  - KYOCERA KINSEKI Yamagata Corp.
  - Hotel KYOCERA

■ Activities at Production Sites

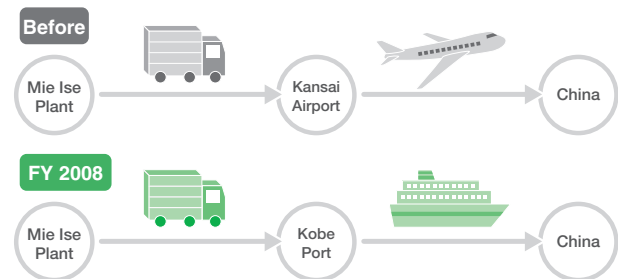
- Furnace optimization
- Use of inverter pumps in production equipment
- Increasing the number of material sets for equipment
- Upgrading to high-efficiency equipment
- Implementing fuel conversion

■ Activities in Office Buildings

- Use of infrared sensors for lighting (Kyocera Headquarters, Kyocera Management Research Institute, Kagoshima Training Center)

● Plan for Reducing Environmental Impact of Shipping in FY 2008

In FY 2008, we will implement a modal shift by changing the material supply transportation method for KYOCERA (Tianjin) Solar Energy Co., Ltd. from air transportation to transportation by ship.



We are working to enact this transportation modal shift to reduce environmental impact.

Site information Please refer to environmental impact data for individual sites on our web page (<http://global.kyocera.com/ecology/>).



# Green Factory

## Resource Conservation

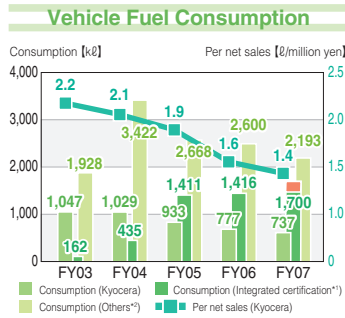
To maximize the utilization of limited resources and contribute to global environmental protection, Kyocera promotes resource conservation based on specific reduction targets for vehicle fuel, water, travel expense, gases, paper and packing materials.

### FY 2007 Results

#### ● Reducing Vehicle Fuel Consumption

Kyocera works to reduce vehicle fuel consumption to effectively utilize our remaining fossil fuels and prevent pollution caused by gas emissions. Specifically, low fuel consumption vehicles are used, the reasons for business trips are reviewed, public transportation is utilized, and the company promotes “driving smart” to conserve energy.

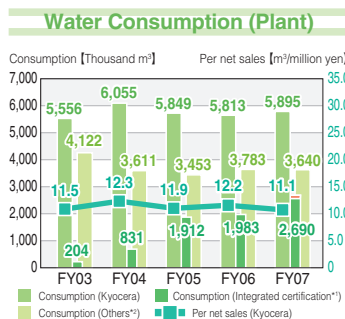
As a result, we achieved a 26.7% reduction per net sales (1.4) against the target of 5% reduction from the FY 2005 level (1.9).



#### ● Reducing Water Consumption

Reducing water consumption greatly contributes to a reduced environmental impact because it protects water resources and allows reduction of wastewater. Accordingly, Kyocera works to reduce both city water and groundwater consumption.

This resulted in a 6.5% reduction per net sales (11.1) against the target of 10% reduction from the FY 2005 level (11.9). Reductions were achieved through recycling non-filtrated water generated during pure water production at the Kagoshima Kokubu Plant and improving the supply of pure water according to production line conditions at the Kagoshima Hayato Plant.

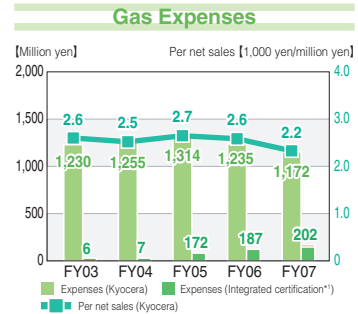
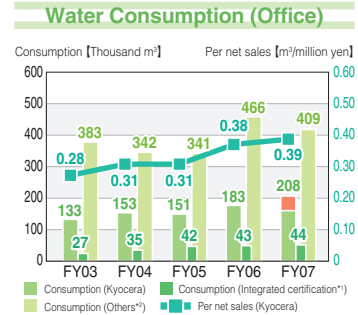


In regard to office locations, however, consumption increased by 27.6% per net sales (0.39) against the target of 5% reduction from the FY 2005 level (0.31).

#### ● Reducing Gas Expenses

To reduce environmental impact, Kyocera works to reduce the amounts of nitrogen, hydrogen and argon gases consumed in Kyocera production processes.

These activities resulted in 17.2% reduction of amount per net sales (2.2) against the target of 15% reduction from the FY 2005 level (2.7). This was achieved by substituting air for the nitrogen gas used in the liquid crystal manufacturing process and through other methods.

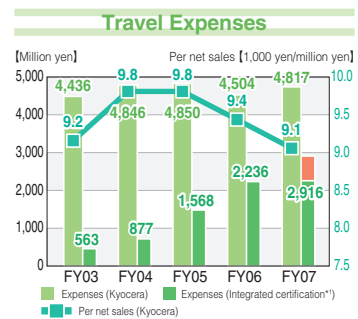


#### ● Reducing Travel Expenses

Reducing the number of business trips contributes to saving many resources such as the fuel used by public transportation, and resources used by accommodations.

In Kyocera, a video-conferencing system has been introduced sequentially into all plants and offices to reduce travel expenses, and has been expanding to include additional group companies since FY 1992. Furthermore, a multi-media conference system is being introduced to enable participants from many places at once.

This resulted in a 7.8% reduction per net sales (9.1) against the reduction target of 4% from the FY 2005 level (9.8).



Notes \* : Amount of sites newly included in the scope of data collection from FY 2007  
 \*1 Integrated certification: Sites certified under the Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (Ref. to Page 81)  
 \*2 Others: Except KYOCERA Corporation and integrated certified sites

● Reducing Paper Consumption and Disposal

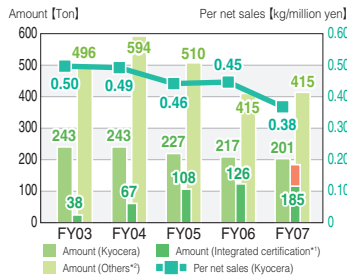
In addition to reducing office paper use, Kyocera has been working to reduce the amount of paper used in the manufacturing process and also reduce the amount of paper discharged. Digitizing documents, using both sides of paper in the office setting and the reuse of paper used in production processes have been promoted.

