THE NEW VALUE FRONTIER

KYOCERA

# Kyocera Sustainability Report 2004

KYOCERA Corporation

# Editorial Policy

- The Sustainability Report 2003, published last year, introduced social activities of the Kyocera Group in addition to its environmental information.
  More descriptions about CSR (Corporate Social Responsibility) are given in this year's report with priority given to the social and economical activities.
  The international standard paper size is adopted for the booklet to make the size of this report same as those of the Corporate Profile and the Annual Report of Kyocera.
- This report is published referring to the "Environmental Reporting Guidelines 2003" issued by the Ministry of Environment of Japan and the "Sustainability Reporting Guidelines 2002" issued by GRI.
- This report covers Kyocera and its 159 consolidated subsidiaries, unless otherwise indicated. "Kyocera" on the report means Kyocera Corporation only.
- The reporting period is basically fiscal 2004 (April 1, 2003 through March 31, 2004).
  The environmental performance data are for the past 5 years for Kyocera and 2 years for the subsidiaries starting in fiscal 2003.
  Fiscal 2003 data of overseas subsidiaries are partly corrected as a result of review of the data.



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## Corporate Summary (as of March 31, 2004)

| | | |
|---|---|---|
| Name | : | KYOCERA Corporation |
| Established | : | April 1, 1959 |
| President and CEO | : | Yasuo Nishiguchi |
| Capital | : | 115.7 billion yen |
| Net sales | : | Consolidated… 1,140.8 billion yen |
| | | Non-consolidated… 494.0 billion yen |
| Employees | : | Consolidated… 57,870 |
| | | (KYOCERA Corporation, 159 consolidated subsidiaries and 2 subsidiaries accounted for by equity method: Total 162 companies) |
| | | Non-consolidated… 13,604 |
| Main business lines | : | 1. Fine ceramics |
| | | 1) Fine ceramic components |
| | | 2) Semiconductor components |
| | | 3) Consumer-related products |
| | | 2. Electronic device |
| | | 3. Equipment |
| | | 1) Telecommunications equipment |
| | | 2) Information equipment |
| | | 3) Optical instruments |
| | | 4. Others |
| | | 1) Telecommunications engineering |
| | | 2) Molded synthetic resin products |

* Capital and net sales: Values less than 0.1 billion yen are rounded.
* Loaned employees are not included in the number of non-consolidated employee.

# Contents



## Financial Report



## Sociality Responsibility Report



## Environmental Report



## Facts and Figures

# Top Management Message

Founder and Chairman Emeritus

## Kazuo Inamori

The pace of change in our world has accelerated drastically since the dawn of the 21st century. In politics, economics and society, people are seeking new frameworks and viewpoints, concluding that traditional methods and systems are no longer ideal. In our rapidly changing and increasingly borderless society, globalization is creating the need for a new age of international understanding and cooperation.

At the same time, environmental problems such as global warming and acid rain are becoming even more severe, making prompt action necessary to preserve our irreplaceable Earth for future generations.

These circumstances are bringing fundamental changes to the business world. Today's corporations are expected to build harmony with society and their local communities instead of aiming only for economic growth.

In other words, in addition to enhancing business performance, business enterprises must contribute to society in new ways as responsible corporate citizens. They must support globalization and meet the needs of individual nations by working aggressively to solve environmental problems through technical development and contribute to human life and culture.

The legacies of the 20th century include a contradictory sense of value, which tended to emphasize function, economy and rationality above all else. People are now realizing that we need a philosophy of allowing all livings on Earth to survive together to overcome this situation and build a future society based upon "Harmonious Coexistence." A co-existence and co-prosperity-based philosophy that allows mutual development is necessary not only for individuals, but for companies and nations.

The Kyocera Group seeks to embody how a corporation should operate based on the basic principle of "Living Together" to coexist with society, world and nature as we enter this new era. Coexistence means that all living things should prosper together while making up for each other's deficiencies. Creating this concept of coexistence will require partnerships between parties of different backgrounds and cultures so the benefits may be more widely spread.

In recognition of the unique needs of our time, the Kyocera Group is striving to become a truly global enterprise that embodies the concept of harmonious coexistence by working together with people around the world. We will be an environment-friendly company that operates in harmony with nature and society both through our community and cultural activities and our business operations, by supplying products that contribute to the happiness and quality of life of all people.

Chairman of the Board and
Representative Director

## Kensuke Itoh

President and CEO

## Yasuo Nishiguchi

The Kyocera Group has been conducting diversified corporate activities aggressively based upon the concept of "Coexistence" until today, concretely from the viewpoints of "Environmental Preservation," "Corporate Ethics" and "Social Contribution."

"Environmental Preservation" is the subject that all companies have to extend top priority efforts for solutions to allow sustainable growth.

Kyocera developed the solar power generation business to materialize the supply of environmentally-friendly energy before global warming became an issue. In addition, Kyocera developed environmentally-friendly products, such as automotive components, to achieve clean exhaust gas and improve fuel efficiency, and a printer not requiring a drum cartridge change, featured in less environmental impact to thus aggressively contribute to solutions for environmental problems.

At the same time, we have been making efforts to reduce the environmental impact caused by the corporate activity itself. In 1991, the "Kyocera Environmental Charter" was established, delineating our mission to preserve the global environment. Based upon the guidelines, we implemented the Kyocera Eco-label system to certify Earth-friendly products and Kyocera Environmental Management Criteria. We also launched full-scale environmental preservation activities with an internal target for ozone-protection, waste reduction, energy and resource saving in 1992 and subsequent years.

Another important requirement for companies to coexist with society today is the establishment of "corporate ethics." Corporate compliance and corporate governance are now large issues because of many scandals caused by companies frequently in the spotlight these days. Since its founding, the Kyocera Group has been extending efforts to establish reputable "Corporate ethics" based upon the criterion of "What is right as a human being?"

In 2000, the "Kyocera Employee Action Guidelines" was established. The pocketbook was distributed to all group company employees to promote implementation of practices. Further, compliance management division was strengthened to enhance check function to thereby insure legally proper execution of corporate activities. The corporate thought of "Correct attainment of what is right as a human being" was supported from the system as well.

To promote "Coexisting with society," "Social contribution" is also indispensable. We consider it a social responsibility of a corporation to contribute to social activities such as culture, art and regional advancement. The Kyocera Group has aggressively been taking measures toward social contribution activities since its foundation. We intend to continuously extend efforts in awareness of responsibility as a corporate citizen.

With the keyword of "Coexistence," the Kyocera Group intends to contribute to progress and development of the human being and the society through aggressively pursuing such activities.

We hope this sustainability report will help you understand our commitment and activities.

# Management Rationale

## Corporate Motto


## “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 mankind.

## 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.

## Kyocera Philosophy

Kyocera Group companies are managed based on “Kyocera Philosophy” of the Founder and Chairman Emeritus, Kazuo Inamori. The underlying concept of the philosophy is “To do what is right as a human being in the right manner.” This means that a corporation should execute fair management and job operations without bringing contempt anyone, in accordance with the sense of ethics, morality and norm of society which everyone naturally has. “Kyocera Philosophy” has defined and embodied acceptance criteria and actions becoming the norm based upon such fundamental senses of values.
“Kyocera Philosophy” thus constitutes the norm of actions to Kyocera Group as well as operational standard to be strictly observed in all phases of daily operations regardless of private and public aspects. “Kyocera Philosophy” also includes common ethics standard and human philosophy as guidelines for a man to live.



**<Extract>**

### Follow Truths and Principles

Since Kyocera’s founding, all its corporate decisions have been based on basic truths and principles. Corporate management would neither succeed, nor be lasting, if it were unreasonable and morally unacceptable to society.
We at Kyocera do not rely on so called “business common-sense.” We don’t make decisions by merely following the standard practices of “most other companies.”
Whether decisions are on organization, finance or distribution of earnings, basing them on the essence of the matter avoids our making mistakes - even in a foreign culture or a new economic reality we have never experienced before.

### Kyocera Corporate Philosophy Pocketbook

The pocketbook was issued in April, 1994. The pocket-book describes the 4 items.