These activities resulted in a 17.8% reduction in weight per net sales for office paper (0.38) and 13.2% reduction in weight per net sales for paper used in production processes (0.80) against the target of 6% reduction from the FY 2004 level (office paper — 0.46, production paper — 0.92). For weight per net sales of paper discharged, the activities resulted in a 1.5% increase per net sales (2.73) against the reduction target of 6% (2.69).

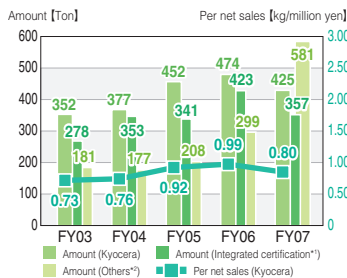
● Reducing Packing Materials

To reduce packing materials, Kyocera is working toward improving its packing methods and adopting reusable packing containers. There was a 0.5% reduction per net sales (4.25) against the target of 6% reduction from the FY 2005 level (4.27).

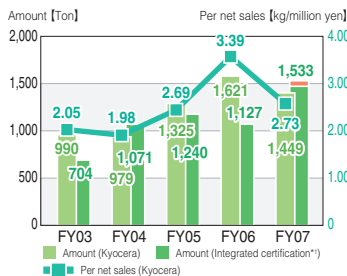
Amount of Office Paper Purchased



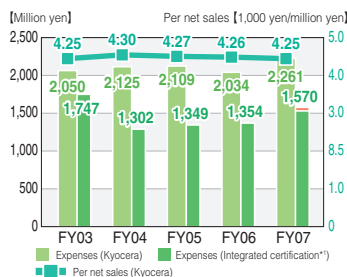
Amount of paper used in production process purchased



Amount of Paper Discharged



Packing Material Cost



## Measures for Office

### Green Purchasing

Kyocera uses the MRO\* internet purchasing system “@office” for purchasing office appliances in order to preferentially purchase products and services with low environmental impact. The green purchasing ratios are shown below.

\* MRO: Maintenance, Repair and Operations  
Generic name for goods purchased by companies other than production materials such as office appliances, consumables and office furniture.

#### Green Purchasing Results

Item	Purchasing ratio		
	FY 2005	FY 2006	FY 2007
Notebooks, stationery, office appliances	71%	74%	78%

### Ecologically Sound Building

The construction concept for Kyocera's headquarters building, completed in 1998, was to be “environmentally friendly and coexist with the local community.” The building itself is an “ecologically sound building” that incorporates various environmentally friendly features.



#### Features

- Solar power generating system (Total output: 214 kW, Annual CO<sub>2</sub> reduction: About 100 ton-CO<sub>2</sub>\*)  
\* Calculated from FY 2007 result
- Natural gas cogeneration system
- Ice thermal storage system
- Various environmentally friendly systems
  - Peripheral ventilation system
  - Individual air conditioning systems
  - Inverters for air conditioner motors
  - Air volume adjustment system at air conditioner duct
  - Central air conditioning system
  - Reduced wasteful lighting through subdivided system
  - High-efficiency inverter lighting
  - System to measure energy consumption levels for each floor
  - High-efficiency, heat-reflective glass
  - Automatic escalators
  - Utilize groundwater and rainwater

Notes  
 \* : Amount of sites newly included in the scope of data collection from FY 2007  
 \*1 Integrated certification: Sites certified under the Kyocera Group Integrated Environmental Management System except KYOCERA Corporation (Ref. to Page 81)  
 \*2 Others: Except KYOCERA Corporation and integrated certified sites

Site information Please refer to environmental impact data for individual sites on our web page (<http://global.kyocera.com/ecology/>).

# Environmental Communications

The Kyocera Group holds an annual Sustainability Report Meeting to further improve communications with the communities around our plants. At the meeting, we report on activities involving the economy, society and environment by the entire group. We also provide specific information about the plant holding the meeting, tour the facilities and exchange opinions. Kyocera is committed to fostering mutual understanding with our stakeholders by ensuring interactive communication through various channels.

## Global Environment Forum



In February 2007, the “Global Environment Forum in Keihanna” was held at Keihanna Plaza (Kansai Science City) with the theme of “New developments in industry that help to create a sustainable society.” Noboru Nakamura, our chairman, attended the symposium as a panelist. While speaking about the history and role of Kyocera’s solar power generation business, he introduced Kyocera’s activities for global environmental protection, including implementation of the Sustainability Report meeting and Kyocera’s ecologically sound headquarters building, as well as the importance of widespread adoption of solar power generating systems.

## Participation in Environmental Exhibition

Kyocera showcased its environmentally friendly products and environmental activities at Eco-Products 2006 in a booth with the theme “Green Products & Green Factory.” On stage, we delivered a presentation of printers and solar power generating systems, including the Kyocera Group’s environmentally friendly products, and Green Factory activities.

We made the booth enjoyable for both adults and children by offering a quiz and presenting solar-powered miniature plastic cars to those who gave correct answers.



## On-site Environmental Classes

In February 2003, we began offering environmental classes to children for the purpose of enhancing their interest in environmental problems and environmental technologies. The number of students who participated in this class in FY 2007 was 820, raising the total to more than 2,400 students. During the class, we explain how electricity is generated when light shines on a solar cell, and demonstrate how a toy car can run on a solar battery to help children understand the importance of electricity and its impact on the global environment. Some of the comments made by children included, “I was surprised to learn that solar batteries are used in so many places,” and “I learned how important electricity is.”



## Supporting Environmental Education

In August 2006, the Narita International Airport Corporation offered an “Eco-tour” to elementary school students to teach them about environmental activities at the airport. Kyocera sent instructors who explained the mechanism of a solar battery, performed experiments using a solar car and transceiver, and helped the children enjoy hands-on learning. This opportunity allowed children to learn about the environment and have fun at the same time. They learned that a smoothly running miniature solar car will immediately stop when covered with a cloth, and were able to feel solar energy at work during various experiments.



**Connection with ICLEI**

In February 2007, the Kyoto Conference of the “World Mayors Council on Climate Change (WMCCC)” was held by the International Council for Local Environmental Initiatives (ICLEI). Kyocera was asked by Kyoto City to participate in the conference. We acted as a commentator in a session on renewable energy and made a presentation of global environmental protection activities featuring Kyocera’s solar power generation business.

Through our participation, we enhanced the exchange between mayors from around the world while helping them understand Kyocera’s activities.



**Participation in the Model Forest Program**

The “Model Forest Program” refers to hands-on activities for sustainable regional construction. Currently, forest protection is an active concern in more than 30 countries worldwide.

In Kyoto Prefecture, where 75% of the prefectural area is forested, the Kyoto Model Forest Association was inaugurated in November 2006 as the first association to promote the Model Forest Program in Japan.

Kyocera joined the association and promotes activities for protecting and growing forests by participating in a “forest improvement learning class.”



**Campaign for Regional Beautification**

The Kyocera Group focuses on being a regionally oriented company by periodically cleaning and beautifying its various sites with help from many employee volunteers.

In FY 2007, a total of about 20,000 employees participated in this campaign across Japan.



**Environmental Advertising**

Kyocera is known for having many environmentally friendly products, including but not limited to solar power generating systems.

For wider dissemination of information about our environmentally friendly products, we distribute environmental leaflets at exhibitions and others places and advertise our environmentally friendly products in magazines and other media.



**Solar Grove: Winner of Several Environmental Awards**

KYOCERA International, Inc., Kyocera’s headquarters in North America, built a large-scale solar power generating system (known as the Solar Grove) in its parking lot in 2005. After installation, the system exceeded initial expectations for annual power generation. It produced 427,602 kWh, equivalent to the annual power consumption of 70 typical households in the San Diego region. Solar panels installed atop stanchions in the parking lot shade cars from the sun while producing clean, renewable energy. The Solar Grove contributes to a large reduction in the emission of carbon dioxide, a suspected cause of global warming, and has won several awards from the state, local companies, and other organizations.



**Awards Received**

- 1) 2006 Flex Your Power Award (State of California)
- 2) 2006 Smart Growth “Innovation” (Urban Land Institute)
- 3) 2006 SANDEE Special Achievement in Energy Award (San Diego Regional Energy Office)
- 4) 2006 Design Awards Citation (American Institute of Architects)
- 5) 2006 Efficiency Integration Award (San Diego Gas & Electric Company)

**Awarded as an Excellent Business for Environmental Conservation**

In May 2006, the Shiga Yohkaichi Plant was awarded as an “Excellent Business for Environmental Conservation,” by the Environmental Conservation Association of Shiga Prefecture because of its creative and continuous environmental protection activities and notable achievements.





# Kyocera Global Environment Contribution Award

Kyocera established its “Kyocera Global Environment Contribution Award” in 1996 to encourage environmental preservation activities. This internal award commends original and creative ideas that make a great contribution to the global environment through our environmental preservation activities every year.

## 11<sup>th</sup> Annual Award Results

### Grand Award “Chemical Substances Reduction” Category

#### ● Reduced Usage of Chemical Substances Through Improved Amorphous Silicon Photoconductive Drum Film Formation Method

The method of forming an amorphous silicon film for photoconductive drums was changed from the previous RF CVD method using high frequencies to the DC CVD method using our proprietary DC plasma, thus greatly reducing gas and electricity consumption.

Main Improvement Effects

- Greatly reduced film forming time
- Large reduction in gas consumption
- Reduced equipment maintenance
- Reduction of unevenness and variation (quality improvement)



### Grand Award “Resource Conservation” Category

#### ● Reduced Consumption of Pure Water, Electricity and Nitrogen Gas Through Manufacturing Process Improvement

Adopting an “energy saving mode” in the supply of pure water according to operational status in the liquid crystal department made it possible to reduce consumption of pure water and electricity.

Additionally, the nitrogen gas used for purging was changed to compressed air, thus greatly reducing the consumption of nitrogen gas.



### Excellence Award “Energy Conservation” Category

#### ● Reduced Energy Use by Increasing Carbon Thickness

Single crystal sapphire is produced by melting raw alumina with high-frequency heat and using the EFG method (a technology for “pulling-up” ribbons of sapphire material).

The carbon used as a heat insulator was found to have a considerable impact on the high-frequency heating process. By increasing the thickness and height of the carbon insulation, we reduced the amount of energy needed for the process.

### Excellence Award “Global Environmentally Friendly Product Development” Category

#### ● Small High-capacity, Thin-layer Multilayer Capacitor Series

In the capacitor industry, which always aims for smaller size coupled with higher capacity, Kyocera implemented cutting-edge miniaturization techniques to reduce the consumption of energy and resources during manufacturing.

### Excellence Award “Waste Reduction” Category

#### ● Waste Reduction at Shiga Yohkaichi Plant

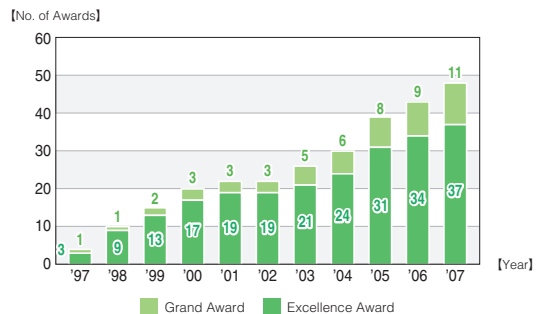
The Shiga Yohkaichi Plant promoted various waste reduction activities to greatly reduce its amount of waste.

Specifically, wood pallets are made into wood chips used by the local government, thus contributing to the region.

Major Activities

- Introduced decompression waste liquid concentrator
- Recycled waste plastics
- Made wood pallets into chips
- Reused office equipment

### Accumulated No. of Kyocera Global Environment Contribution Awards





Perfect “5S” (Seiri – Sort, Seiton – Set in Order, Seiso – Shine, Seiketsu – Standardize, and Shitsuke – Sustain) are the fundamentals of production activities.

The Kyocera Group’s efforts to implement the perfect 5S system are called “Perfect 5S Promotion Activities.” Kyocera started this in October 2005, group companies in Japan implemented it in April 2006 and we plan to expand Perfect 5S Promotion Activities to group companies overseas in 2007.

## 5S Improvement

All employees participate in Perfect 5S Promotion Activities. Its objectives are to establish facilities worthy of housing “The Company,” reform the consciousness and raise the awareness of each employee, improve product quality, increase production efficiency, improve capacity utilization ratio of each production facility, and establish a safe and comfortable workplace.

At each workplace, voluntary checks are performed against 5S standards and continuous improvement is performed when corrections are needed according to the PDCA cycle. An internally trained and certified “perfect 5S inspector” conducts “5S inspections,” assesses the situation and gives suggestions for improvement.