1. The Heart of Management
2. To Lead a Wonderful Life
3. At Kyocera, Everyone is a Manager
4. Performing Our Daily Work

### Maximize Revenues, Minimize Expenses (Count What Comes in, And Control What Goes out)

Managing a business is a simple matter. It is based on maximizing revenues and minimizing expenses. Profit is simply the difference between the two, and a result of this effort. Therefore, we need to be concerned only with maximizing revenues and minimizing expenses.
We must not be trapped into the so-called “common sense” fixation that raw material costs must be a specified percent of production, or sales promotion must be so much.
The important thing is to exercise our creativity and exert tenacious efforts to maximize revenues and minimize expenses.

### The Result of Life or Work = Attitude × Effort × 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. The multiplication of these two numbers shows that persons exerting unbeatable efforts to compensate for their “average” ability can accomplish more than geniuses who rely on their ability while making 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 our abilities and efforts are important, it is our attitudes that count the most.

### Make “Sharp” Products

Our products should be “sharp.” Like a brand new banknote with razor-sharp edges, our merchandise must have the feel of a totally new, a leading-edge product.
A product reflects the heart of its maker. Rough craftsmen make rough products and sensitive artists produce delicate work. We will never please our customers by mass-producing items of uncertain quality, inspecting each unit, and shipping those deemed “acceptable.”
All of us must concentrate our attention on perfecting our operations, not allowing a single defect to be produced. We must strive for each unit to be perfect.

# Sustainability Deemed by Kyocera Group

Kyocera Group considers that management based on the Management Rationale and Kyocera Philosophy leads to realization of sustainability of a high level.

## Sustainability Deemed by Kyocera Group

1) Material and intellectual growth of employees
2) Continuous increase in high profit
3) Reliability and respect from society

## Sustainable Company

1) Employees are working without anxiety.
2) Profit is recorded.
3) Compliance is implemented.

## Unsustainable Company

1) Employees have dissatisfaction.
2) Deficit management is continuing.
3) Deplorable event is reported.

## Kyocera Group aims at realization of sustainability of a high level.

An enterprise consists of consciousness of all employees.
As a human being has individuality, a company also has individuality created by the consciousness of individual employees.
We are deploying business activities aimed at an enterprise to be relied upon and respected by all people.

### 1. Social contribution activities

Kyocera Group considers that development of products useful for people in all fields including fine ceramics contributes to the advancement of mankind and society.
Further, from the viewpoint that an enterprise is also a citizen constituting a society, Kyocera Group is aggressively concerned over problems encountered in a region and a society to solve such problems and aims at aggressive contribution to economical and cultural development of the society through philanthropy.

### 2. Business activities to attain high profit

The duty of a company is to offer better products and services through its activities to thereby contribute to enhancement of quality of life of people and restore gained profit to the society as duty and so on. We consider that an enterprise has to continuously earn high profit, since an increase in profit enhances stability of the enterprise and enables more restoration to the society.

### 3. Environmental preservation activities

Out of many problems encountered by the modern society, the environmental problem is one of the most important problems liable to jeopardize existence of us. Kyocera Group aggressively aims at development of environmentally-conscious products and is taking environmental preservation activities on the motto of "Return materials close to natural conditions at occasion of external discharge."

### 4. Corporate activities of high transparency

Kyocera Group has been taking corporate activities of high transparency based on universal ethical point of view. In fact, we are making efforts so that the Kyocera Group condition may be widely understood by the whole society to gain further reliance through timely disclosure of information.

**We aim at creation of "the Company" that is an enterprise called "this is really a creditable enterprise," and an ideal enterprise respected by all people.**

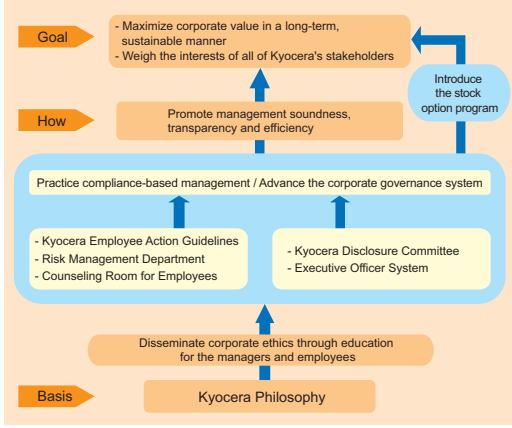
# Corporate Governance

Kyocera's corporate governance is designed to ensure extremely sound, transparent and effective management - and thereby best protect the interests of all stakeholders including shareholders. The management system at Kyocera, including the internal control system is based on the corporate culture conforming to "Kyocera Philosophy" with the soundness, transparency and efficiency regarded as extremely important points.

## Advancement of Corporate Governance System

Kyocera adopts a corporate auditor system (2 corporate auditors out of 5 are external auditors as of March 31, 2004) and implements an executive officer system, in which the functions of business execution and supervision of management have been separated to further raise the management efficiency.
The Board of Directors, as of March 31, 2004, consisted of 13 people, including 8 members from Kyocera Group management who are not responsible for business execution of Kyocera Corporation.
The Board of Directors decides on all important issues related to legal matters and management, and monitors the progress of business execution of executive officers.
Kyocera also sets up an independent internal body, the Kyocera Disclosure Committee, to promote the timely and fair disclosure of information and enhance management accountability. The committee conducts regular checks and assessments regarding items and contents for disclosure.

## Initiatives for Corporate Governance




# Management Administration Based on Kyocera Philosophy

Administration technique and the underlying way of thinking relating to management are penetrated into the Kyocera Group companies through learning as "Kyocera Business Administration."

## "Amoeba" Management

Kyocera Group adopts the management administration called "amoeba" management with small groups assumed as the unit of management based on Kyocera Philosophy.
We consider that the height of awareness of management participation, employee motivation brought about by the "amoeba" management the source of Kyocera's strength.
The "amoeba" management system means that responsibilities are defined in the small groups to insure transparency covering details and thoroughly checks the efficiency of management.

## Thorough Penetration of Kyocera Accountancy

The "Kyocera Accountancy" defines the principles of accounting to be observed by employees and exhibits management attitudes such as transparent management and fair information disclosure.
Fair, honest and best management can be insured for sound development of the Kyocera Group through learning this accountancy.
The "Kyocera Accountancy" pocketbook is distributed to individual employees.

### "Kyocera Accountancy" Pocketbook

The following seven principles are explained.

1. One-to-One Correspondence
2. Always Double Check
3. Perfectionism
4. Muscular Management
5. Steady Profit Improvement through Hourly Efficiency
6. Cash-Basis Management
7. See-through Transparent Management

# Compliance

Norms of behaviors such as rules and regulations underlying the corporate management are covered as one of fundamental elements of Kyocera Philosophy.

## Thorough Penetration of Laws and Regulations

Intensified efforts are extended mainly by the Risk Management Division to thoroughly penetrate related laws and regulations. The Intranet "Corporate Information Reading Room" was set up to cover domestic and overseas-related laws and regulations. Here the contents are advanced with related laws and regulations rearranged divisionally and revision information inserted timely. Advertisements for general consumers are internally checked in accordance with the Law for Preventing Unjustifiable Lagniappes and Misleading Representation. The wording standard is also available in the "Kyocera Corporate Information Reading Room."

## Audit System

A legal audit has been conducted as the compliance audit in addition to account auditing.
With domestic and overseas recent deplorable events by corporations taken as an opportunity to review compliance practices, the "Kyocera Group Compliance Project" was inaugurated in October 2002 to insure a more reliable compliance practices.
In fiscal 2004, we made the original check sheets of related laws and regulations to start self-checks by all domestic group companies based on the legal check sheets. It is our intent to expand the self-check to all group companies in overseas countries as well in the future.

## Kyocera Export Control Program

An Export Control System in terms of security has been advanced with the "Kyocera Export Control Program" (compliance program) set. The Risk Management Department directly implements education and operational audits of each division and office every year. Export administration committees are established in individual divisions for thorough penetration of daily administration. Education and audits are advanced as well as the contents of inserted information on the "Kyocera Corporate Information Reading Room" to correctly cope with diversification and expansion of products, technologies and role, and revision of laws. Periodic education is provided at the hierarchical and occupational category units in addition to daily on-the-job training. At the same time, education is provided appropriately upon changing situations such as important revisions of related laws and regulations, or the Kyocera Export Control Program. Education is provided to ensure a thorough understanding of the importance of laws and regulations relating to safety and export management, and the Kyocera Export Control Program and their reliable operations by employees.