Kyocera gathers these inspection and assessment results and compiles company-wide rankings. Divisions found to be in excellent compliance with 5S throughout the year are commended by the president.



Commended by the President

## 5S Education

Thorough 5S education is provided, since no significant results from 5S can be expected unless all employees act with great awareness.

5S inspectors, who assess and supervise the 5S management situation in various work areas, are subjected to in-house training and a qualification test.



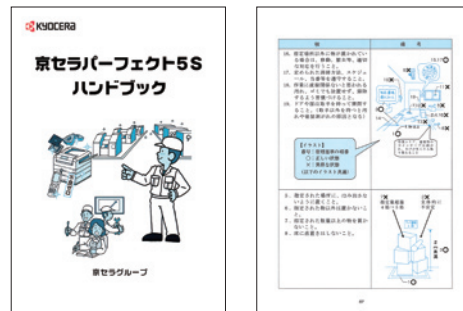
Education of Perfect 5S Inspectors

### Perfect 5S Education Participants (FY 2006)

Kind of Education	No. of Participants (persons)
Education for managers and supervisors	1,736
Education for general employees	7,187
Education for part-time workers	6,466
Education for perfect 5S inspectors	782
Total	16,171

## Issue of “Kyocera Perfect 5S Handbook”

We prepared a handbook containing the “Fundamentals of 5S” and “5S Management Standards” as a guide to Perfect 5S Activities with illustrations for easy understanding, and distributed it to all employees of Kyocera and Kyocera Group companies in Japan in November 2006.



## Improved State of Workshops

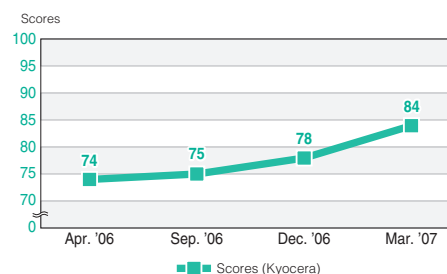
Voluntary 5S improvement activities, 5S inspections and 5S education have been continuously performed. This allows many employees to perform activities while understanding the true purpose that “Perfect 5S activities do not simply make workshops clean but enable employees to notice even very small abnormalities and take necessary actions to correct them.”

The assessment score improves each time a 5S inspection is conducted, resulting in a steady improvement of workshop conditions.



Kagoshima Hayato Plant

### 5S Inspection Assessment Scores



# History

## 1959



1

Apr. 1959 ● With capital of 3 million yen and 28 staff members, Kyoto Ceramic Co., Ltd. is founded as a company specializing in fine ceramics. The company's facilities include a headquarters and factory. (Photo 1)

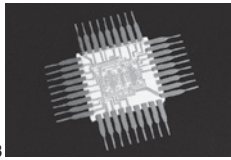
## 1960's



2

Apr. 1960 ● Kyocera Tokyo office is opened.  
 May 1963 ● Shiga Plant (now Shiga Gamo Plant) is established. (Photo 2)  
 Mar. 1968 ● Kyocera receives the first annual Medium and Small Business Research Institute Award.  
 Aug. 1968 ● A representative office is opened in California, U.S.A.  
 Jul. 1969 ● Kagoshima Plant (now Kagoshima Sendai Plant) is established.  
 ● The representative office in California, U.S.A. is reorganized as the American sales company, KYOCERA International, Inc.

## 1970's



3

Jan. 1971 ● Feldmühle KYOCERA Europa Elektronische Bauelemente GmbH (now KYOCERA Fineceramics 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 the 18<sup>th</sup> Okochi Memorial Grand Production Prize for the development of multi-layered ceramic packages for large-scale integrated circuits. (Photo 3)  
 Jul. 1972 ● Headquarters is relocated to Yamashina, Kyoto.  
 Sep. 1972 ● Kyocera stock is listed on the Tokyo Stock Exchange's, Second Section.  
 Oct. 1972 ● Kagoshima Kokubu Plant is established.  
 Feb. 1974 ● Kyocera stock is listed on the First Sections of both the Tokyo and Osaka Stock Exchanges.  
 Apr. 1974 ● Kyocera receives the 16<sup>th</sup> Commendation by the Minister of State for Science and Technology for the development of 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's new shares of common stock, in the form of American Depositary Receipts (ADRs), are issued for sale in the United States.  
 Jul. 1976 ● The Children's Travel Program begins.  
 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 Electroics Corp.  
 Oct. 1979 ● Central Research Laboratory is opened in Kokubu, Kagoshima.  
 Dec. 1979 ● Kagoshima Electronics Co., Ltd., is established.

## 1980's



4

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.  
 Mar. 1981 ● KYOCERA Business Machines Co., Ltd., is established.  
 Oct. 1982 ● Four affiliates, including Cybernet Electronics Corporation, merge with Kyoto Ceramic Co., Ltd. to form KYOCERA Corporation.  
 Apr. 1983 ● KYOCERA Business Machines Co., Ltd. merges with the Domestic Sales Division of Kyocera to become KYOCERA Electronics Co., Ltd. (It later merges with the present-day 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 ● Inamori Foundation is established.  
 ● Tokyo Central Research Laboratory (now Tokyo Yoga Office) is established.  
 Jun. 1984 ● Kyocera establishes Daini-Denden Kikaku Co., Ltd. (later DDI Corp.) in cooperation with 24 companies, including Ushio Inc., SECOM Co., Ltd., Sony Corporation and Mitsubishi Corporation. (Photo 4)  
 Aug. 1984 ● Solar Energy Center (now Chiba Sakura Office) is established in Sakura, Chiba.

May 1986 ● KYOCERA Electronics Europe GmbH (now KYOCERA MITA Deutschland GmbH) is established in Germany.  
 Jul. 1986 ● LSI Design Center is established inside 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 Mexico.  
 Sep. 1988 ● KYOCERA Europe GmbH, is established in Germany as the European headquarters.  
 Aug. 1989 ● Elco Group joins the Kyocera group.