## Establishment of Employee Counseling Room

The Employee Counseling Room established in April 2003 accepts consultations from employees concerning deeds violating or likely to violate the "Kyocera Employee's Action Guidelines." In October 2003 when the pocketbook was revised, part-timers were newly accepted to use the room.

### "Kyocera Employee's Action Guidelines"

This pocketbook describes the following nine points.

1. Basis attitude
2. Working attitude
3. Clean and comfortable workplace environment
4. Regional social contribution
5. Relationship with customers and external parties
6. Legal compliance
7. Handling of information
8. Behavior in overseas countries
9. Global environmental preservation activities

## Compliance Education

"Risk management training" started in fiscal 2003 for management executives is now provided to newly appointed people and also programmed into new employee training. "The Anti-Monopoly Act lecture" started in July 2002 for each division was held 20 times and ended in July 2003. Lectures started in January 2002 concerning contract practice to meet the needs of each division.

# Value-added Diversification

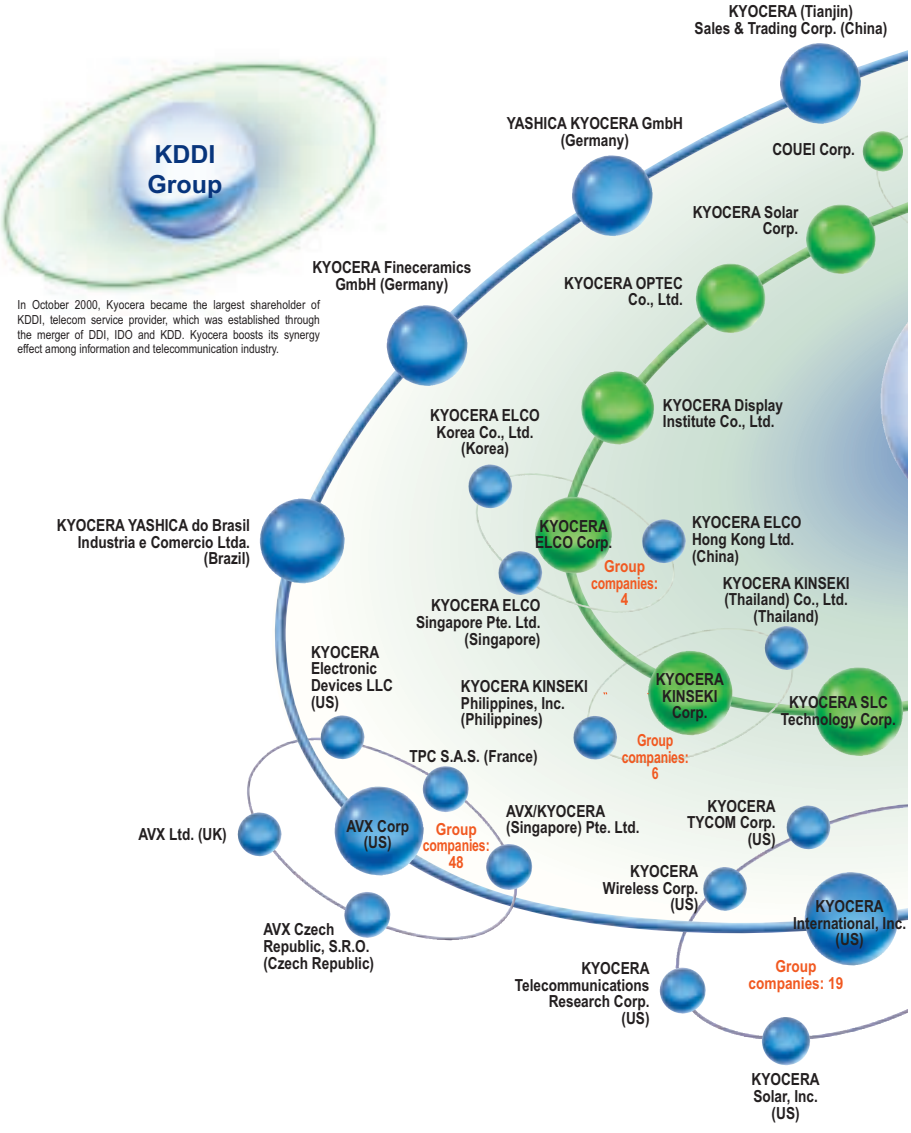
Kyocera Group strives to be a “creative company that continues to grow in 21st century.” To achieve this goal, Kyocera Group promotes “highvalue-added” diversification in three high growth potential areas - telecommunications and information processing, environmental protection, and quality of life - in accordance with the following criteria and management system.

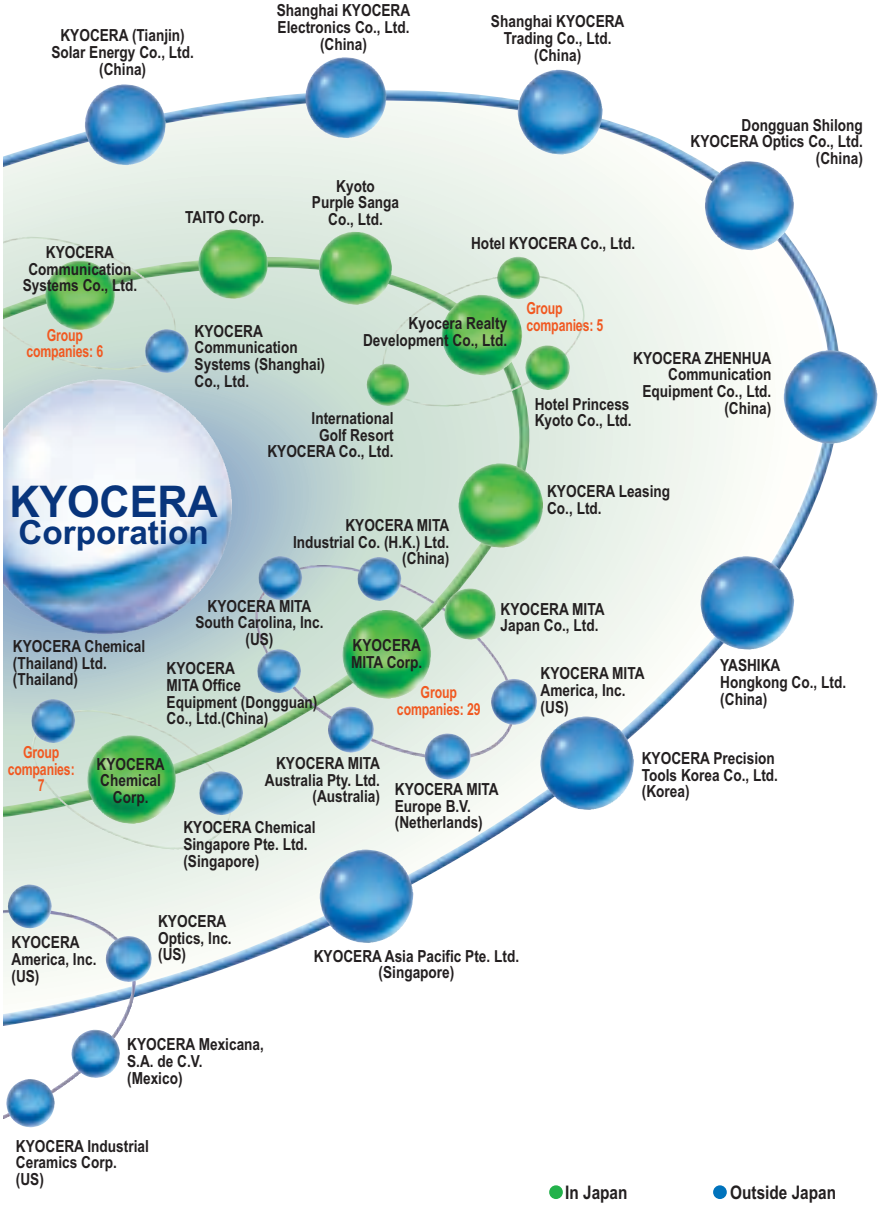
## [Criteria]

“Valuable business” is defined as a business with pre-tax profit ratio of 15% or more. Whether or not to remain in a field is based on a judgment of the existence of an evident need in the relevant markets and the possibility of serving that market need from the current or future attainable technologies.

## [Management System]

Kyocera’s unique management system allows it to make accurate and swift assessments of individual business conditions to facilitate timely decision-making and maximize synergies among businesses.






## Business Operations of Major Group Companies

- KYOCERA KINSEKI Corp.
  Develops and manufactures crystal oscillators, applied crystal devices and SAW devices
- KYOCERA MITA Corp.
  Manufactures and markets information equipment, such as printers and digital multifunctional copiers
- KYOCERA Chemical Corp.
  Manufactures and markets electronic component materials, electric insulation materials and synthetic resin products
- KYOCERA SLC Technology Corp.
  Manufactures and markets organic packages and substrates
- KYOCERA ELCO Corp.
  Develops, manufactures and markets electronic connectors and interconnect products for use both within electronic devices and externally
- KYOCERA OPTEC Co., Ltd.
  Manufactures and markets lenses and precision optical instruments including lenses for PC printers
- KYOCERA Display Institute Co., Ltd.
  Institute and develops organic EL display
- KYOCERA Communication Systems Co., Ltd.
  Markets communication equipment and system integration services; develops and markets software; provides management consulting services
- KYOCERA Solar Corp.
  Market, installs and services solar products and systems for residential buildings
- KYOCERA Leasing Co., Ltd.
  Financier; leasing, rental and credit business
- KYOCERA Realty Development Co., Ltd.
  Manages the Hotel KYOCERA, the Hotel Princess Kyoto and the International Golf Resort KYOCERA; owns, manages and leases real estate properties
- Kyoto Purple Sanga Co., Ltd.
  Manages Kyoto Purple Sanga, a professional soccer team, and markets its original items
- TAITO Corp.
  Develops, manufactures and markets game software and equipment; designs and constructs indoor and outdoor leisure facilities
- KYOCERA (Tianjin) Sales & Trading Corp.
  Manages and distributes Kyocera group products made both in China and elsewhere
- KYOCERA (Tianjin) Solar Energy Co., Ltd.
  Develops, products, markets, installs and services solar modules and systems
- Shanghai KYOCERA Electronics Co., Ltd.
  Manufactures and markets electronic components and fine ceramic products
- Dongguan Shilong KYOCERA Optics Co., Ltd.
  Manufactures and markets precision optical equipment
- KYOCERA ZHENHUA Communication Equipment Co., Ltd.
  Develops, manufactures, markets and services CDMA handsets and related telecommunications products
- KYOCERA International, Inc.
  Regional head office of North and Central American operations
- 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
- KYOCERA Wireless Corp.
  Develops, manufactures, markets and services CDMA handsets
- AVX Corp.
  Manufactures and markets a wide range of electronic components, including multilayer ceramic chip capacitors, tantalum capacitors and more
- KYOCERA Fineceramics GmbH
  Markets electronic components and other fine ceramic products

* As of June 2004

# Kyocera Group Products

Kyocera Group is deploying businesses to connect materials, components, equipment, systems and services systematically. Further efficiency of corporate resources, effective utilization of information and expansion of markets are materialized through integrally offering materials through services.

## Solar Power Generation System "SAMURAI"

Advanced residential solar power generation system with beauty (design) and generation rate (performance) are proposed as the new standard.

## Mobile Handsets

Creative and high-quality mobile handsets

## Jewelry

Taking advanced ceramic crystallization technologies, we have successfully created gemstones with chemical compositions and crystal orientations identical to those of their natural counterparts. The "CRESCENT VERT" brand of jewelry features "Inamori gemstones" which include nine types of recrystallized gemstones and three types of created opals.

## Industrial Cutting Tool Products

Superior strength and durability of fine ceramics make ceramic tools better for high-speed processing than tools made of conventional materials. The surface finishing is superior and the tools can be used for long time. The tools are widely used in high-precision machining operations required by the automotive and IT industries.

## Ceramic Kitchen Utensils

Kitchen utensils applied the superior properties of fine ceramics that resist wear, never rust and are unaffected by acids or alkalis. We are helping everyday life become more enjoyable by applying them to a variety of consumer products.

## Optical Components for Mobile Handset

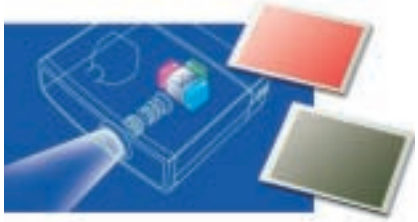
Compact camera modules of high picture quality and high function for camera-equipped mobile handsets with our optical technologies.

## Electronic Components for Information and Communications Devices

Our electronic components are renowned in information and communication devices market for facilitating the development of smaller and lighter devices that operate at less power.

## Single-Crystal Sapphire

Among other things, single-crystal sapphire is used to form the substrates for blue LEDs, and the deflecting plates for LCD projectors. The remarkable characteristics of this material include excellent thermal and light conductivity.



## Organic Electronic Mounting Materials

Inorganic material and component business, organic packages, substrates and packaging materials of high added value are developed and produced.




## ECOSYS Printer

When the toner is depleted, instead of changing the entire drum cartridge, ECOSYS printers only require replacement of the toner container. In addition to being environmentally-friendly, they also have the lowest Total Cost of Ownership (TCO).

## Digital Multifunctional Copier

Copiers ranging from desk-side compact type to full-color type and wide formatting size type are promoting more efficient document management and effective utilization of office space to offer more comfortable and functional business environments.

## "CONTAX N1"

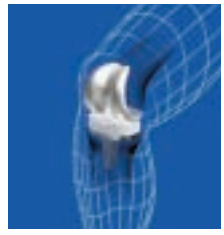
High-class single-lens reflex camera provided with dual focusing mechanism to control both AF (auto focusing) and MF (manual focusing) takes full advantage of the superior Carl Zeiss T* lens.

## "CONTAX Tvs DIGITAL"

First high-quality compact digital CONTAX camera with 3x zoom thanks to its Carl Zeiss Vario Sonnar T* lens, and a CCD with 5-megapixel resolution.

## Medical Products

Artificial dental roots, joints and bones produced through advanced technology of Kyocera play important roles in recovery of vital body functions.



## Aspherical Lenses

Optical components used in key parts of information equipment and optical instruments such as digital cameras are widely used for consumer and other industrial fields because of the smaller design and higher function.

## Liquid Crystal Displays

Liquid crystal displays with rapidly increasing demands as mobile handsets and industrial equipment monitors. Compactness and low power consumption are materialized.

## LED Printheads

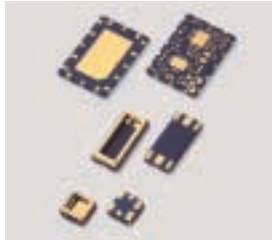
High-performance LED printheads of dynamic drive type. Increasing demand is expected in full-color electrographic printers market.

## Thermal Printheads

These heads used in printing portions of facsimiles and printers are featured in high speed, high quality printing and low power consumption.

## Surface-mount Device Packages

Ceramic packages for electronic device to cope with electronics equipment of small, thin in size and high in performance



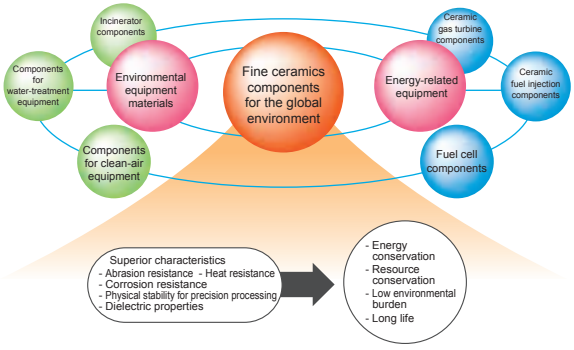
## Connectors

Connectors suitable for electronics equipment of higher density, lower height, area saving, multi-polarity and higher speed designs are lined up.

## Synthetic Crystals

Quartz crystals comprised of single crystals of silicon dioxide (quartz) are used in digital equipment such as mobile communication, optical communication and image equipment as accurate electrical signal sources and optical products.