## 1990's



5

Jan. 1990 ● AVX Group becomes part of the Kyocera Group. (Photo 5)  
 Apr. 1990 ● KYOCERA Industrial Ceramics Corp. is established in Washington, U.S.A.  
 Apr. 1991 ● KYOCERA Feldmuehle, Inc. becomes a wholly owned subsidiary of Kyocera and is reorganized as KYOCERA Engineered Ceramics, Inc. (It later unites with KYOCERA Industrial Ceramics Corp.)  
 Oct. 1991 ● Kyocera Environmental Charter is adopted.  
 Sep. 1992 ● Kyocera's Advanced Ceramics Technology Center is established in Washington, U.S.A.  
 Jan. 1994 ● Kyoto Purple Sanga Co., Ltd. is established in cooperation with 20 companies including Kyocera and Nintendo Co., Ltd.  
 Mar. 1995 ● Kyocera R&D Center, Yokohama is established and the Tokyo Central Research Laboratory is relocated.  
 Aug. 1995 ● Kyocera R&D Center, Keihanna is established in Kyoto.  
 Sep. 1995 ● KYOCERA Communication Systems Co., Ltd., is established.  
 ● Hotel Kyocera Opens in Kagoshima.  
 Dec. 1995 ● Shanghai KYOCERA Electronics Co., Ltd., is established in China.  
 Jul. 1996 ● Dongguan Shilong KYOCERA Optics Co., Ltd. is established in China.  
 Sep. 1996 ● KYOCERA Solar Corp. is established.  
 Aug. 1998 ● New headquarters building is completed in Fushimi, Kyoto with environmentally friendly features such as a solar power-generating system.  
 ● Kyocera invests capital in Kinseki, Ltd. (now KYOCERA KINSEKI Corp.)  
 Aug. 1999 ● KYOCERA Solar, Inc. is established in Arizona, U.S.A.

## 2000's



6

Jan. 2000 ● Mita Corporation is reorganized to become KYOCERA MITA Corp.  
 Feb. 2000 ● KYOCERA Wireless Corp. is established in California, U.S.A.  
 Oct. 2000 ● DDI Corporation, KDD Corporation and IDO Corporation merge to form KDDI Corporation (now KDDI Corporation). (Photo 6)  
 Jan. 2001 ● Tycom Corp. (now KYOCERA TYCOM Corp.) joins the Kyocera Group.  
 May 2001 ● Kyocera Group sales for the team ending March 2001 break the one trillion yen mark.  
 Dec. 2001 ● KYOCERA ZHENHUA Communication Equipment Co., Ltd. is established in China.  
 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 Corp. is established.  
 Dec. 2003 ● KYOCERA Display Institute Co., Ltd. is established.  
 Jan. 2004 ● KYOCERA Telecommunications Research Corp. is established in California, U.S.A.  
 ● KYOCERA Electronic Devices, LLC is established in the United States.  
 Feb. 2004 ● Hotel Princess Kyoto joins the Kyocera Group.  
 Apr. 2004 ● Kinseki, Ltd. is reorganized to become KYOCERA KINSEKI Corp.  
 ● Kyocera's organic-material components businesses are merged with KYOCERA SLC Technologies Corp.  
 ● KYOCERA Solar, Inc. launches a plant in Mexico.  
 Aug. 2004 ● KYOCERA SLC Components Corp. is established.  
 Sep. 2004 ● Japan Medical Materials Corp. is established.  
 Oct. 2004 ● KYOCERA Maruzen Systems Integration Co., Ltd. is established.  
 ● KYOCERA Solar Europe s.r.o. is established in the Czech Republic.  
 Apr. 2005 ● Kyocera's domestic solar sales business is integrated into KYOCERA Solar Corp.  
 ● KYOCERA Solar Europe s.r.o. opens a manufacturing plant in the Czech Republic.  
 Jun. 2005 ● KYOCERA SLC Components Corp. opens a new plant in Ayabe, Japan.  
 ● Kyocera acquires land, buildings and other property from IBM Japan, Ltd. for the Yasu office (Yasu, Shiga).  
 Apr. 2006 ● KCCS Management Consulting, Inc. is established.  
 ● Kyocera Korea Co., Ltd. is established in Korea.  
 Aug. 2006 ● Shanghai KYOCERA Trading Co., Ltd. is established in China.  
 Oct. 2006 ● Hertz Technology, Inc. becomes KYOCERA KINSEKI Hertz Corp.  
 Dec. 2006 ● KYOCERA Management Consulting Service (Shanghai) Co., Ltd. is established in China.