# Kyocera Group Products




Fine ceramics - Kyocera's core technologies - are excellent resistance to abrasion, heat and corrosion, Kyocera developed

### Gas Turbine Components

The thermal efficiency of gas turbine engine with the ceramics components, that has superior heat resistance, is high. It enables the engines to reduce $CO_2$. Furthermore, fuel efficiency can be improved and it reduces the emission of $NO_X$.

## Solar Power Generation

In 1975, Kyocera started development of solar cells by means of silicon ribbon crystals with EFG method (technology to pull up ribbon-state sapphire substrates) applied. In 1977, Kyocera succeeded in pulling up silicon ribbons continuously and had solar power generation business as a vision.

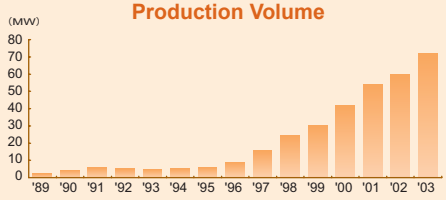
In 1986, Kyocera was first in the world to start mass production of polycrystalline silicon solar cells according to the casting method. Today, this is the main stream method in the world. Kyocera has been developing and producing solar cell this way in volume positively for about the last 30 years now.

### Features of Solar Power Generation System

- ▶ Little environmental impact
- ▶ Constant power generation efficiency regardless of scale
- ▶ Availability of power generation at required place
- ▶ Easy maintenance with unmanned operation available
- ▶ Long life

### Business Expansion

Production volumes of solar cells have been increasing since the start of mass production.




### Donation of Village Electrification System to Non-electrified Areas

Many areas are not electrified yet in the world. Wishing to help people encountering energy crisis in such areas, Kyocera expanded bases to many districts in the world to deliver energy to villages in more than 60 countries.

In June 1983, we donated 6KW village electrification solar cells to Konkai Village in Pakistan. The cells are useful for people living in the village with 130 houses and about 1,000 habitants as residential lighting and agricultural pump power sources are also available today.

### Reliable and Experienced Support for Providing Systems in and outside of Japan

Kyocera commercialized residential solar power generation systems first in Japan in 1993 and established a sales company of home use systems, KYOCERA Solar Corporation, in 1996 to establish a region-based integral system of sales, installation and services.

Kyocera recorded sales of a number of systems in overseas countries as well.

The systems are adopted at more than 1,000 places in both public and industrial applications such as large condominiums, office buildings, hospitals, welfare facilities, public facilities, schools and other educational facilities, commercial facilities, plants, water purification plants, water-works and independent power systems.

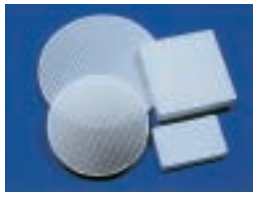
Large condominium (Germany)

Water purification plant (Japan)

examples of ecological materials that contribute to environmental preservation. Taking advantages of ceramic's super a variety of environmental solutions. The "solar power generation" and "automotive components" are introduced this time.

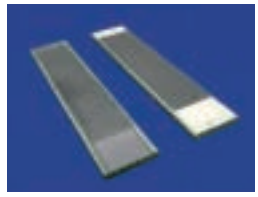
### Honeycomb Filters

Ceramic honeycomb filter features include high thermal resistance and air permeability. This material is impregnated with catalysts; which functions as a purification filter to reduce exhaust gases and ozone.



### Fuel Cell

Small and high efficiency fuel cell, developed with our original fine ceramics technology, is expected to be the next generation energy because of high power generation efficiency, low NOx and SOx generation, low noise, resource saving and clean.

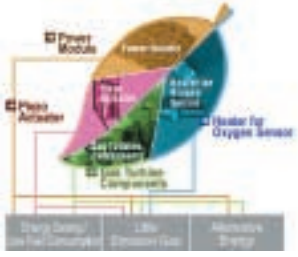


## Automotive Related Parts

Automotive parts require extremely high reliability and mass productivity.
Kyocera contributes to improvement in automotive environmental preservation and safety with its material development, and reliable design, product development and manufacturing technology at the components and module level.

### Environment Preservation Technologies

Kyocera develops and provides materials/components to cut emissions and improve fuel efficiency, taking advantage of ceramic's characteristics.




#### Ceramic Heater for Oxygen Sensor

**$NO_X$, $CO_2$ Reduction**

Harmful substances contained in emission gases are severely controlled in all countries.


Kyocera produces ceramic heater for oxygen sensors with rapid heating-up featured in stable measurement of oxygen concentration from the beginning of engine start.

#### Piezo Actuator

**Fuel Efficiency Improvement**

Improvement of fuel efficiency of diesel engines is important for reduction of environmental impact.
High-pressure fuel injection and precise control of fuel volume must be required to improve combustion efficiency.
Kyocera continuously develops high-precision piezo actuators superb in responsibility for fine control of the injection volume.

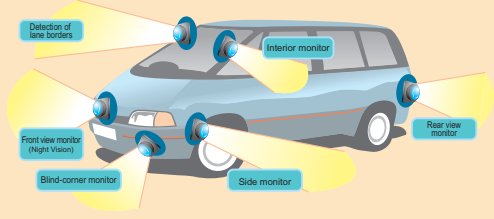
### ITS, Safety Technologies

Kyocera develops in-vehicle cameras and millimeter wave radar modules to cope with advanced ITS (Intelligent Transport Systems) technologies.
In the field of safety technologies, Kyocera supplies ceramic packages of high strength and high reliability to be used in MEMS sensors, pressure sensors, image sensors and millimeter wave devices.


#### In-Vehicle Camera Modules

**Safety Improvement**

Camera components from lens to module are produced with infrared, lens and assembly technology, and supplied for safety checks such as headway and rearview sensing instead of human eyes.



# Consolidated Financial Results

## Consolidated Results for Fiscal 2004

* Kyocera Group prepares consolidated financial statements pursuant to generally accepted accounting principles in the United States of America. The fraction of the figures in the [Consolidated Financial Results] and [Performance by Operating Segment] are rounded.

### Net Sales

Net sales in all operating segments for fiscal 2004 surpassed levels recorded in the previous fiscal year, resulting in consolidated net sales of 1,140,814 million yen, an increase of 6.6% from the previous fiscal year.

A rise in global production of mobile phone handsets, digital consumer products and computer-related equipment propelled increased component demand for these products. This drove higher sales in the components businesses of Kyocera, namely the Fine Ceramic Group and Electronic Device Group, compared to the previous fiscal year. Aggressive new product launches and the creation of new markets for information equipment, notably digital multi-functional product, and for telecommunications equipment such as mobile handsets, contributed to the stronger Equipment Group sales as compared to the previous fiscal year.

### Profits

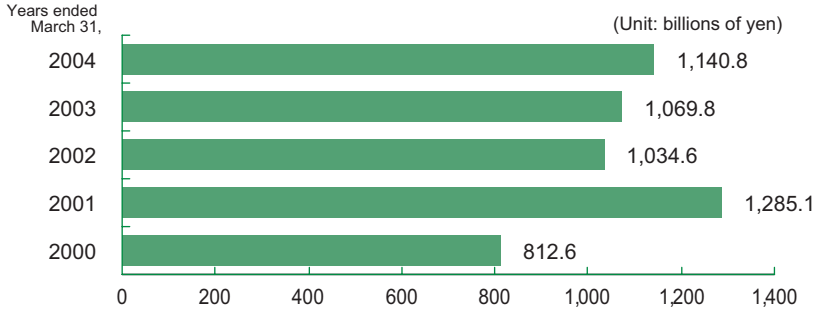
Profit from operations was 108,962 million yen, a 30.7% increase as compared to the previous fiscal year. Income before income taxes and net income were 115,040 million yen and 68,086 million yen, substantial increase of 51.3% and 65.4% respectively, as compared to the previous fiscal year.

Kyocera group improved profitability in the components business based on increased sales and the positive effects of group-wide, which emerged in second half of the fiscal year, notably higher productivity and lower costs.