Major Domestic and International Environmental Movements	Year	Kyocera's Environmental Measures
	<b>1984</b>	Installed a 43 kW solar power generating system at the Chiba Sakura Plant (currently Chiba Sakura Office).
The Vienna Convention for the Protection of the Ozone Layer was adopted.	<b>1985</b>	Established a dedicated environmental division.
The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal was adopted.	<b>1989</b>	Started chlorofluorocarbon regulations.
	<b>1990</b>	Established the Kyocera Green Committee (KGGC).
The Law Promoting the Use of Recycled Raw Materials (Recycling Law) was enacted.	<b>1991</b>	Established the Kyocera Environmental Charter, assigned an environmental officer, and started paper recycling. Established the Kyocera Group Green Committee (KGGC).
The United Nations Framework Convention on Climate Change (UNFCCC) was adopted. The United Nations Conference on Environment and Development (The Earth Summit) was held.	<b>1992</b>	Started the first Environmental Protection Promotion Plan and established the "Kyocera Environmental Management Standard." Completely eliminated the specified chlorofluorocarbon and others. Established the Kyocera Eco Product Label System. Released the world's first non-cartridge type LBP "FS-1500" ECOSYS.
The Basic Environmental Law was enacted.	<b>1993</b>	ECOSYS printers were authorized as the first Eco mark product in OA equipment.
The United Nations Framework Convention on Climate Change (UNFCCC) came into effect.	<b>1994</b>	Completely abolished methyl bromide and trichloroethylene usage.
The Containers and Package Recycling Law was enacted.	<b>1995</b>	Completely abolished tetrachloroethylene and HCFC-141b usage.
The Environmental Management System, "ISO 14001" Standard was issued.	<b>1996</b>	Started the second Environmental Protection Promotion Plan and established the Kyocera Global Environment Contribution Award. ISO 14001 certification was first acquired at the Mie Plant (now Mie Ise Plant, KYOCERA MITA Tamaki Plant) in Kyocera.
The 3 <sup>rd</sup> Framework Conference on Climate Change (COP3) was held.	<b>1997</b>	ISO 14001 certification was acquired at 9 production plants.
The Designated Household Appliances Recycling Law was enacted.	<b>1998</b>	Started green procurement. Completed the ecologically sound Headquarters building (214 kW solar power generating system installed).
The Revised Energy Conservation Law was enforced. The PRTR Law was enacted. The Law Concerning Special Measures against Dioxins was enacted.	<b>1999</b>	Obtained ISO 14001 integrated certification at 6 non-manufacturing sites. Started the third Environmental Protection Promotion Plan. Obtained ISO 14001 integrated certification at 42 sites company-wide. Received the Global Environment Award (Fujisankei Group Prize). Completely abolished substitute chlorofluorocarbon.
The Basic Law for Establishing a Recycling-Based Society was enacted. The Law on Promoting Green Purchasing was enacted.	<b>2000</b>	Obtained ISO 14001 integrated certification including Kyocera Group companies (expansion of certification scope). Released the Environment Report on the Internet.
The Law Concerning the Recovery and Destruction of Fluorocarbons was enacted.	<b>2001</b>	Expressed support of e-mission55, which agrees on enactment of the Kyoto Protocol.
The Kyoto Protocol was ratified by Japan. The Soil Pollution Prevention Law was enacted.	<b>2002</b>	Started the fourth Environmental Protection Promotion Plan.
The Law of Promotion of Environmental Preservation Activities and Environmental Education was enacted.	<b>2003</b>	The Kagoshima Kokubu Plant was awarded with the first Japan Environmental Management Award (Excellence in Environmental Management Award). Released the Sustainability Report. Started introduction of KGEMS.
The ISO 14001 Standard (2004 Edition) was issued.	<b>2004</b>	The Kyocera Mita Tamaki Plant was awarded with the second Japan Environmental Management Award (Excellence in Environmental Management Award). Established the Energy Saving Promotion Office and Environmental-friendly Products Promotion Section. Released the Sustainability Report. Held Sustainability Report Meeting.
The Kyoto Protocol came into effect.	<b>2005</b>	Started the fifth Environmental Protection Promotion Plan. Installed total of 440 kW of solar power generation systems at the Mie Ise plant, Shiga Yohkaichi Plant, Kagoshima Kokubu Plant and Kagoshima Hayato Plant. Held the "Sustainability Report Reading Meeting."
The Revised Energy Conservation Law was enacted. The RoHS Directive was enacted.	<b>2006</b>	Introduced the Environmental Consciousness Evaluation System. Installed turbo chillers at Shiga Yohkaichi Plant, Kagoshima Sendai Plant, KYOCERA KINSEKI Yamagata Corp., and International Golf Resort KYOCERA.

# ISO 9001 and OHSAS 18001 Certification State

## Integrated Certification

(As of December 2006)

Standard	Country	Company	Date of registration
ISO9001	Japan	KYOCERA Corporation	Jul. 2004
		KYOCERA OPTEC Co., Ltd.	
		KYOCERA MITA Corp.	
		KYOCERA Solar Corp.	
		KYOCERA SLC Technologies Corp.	
		KYOCERA KINSEKI Corp. Shiga Yokkaichi Office / Nagano Okaya Office / Kagoshima Kokubu Office / Quality Assurance Center	

\* Registration No. of Integrated Certification: JMI-0036

## Individual Certification (32 Sites)

(As of December 2006)

Standard	Region	Country	Company	Date of registration	
ISO9001	Japan	Japan	KYOCERA Communication Systems Co., Ltd.		
			Six divisions related to computer systems and package software	Aug. 1997	
			Two divisions related to mobile base stations	Sep. 2004	
		DAIKEN Co., Ltd. (Subsidiary of KYOCERA MITA Corp.)	Jul. 2006		
		KYOCERA ELCO Corp.	Dec. 1994		
		KYOCERA Chemical Corp.	Dec. 2002		
		KYOCERA KINSEKI Hokkaido Corp.	Mar. 1998		
		Asia	China	KYOCERA MITA Office Equipment (Dongguan) Co., Ltd.	Feb. 1994
				KYOCERA Chemical (Wuxi) Co., Ltd.	Apr. 2004
				Shanghai KYOCERA Electronics Co., Ltd.	Dec. 1998
				Dongguan Shilong KYOCERA Optics Co., Ltd.	Feb. 2003
				KYOCERA ZHENHUA Communication Equipment Co., Ltd.	May 2003
	KYOCERA (Tianjin) Solar Energy Co., Ltd.			Jul. 2004	
	Hong Kong		KYOCERA MITA Industrial Co., (H.K.) Ltd.	Feb. 1994	
			DAIKEN Hong Kong Limited	Oct. 2003	
	Korea		KYOCERA ELCO Hong Kong Ltd.	Mar. 2004	
			KYOCERA Precision Tools Korea Co., Ltd.	Feb. 2004	
	Singapore	KYOCERA ELCO Korea Co., Ltd.	Apr. 1998		
		KYOCERA ELCO Singapore Pte, Ltd.	Oct. 2004		
		KYOCERA Chemical Singapore Pte, Ltd.	Mar. 2003		
	Thailand	KYOCERA Chemical (Thailand) Ltd.	Feb. 2002		
	Europe	Czech Republic	KYOCERA Solar Europe s.r.o.	Jul. 2005	
	South and Central America	Mexico	KYOCERA Mexicana, S.A. de C.V.	Jun. 2005	
	North America	U.S.A.	KYOCERA MITA South Carolina, Inc.	Jan. 2004	
			KYOCERA America, Inc.	Apr. 1994	
			KYOCERA Wireless Corp.	Aug. 2000	
			KYOCERA TYCOM Corp.	Aug. 1996	
			KYOCERA Industrial Ceramics Corp.	Apr. 1995	
			KYOCERA Telecommunications Research Corp.	Aug. 2000	
	AVX Corp.	1992			
	ISO/TS16949 (Automotive products)	Asia	Japan	KYOCERA KINSEKI Yamagata Corp.	May 2003
			Thailand	KYOCERA KINSEKI (Thailand) Co., Ltd.	Sep. 2003
Philippines			KYOCERA KINSEKI Philippines, Inc.	Mar. 2004	
ISO13485 (Medical-related products)	Asia	Japan	Japan Medical Materials Corp.	May 2005	

## Kyocera Group Integrated Occupational Health and Safety Management System (15 Sites)

(As of March 2007)

Standard	Country	Company	Office/plant	Date of registration			
OHSAS18001	Japan	KYOCERA Corporation	Corporate Environment and Safety Management Organization	Hokkaido Kitami Plant	Fukushima Tanakura Plant	Nagano Okaya Plant	Oct. 2005
			Mie Ise Plant	Shiga Gamo Plant	Shiga Yokkaichi Plant	Kyoto Fushimi Office	
			Kagoshima Sendai Plant	Kagoshima Kokubu Plant	R & D Center, Kagoshima	Kagoshima Hayato Plant	
		KYOCERA MITA Corp.	KYOCERA MITA Environment and Safety Management Organization	Hirakata Plant	Tamaki Plant		

\* The above 15 offices/plants are OHSAS 18001 certified together with the Kyocera Group Integrated Occupational Health and Safety Management System.