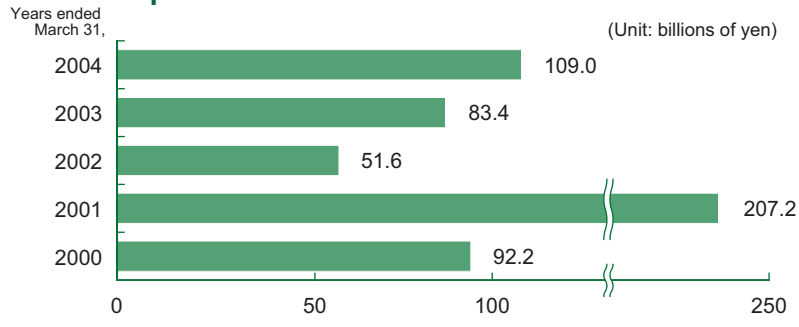
Operating profit relating to information equipment increased due to an increase of sales and expanded production in China. This was offset, however, by the costs of new product development aimed at future business expansion and marketing costs for telecommunications equipment and optical instruments, which led to an overall decline in profit in the Equipment Group.

A gain in the amount of 18,917 million yen was recorded due to a reduction in employee benefit obligations upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets. This gain was included in both profit from operations and income before income taxes.

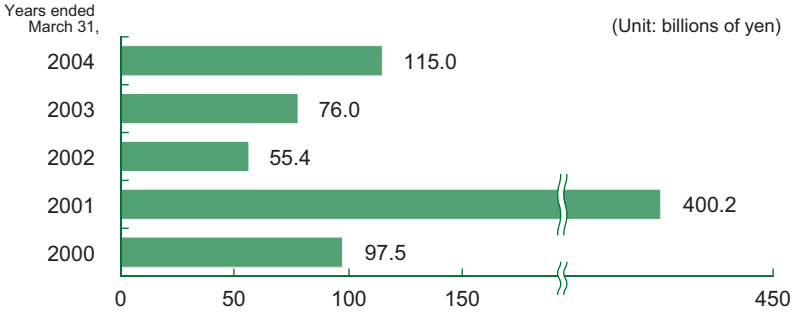
**Net Sales**



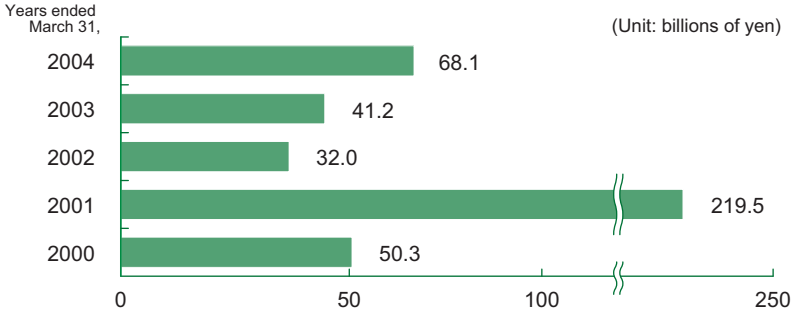

**Profit from Operations**



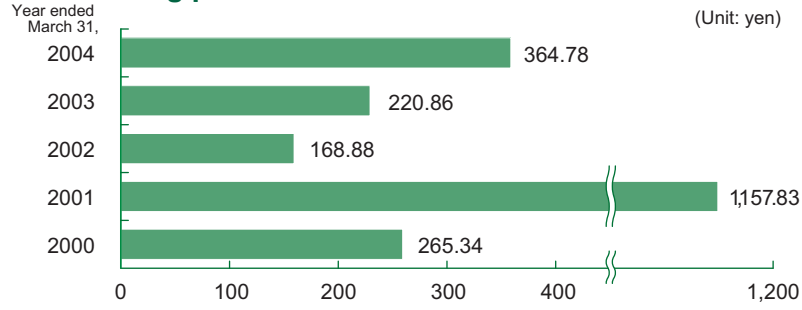
## Income before Income Taxes




## Net Income




## Diluted Earning per Share




In the fiscal year ended March 31, 2001, the profit grew up significantly as a result of drastic increase of demand for components due to the IT boom. Also, in that fiscal year, DDI Corporation, which had been accounted for as an "equity method affiliate" merged with KDD Corporation and IDO Corporation and that company changed its name to KDDI Corporation "KDDI." Pursuant to United States Generally Accepted Accounting Principles, the increase in the equity interest of Kyocera in KDDI, which resulted from the increase in net assets of KDDI as a consequence of such merger, will be accounted for as profit of Kyocera. The impact from these was an additional 174 billion yen in income before income taxes. Accordingly, pre-tax profit ratio became 31.1%, which showed the highest record for Kyocera.
However, after the bubble burst, pre-tax profit ratio dropped suddenly to 5.4% in the fiscal year ended March 31, 2002 as a result of diving of demand for components and fall in the unit price. It was recovered after that, however, to 7.1% in the fiscal year ended March 31, 2003 and 10.1% in the fiscal year ended March 31, 2004 as a result of countermeasures started before the bubble burst, such as cost reduction, profit improvement by manufacturing in China, relocation of development, manufacturing and marketing, and aggressive structural reform.

* The non-consolidated financial results of Kyocera Corporation are available on our web site. http://www.kyocera.co.jp

# Performance by Operating Segment

## Fine Ceramic Group

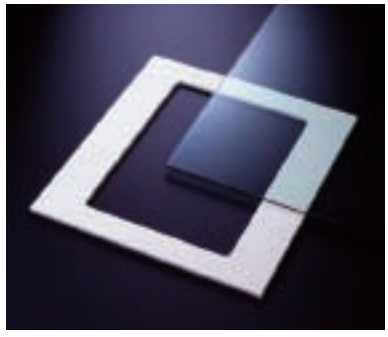
| | | |
|---|---|---|
| Net Sales: | 255,805 million yen | 7.1% increase from fiscal 2003 |
| Operating profit: | 31,139 million yen | 65.7% increase from fiscal 2003 |

**Fine Ceramic Parts**
Ceramic substrates
Semiconductor processing equipment components
LCD processing equipment components
OA equipment components

**Semiconductor Parts**
Multilayer packages
(Surface-Mount Device [SMD] packages)
Metallized products
Fiber-optic network components
Organic packages and substrates

**Consumer-Related Products**
Solar energy products
Cutting tools
Dental and orthopedic implants (BIOCERAM)
Jewelry and applied ceramic products

Domestic and overseas manufactures of LCDs, which are key components in mobile handsets and digital consumer products, invested aggressively for production expansion to keep pace with substantial increase in demand. In line with this, demand for ceramic components for LCD processing equipment rose.
Demand for sapphire substrates used in blue LEDs and LCD projectors and other uses also increased and sales of fine ceramic components increased.
In addition, sales of semiconductor parts increased due to steady growth in demand for SMD packages for electronic components used in mobile handsets, and for image-sensor ceramic packages.
Sales of consumer-related products such as solar power generation systems and cutting tools also increased.
Operating profit in this segment increased substantially compared to the previous fiscal year as a result of sales growth coupled with the impact of cost reductions and improved productivity.

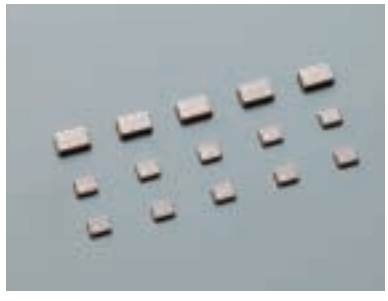

LCD processing equipment components

## Electronic Device Group

| | | |
|---|---|---|
| Net sales: | 256,906 million yen | 12.7% increase from fiscal 2003 |
| Operating profit: | 5,047 million yen | 57.3% decrease from fiscal 2003 |

Capacitors (Ceramic capacitors, Tantalum capacitors)
Timing devices (TCXOs, VCOs)
High-frequency modules
Thin-film products (Thermal printhead, LCDs)
Connectors

Sales of ceramic capacitors, connectors and LCDs increased due to increased global production of electronic equipment and advances in functionality and increased use of color LCDs for mobile handsets.
KINSEKI, Limited (now KYOCERA KINSEKI Corporation) became a consolidated subsidiary in August 2003. For the eight month period from August 2003, sales of KINSEKI, Limited were included in net sales.
Efforts to reduce costs and to improve productivity resulted in strong profitability, especially in the capacitor business, from the second half of the fiscal year. However, a one-time loss related to the write-down of tantalum materials at AVX Corporation, a US subsidiary, caused operating profit to decline in this segment in the first half of the fiscal year.


TCXOs

## Equipment Group

| | | |
|---|---|---|
| Net sales: | 545,811 million yen | 3.0% increase from fiscal 2003 |
| Operating profit: | 31,257 million yen | 21.9% decrease from fiscal 2003 |

**Telecommunications Equipment**
Cellular handsets and accessories
PHS-related products (handsets and base stations)

**Information Equipment**
Page printer (ECOSYS)
Copier

**Optical Instruments**
Compact zoom cameras
SLR cameras and lenses
Digital still cameras

Sales in this segment increased, due to strong performances in information and telecommunications equipment.
Kyocera Group aggressively introduced new mobile handsets with high-level functions to the North American and domestic markets. As compared to the previous fiscal year, steady growth in sales of mobile handsets, especially in the United States, drove an increase in sales in the telecommunications equipment business.
Optical instruments enjoyed substantial growth in sales in the domestic market due to the launch of new digital still cameras that enable consecutive shots up to the capacity of the memory card. This, however, was not enough to fully offset a decrease in sales of traditional film cameras, leading to an overall decline in sales in this segment.
Introduction of a new products, such as high-speed and color-capable printers, copies and digital multifunctional products, in conjunction with favorable market response to enhanced product reliability, brought an increase in sales of information equipment.
Operating profit relating to telecommunications equipment and optical instruments decreased due to a decline in sales price of mobile phone handsets and PHS-related products for China as compared to the previous fiscal year, and an increase in costs for development of digital still cameras. As a result, total operating profit of this segment decreased as compared to the previous fiscal year.


Mobile-phone handsets

## Others

| | | |
|---|---|---|
| Net sales: | 100,505 million yen | 18.1% increase from fiscal 2003 |
| Operating profit: | 9,683 million yen | 30.6% increase from fiscal 2003 |

Telecommunications engineering
Computer network systems
IT consulting services
Leasing services
Financing services

Electrical insulators
Molded synthetic resin products

KYOCERA Communication Systems Co., Ltd. significantly contributed to increased sales and profits of this segment compared to the previous fiscal year.
KYOCERA Chemical Corporation, which became a consolidated subsidiary in the previous fiscal year, fully contributed to sales and profits of this segment from the beginning of the fiscal year.

Unified authentication solution
“NET BUREAU” original USB key

# Global Topics



### The Inamori Grant Program Ceremony JPN

The Inamori Grant Program ceremony was performed in April 2003. This is performed at this time every year to present a grant to young researchers and institutes in Japan in the fields of natural, human, and social sciences.
In fiscal 2004, 50 activities were selected as the subjects of the grant, including "High functional and reliable XML processing language" conducted by Haruo Hosoya, Assistant professor of Research Institute for Mathematical Sciences, Kyoto University.

### Establishment of KYOCERA (Tianjin) Solar Energy Co., Ltd. CHN

KYOCERA (Tianjin) Solar Energy Co., Ltd, solar module manufacturing and sale company, was established in May 2003.
The new company is a joint venture funded by KYOCERA Corporation and Chinese Tianjin Yiqing Group (Holding Share) Co., Ltd. Kyocera is the first Japanese company to establish solar module production facilities in China.

### KYOCERA (Tianjin) Sales & Trading Corp. Started Operation CHN

The opening ceremony of KYOCERA (Tianjin) Sales & Trading Corp., the first foreign trading company authorized to be engaged in both domestic sales of its own products and imported goods as a foreign capital manufacturer, was performed in September 2003.
The company will promote marketing of digital multifunctional products, printers, digital cameras, film cameras, fine ceramic parts, electronic devices, solar power generation equipment, cutting tools, consumer-related ceramic products throughout China.

### Supplying of Solar Cells to Everest Mountaineering Party NEP

Kyocera supported the Yeti Fraternity Everest Mountaineering Party through donation of solar cells in May 2003. Traditional base camps had no alternative but to rely on generators. Use of solar cells largely contributed to improvement of mountain climbing environments with the noise and pollution levels improved.

April
May
June
July
August
September

### Signing Plant Location Agreement with Ayabe City JPN

Kyocera concluded a plant location agreement with Ayabe City, Kyoto, in September 2003. We expect this will lead to a great contribution in the creation of employment opportunities in middle and northern districts in Kyoto Pref. and the activation of the economy in general Kyoto Pref.

### Establishment of KYOCERA SLC Technology Corp. JPN

KYOCERA SLC Technologies Corp. was established in September 2003 to develop, design, produce and sell semiconductor chip carriers and high-density boards using organic materials.

### KYOCERA MITA Evaluated as "Most Reliable Product" for the Second Year in Row USA

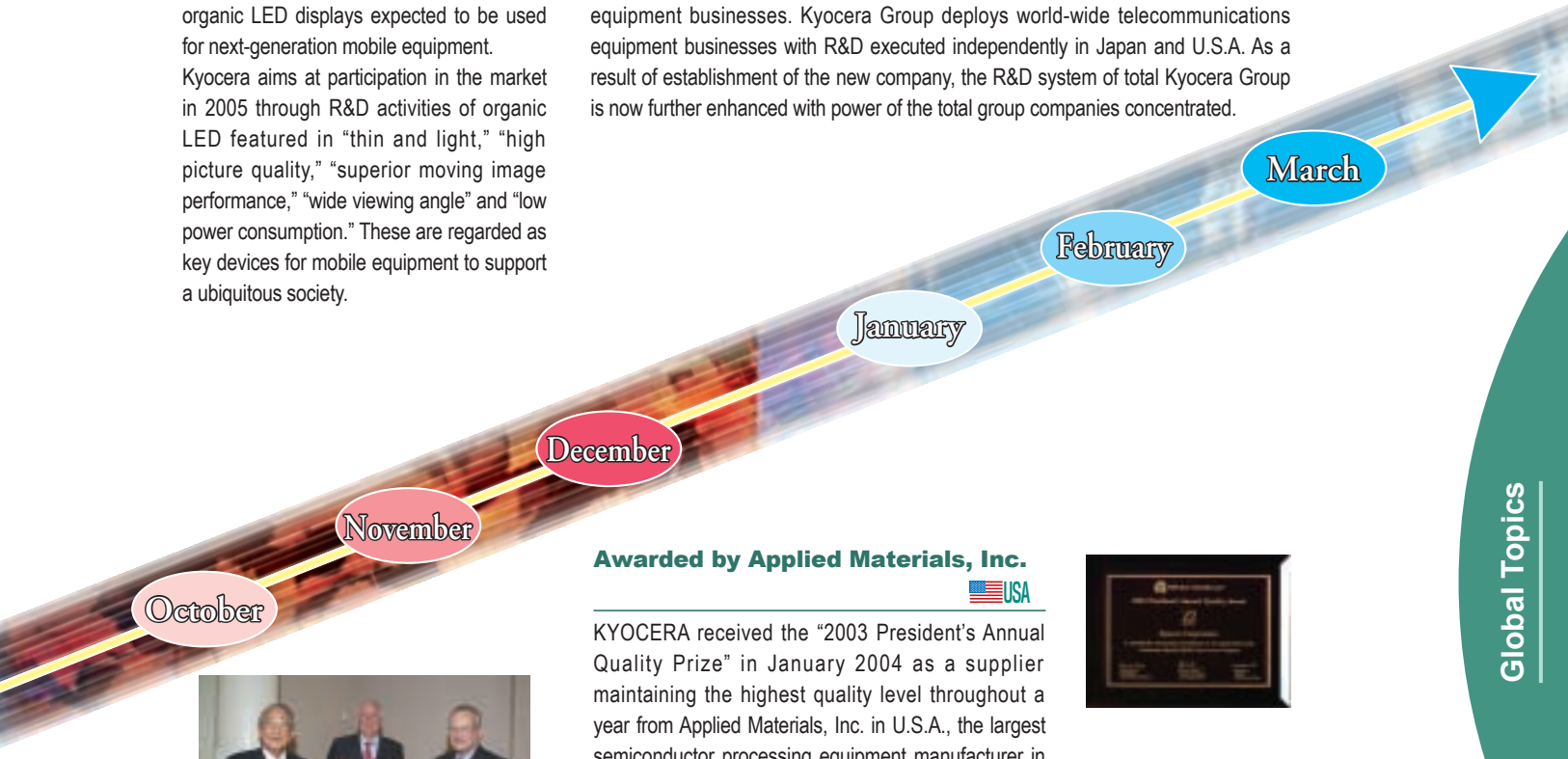
KYOCERA MITA Corp. was honored with the 2003 Most Reliable MFP Product honor of 2003 OPA (the Office Products Analysts) Multifunctional Product Reliability Study conducted by Industry Analysis, Inc., a U.S. marketing and management consulting company in October 2003, for the second year in a row.