## Individual Certification (2 Sites)

(As of March 2007)

Standard	Region	Country	Company	Office/plant	Date of registration
OHSAS18001	Asia	China	Shanghai KYOCERA Electronics Co., Ltd.	—	Oct. 2006
		Israel	AVX Israel Ltd.	Jerusalem	May 2003



## Kyocera Group Integrated Environmental Management System (205 Sites)

(As of March 2007)

Standard	Country	Company	Office/plant				Date of registration	
ISO 14001	Japan	KYOCERA Corporation	Hokkaido Kitami Plant	Fukushima Tanakura Plant	Tokyo Yoga Office	Yokohama Office	Oct. 1996	
			Nagano Okaya Plant	Mie Ise Plant	Shiga Gamo Plant	Shiga Yohkaichi Plant		
			Shiga Yasu Office	Headquarters	Kyocera Management Research Institute	Kyocera Keiaikan		
			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	Takasaki Sales Office	Utsunomiya Sales Office	Omiya Sales Office		
			Sakura Office	Tachikawa Sales Office	Yaesu Office	Harajuku Office		
			Harajuku Office Kawaguchi Distribution	Komae Sales Office	Atsugi Sales Office	Kanazawa Sales Office		
			Matsumoto Sales Office	Hamamatsu Sales Office	Yamanashi Sales Office	Nagoya Sales Office		
			Mikawa Sales Office	Osaka Sales Office	Himeji Sales Office	Okayama Sales Office		
			Hiroshima Sales Office	Takamatsu Sales Office	Kyushu Sales Office	Okinawa Sales Office		
			Kyocera Contax Salon Tokyo	CV Ginza Store	CV Kyoto Kawaramachi Store	CV Osaka Umeda Store		
			CV Kobe Sannomiya Store	CV Hiroshima Store				
			KYOCERA ELCO Corp.	Headquarters	Ikebe Warehouse	Ikebe No.2 Warehouse		Okaya Office
				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	Yoga Office		
		DAIKEN Co., Ltd.	Headquarters					
		KYOCERA MITA Japan Co., Ltd.	Headquarters	Tokyo Office	Sapporo Office	Sendai Office		
			Nihonbashi Sales Office	Nagoya Office	Osaka Office	Hiroshima Office		
			Fukuoka Office	Branch: 78 locations				
		KYOCERA Chemical Corp.	Headquarters	Kansai Branch	Kyushu Branch	Kawaguchi Plant		
			Kawasaki Plant	Kohriyama Plant	Moka Plant			
		KYOCERA SLC Technologies Corp.	Headquarters	Higashi-nihon Sales Office	Kyushu Sales Office	Shiga Yasu Plant		
			Kagoshima Sendai Office	Kagoshima Kokubu Office				
		Kyocera SLC Components Corp.	Headquarters					
		KYOCERA KINSEKI Corp.	Headquarters	Okaya Office	Yohkaichi Office	Kokubu Office		
		KYOCERA KINSEKI Hokkaido Corp.	Headquarters	Hokkaido Ebetsu Plant				
		KYOCERA KINSEKI Yamagata Corp.	Headquarters					
		KYOCERA KINSEKI Chiba Corp.	Headquarters					
		Japan Medical Materials Corp.	Headquarters	Research Center	Kobe Plant	Sapporo Sales Office		
			Tohoku Sales Office	Omiya Sales Office	Tokyo Branch	Nagoya Sales Office		
			Kyoto Sales Office	Okayama Sales Office	Hiroshima Sales Office	Kyushu Sales Office		
			Shiga Plant Gamo Block	Shiga Plant / Yohkaichi Block	Kobe Sales Office	Kobe Product Control Center		
		KYOCERA Display Institute Co., Ltd.	Headquarters	Yamato Office				
		KYOCERA Communication Systems Co., Ltd.	Headquarters	Tokyo Branch	Kyoto Karasuma Office	Osaka Office		
			Fukuoka Office	Sapporo Sales Office	Sendai Sales Office	Nagoya Sales Office		
			Kanazawa Sales Office	Hiroshima Sales Office	Takamatsu Sales Office	Kagoshima Sales Office		

\* The above 205 offices/plants are ISO 14001 certified together with Kyocera Group Integrated Environmental Management.

## Individual Certification (37 Sites)

(As of March 2007)

Standard	Region	Country	Company	Office/plant	Date of registration	
ISO 14001	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	
		Singapore	KYOCERA ELCO Singapore Pte, Ltd.	—	Sep. 2001	
			KYOCERA Chemical Singapore Pte, Ltd.	—	Jun. 1999	
		Korea	KYOCERA ELCO Korea Co., Ltd.	—	Sep. 1999	
			KYOCERA Precision Tools Korea Co., Ltd.	—	Feb. 2004	
		Thailand	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		
	North America	U.S.A.	KYOCERA America, Inc.	—	Aug. 1997	
			KYOCERA Industrial Ceramics Corp.	Vancouver Mountain Home	Apr. 1998	
			KYOCERA Wireless Corp.	—	Nov. 2000	
			KYOCERA TYCOM Corp.	Irvine	Nov. 2005	
		North America	U.S.A.	KYOCERA MITA South Carolina, Inc.	—	Jun. 2002
				Fairfield	Mar. 2007	
				Irvine	Mar. 2007	
				Norcross	Mar. 2007	
				Wood Dale	Mar. 2007	
				New York	Mar. 2007	
				Irving	Mar. 2007	
				Miami	Mar. 2007	
				Arlington	Mar. 2007	
				Memphis	Mar. 2007	
	South and Central America	Mexico	KYOCERA Mexicana, S.A. de C.V.	—	Sep. 1998	
			El Salvador	AVX Industries Pte, Ltd.	San Salvador	Jun. 2005
		Brazil	KYOCERA do Brasil Componentes Industriais Ltda.	Sorocaba	Sep. 2000	
	Europe	UK	AVX Ltd.	Paignton	Jun. 2000	
				Coleraine	Aug. 2000	
			Netherlands	KYOCERA MITA Europe B.V.	Hoofddorp	Mar. 2007
		Czech Republic	AVX Czech Republic. s.r.o.	Lanskroun	Sep. 2004	
	Oceania	Australia	KYOCERA MITA Australia Pty. Ltd.	—	Jun. 2006	



# Glossary

## Stakeholders ▶▶ P.2

Stakeholders mean interested parties. This does not only cover customers and shareholders with monetary interest but also all persons concerned about the execution of corporate activities (regional residents, government and municipal offices, research institutions, banking facilities, suppliers and employees).

## CSR (Corporate Social Responsibility) ▶▶ P.2

This is based on the concept that a company is a social existence which should not only act for profit of or seek after economic rationality of the own company but also take the total interest of the stakeholders into considerations. To describe furthermore, a company should also be responsible for social aspects such as legal compliance, environmental preservation, protection of human rights and consumer protection.

## Corporate Governance ▶▶ P.14

This system is to insure sound management of a company. The main objectives are prevention of adverse effects arising from concentration of authorities to management, prevention of organization-wide illegal actions through monitoring of correct direction of business activities to materialize corporate rationale.

## Compliance ▶▶ P.16

This was understood as "strict observance of laws," but the original meaning 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 rules, ethics and morality of own company.

## Risk Management ▶▶ P.16

This is a framework constructed to deal with any risk that could hinder the achievement of a business goal.

## Sarbanes-Oxley Act, Section 404 ▶▶ P.17

This is an American law enacted in July 2002. Section 404 requires management to assess and report the maintenance of internal controls related to financial reporting and its effectiveness.

## Consumer Products Safety Law ▶▶ P.31

This law was enacted in 1974 to prevent the injury or death of general consumers. The law was partially amended in 2007, requiring manufacturers and importers to report to officials any critical product defect that may cause injury or death.

## A Balance of Work and Life ▶▶ P.35

This means a corporate system to support employees to cope with both worth while job and fulfilling life. The system does not only apply to working mothers but all employees.

## Environmental Accounting ▶▶ P.52

For company's efficient and effective promotion of activities for environmental preservation while keeping good relationships with the society to attain sustainable development, the environmental accounting is the system to recognize the cost spent for environmental preservation in business activities as well as the benefits from it, measure and report the cost and benefit quantitatively (indicated at the monetary unit or physical unit) as much as possible.

## Green Procurement ▶▶ P.64

Out of green purchasing implemented by companies and others, green procurement means purchasing of raw materials, components and others materials used for products.

## PRTR Law ▶▶ P.68

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.

## Modal Shift ▶▶ P.71

This means shift of major cargo distribution from trucks to a mass transportation with less environmental impacts such as railways or coastal shipping.

## Green Purchasing ▶▶ P.73

This means to select products and services with lower environmental impact as much as possible when it is necessary to purchase anything after well consideration of necessity of purchasing itself.

Source: Environmental White Paper, Environmental Information and Communication Network, CSR Board of Japan (CSR-BJ), Japanese Industrial Standards, and Financial Services Agency's White Paper

Kyocera has this report certified by a third party for the purpose of ensuring its reliability.

## Report on Third-Party Review

To: Mr. Makoto Kawamura, President  
KYOCERA Corporation

July 31, 2007

This English language report is a translation of the original report in Japanese on third-party review on KYOCERA Corporation's CSR Report 2007.

### 1. Objectives and Scope

We, Aarata Sustainability Certification Co., Ltd., have been engaged by KYOCERA Corporation (hereafter the "Company") to review the Company's "CSR Report 2007" (hereafter the "Report"). The scope of the review covers the environmental, social, and economic information included in the Report. The objective of the review is to independently express our conclusion as to:

- Whether the environmental, social, and economic information included in the Report was collected and reported in accordance with the Company's policies and standards, in all material respects; and
- Whether the material environmental information stipulated in the Standards for Environmental Report Assurance and Registration by the Japanese Association of Assurance Organizations for Environmental Information (JAOEI) 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.

This is the fifth time we have reviewed the Company's Report. Environmental, social and economic information for the year 2001 or before is not subject to our review procedures. Furthermore, quantitative information within the scope of our review is limited to that of the Company and its domestic subsidiaries.

### 2. Summary of Review Procedures Performed

We conducted our review procedures in accordance with the Assurance Standards for Environmental Reporting (Draft), established in March 2004 by the Ministry of the Environment of Japan, and the Practical Guidelines of Environmental Information Assurance, established in August 2005 by the JAOEI. We also referred to the International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), revised in December 2003 by the International Federation of Accountants.

The summary of review procedures we performed is as follows:

- Review of the relevant documents with regard to the Company's overall status and environmental management, and inquiry thereof;
- Inquiry with regard to the establishment and implementation of the Company's policies and standards for environmental, social, and economic information included in the Report;
- Review of the relevant documents with regard to the methodologies for measuring, compiling, and reporting the information under our review, and inquiry thereof;
- Assessment of the consistency of the supporting documents, performance of analytical procedures, and reconciliation of sample data to supporting documents; and
- Review and inquiry of internal documents to evaluate if the material environmental information stipulated in the Standards for Environmental Report Assurance and Registration ([http://www.j-aoei.org/kitei\\_pdf/BK-logohuyo\\_05.10.05.pdf](http://www.j-aoei.org/kitei_pdf/BK-logohuyo_05.10.05.pdf)) by the JAOEI is fully stated in the Report.

Sites Visited

Name of Site	Functions
KYOCERA Corporation Headquarters	Headquarters
KYOCERA Corporation Nagano Okaya Plant	Manufacturing

### 3. Our Conclusion

Based on our review procedures, 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 environmental, social, and economic information included in the Report was 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 material environmental information stipulated in the Standards for Environmental Report Assurance and Registration by the JAOEI is not included in the Report, in all material respects.

### 4. Independence

In accordance with the Assurance Standards for Environmental Reporting (Draft) and the provisions of the Certified Public Accountants Law of Japan, no reportable relationship exists between the Company and Aarata Sustainability Certification Co., Ltd.

Aarata Sustainability Certification Co., Ltd.





# 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 timidly 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 soy ink, free of VOC (Volatile Organic Compounds).

**[Paper]** The cover material is "thinning white" paper, which uses 70% domestic wood pulp, including 10% pulp derived from the thinning of forests. The inside pages are 100% high-quality recycled newspaper, with a 70% whiteness level.