## Establishment of KYOCERA Display Institute Co. Ltd. JPN

KYOCERA Display Institute Co., Ltd. was established in December 2003 to participate in R&D, production and sales business of organic LED displays expected to be used for next-generation mobile equipment.
Kyocera aims at participation in the market in 2005 through R&D activities of organic LED featured in "thin and light," "high picture quality," "superior moving image performance," "wide viewing angle" and "low power consumption." These are regarded as key devices for mobile equipment to support a ubiquitous society.

## Establishment of KYOCERA Telecommunications Research Corp. USA

KYOCERA Telecommunications Research Corp., 100% subsidiary of KYOCERA International, Inc. in San Diego, U.S.A. was established in December 2003 as the center of advanced technology R&D of Kyocera Group telecommunications equipment businesses. Kyocera Group deploys world-wide telecommunications equipment businesses with R&D executed independently in Japan and U.S.A. As a result of establishment of the new company, the R&D system of total Kyocera Group is now further enhanced with power of the total group companies concentrated.




## Kazuo Inamori, Founder and Chairman Emeritus, Awarded with "Andrew Carnegie Medals of Philanthropy" USA

Kazuo Inamori, Founder and Chairman Emeritus, was awarded with the "2003 Andrew Carnegie Medals of Philanthropy" in December 2003 by the Carnegie Institution, Washington, U.S.A. This prize is awarded once every two years to manifest people engaged in international philanthropic works. He was the first Japanese awarded with this prize.
His worldwide activities, such as establishment of the Inamori Foundation and the Kyoto Prize, and foundation of Leadership Academy in Center for Strategic and International Studies, U.S.A., were recognized.

## Awarded by Applied Materials, Inc. USA

KYOCERA received the "2003 President's Annual Quality Prize" in January 2004 as a supplier maintaining the highest quality level throughout a year from Applied Materials, Inc. in U.S.A., the largest semiconductor processing equipment manufacturer in the world.



## New Hotel Princess Kyoto Started JPN

Hotel Princess Kyoto newly opened in February 2004 as the Kyocera Group hotel, with the support for its revival from KYOCERA Realty Development Co., Ltd.

## Kyocera wins "CeBIT Oscar" in CeBIT 2004 GER

Kyocera's digital camera was selected and awarded the first prize called "CeBIT Oscar" at "CeBIT 2004," one of world largest IT exhibition held at Hanover, Germany in March 2004, in the category of digital photography. It was accepted for the continuous and fast shooting of image processing system "RTUNE" in the digital camera.


Finecam M410R with image processing system "RTUNE"

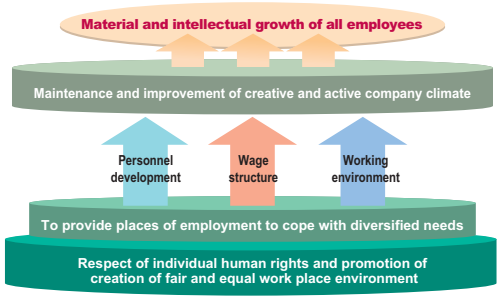
# Relationship with Employees

## Personnel

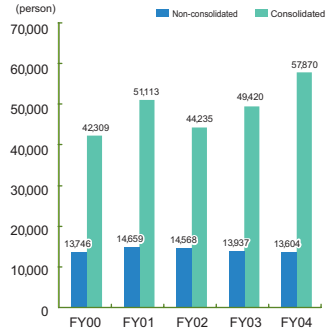
The management rationale “to provide opportunities for the material and intellectual growth of employees” does not simply mean material growth, but also the achievement of intellectual growth such as “worth working” and “worth living” through self-materialization at work. With this rationale regarded as a universal motto, Kyocera extends efforts to construct a personnel system capable of appropriately corresponding to changes of social environments such as diversification of sense of value and aging and changes of work place environments such as fluidized employment and globalization of corporate activities in recognition of difference in cultures and lives among countries. In materializing the management rationale, all personnel systems and activities are based on the attitude “Preserve the spirit to work fairly and honorably” under the corporate motto “Respect the Divine and Love People” and the philosophy of “Coexistence.”

### Personnel Vision Based on Management Rationale

To contribute to materialization of management vision through the innovation in personnel system by creating work place climate to enable all employees to take pride in the company, feel “worth working” and share hardship and pleasure with each other




**No. of Employees**




∗ Number of loaned employees is not included in non-consolidated number.

### Human Right and Employment

#### 1. Respect of Human Right

Kyocera aims at creation of work place environments to enable max. exhibition of abilities of employees with the basic rationale “to provide opportunities for the material and intellectual growth of employees” so as to remain a company further growing in the 21st century of advancing globalization. In accordance with the “Universal Declaration of Human Rights” of the United Nations and “Standards and Fundamental Principles and Rights at Work” of ILO, Kyocera is promoting employment and appointment of wide diversity of talent, thinking much of personality and capability, regardless of differences in sex, age, thought, principle, nationality and physical features.

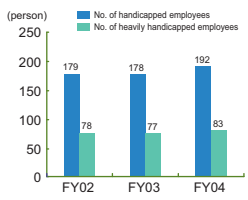
#### 2. Provide Working Opportunity to Meet Various Needs

♦ Employment of Handicapped People

Handicapped or not, it is important for people to feel “worth living” by contributing to the society through works, making use of own capability and aptitude.

Kyocera promotes aggressive adoption of handicapped people and creation of easy-to-work place environments with such people arranged at work places and work contents considered depending on aptitude of individual handicapped people. Concretely, Kyocera contributes to expansion of employment opportunities for handicapped people in individual districts to materialize employment beyond the legal handicapped person employment ratio at all plants and offices throughout the country. The handicapped person employment ratio is 1.88% as of March 2004, beyond the legal employment ratio. Kyocera continuously intends to aggressively employ handicapped people.

**No. of Handicapped Employees (Kyocera only)**




♦ Program of Child-care/Family-care Leave

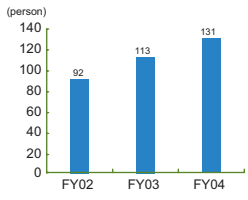
To support simultaneous availability of both work and house life of employees, starting in 1992, Kyocera worked out a child-care leave program to allow for employees with children that are less than 1 year old.

It’s now more than 10 years since the introduction of the system. Needs of the system are ever enhanced, since the system allows employees to continue working while bringing up children.

A family-care leave program is also set to allow employees requiring attendance of family members to take leave for a maximum of one year.

Kyocera intends to advance other programs as well to cope with diversification of lifestyles, having fewer children and the aging society.

**No. of Employees Having Taken Child-care Leave (Kyocera only)**

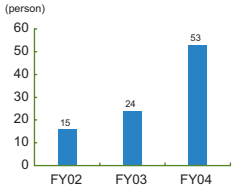


♦ Senior Employee System

With the backgrounds of arrival of the aging society and review of the public pension system, Kyocera introduced a senior employee system (reemployment system) to provide places of employment to employees reaching the retirement age of 60 years old in fiscal 2002.

This system allows employees reaching the retirement age to ensure economic stability after retirement by working with worth living and providing their capabilities and skills to the company so as to contribute to further development of the company and hand down the corporate climate and culture. It's now 3 years after introduction of the system. With increase in the number of applicable employees, the objectives are steadily being achieved.

**No. of Senior Contract Employees (Kyocera only)**




## Personnel Activities

### 1. Personnel Development

Kyocera regards "Personnel = Human resources" and is taking various activities to allow individual people to maximize their capabilities and always take on a challenge up positively.

♦ CCG Activity Support Program

We started a support program to promote the company-wide management improvement activity CCG *1 in fiscal 2003.

This is a personnel development program designed to promote positional changeover of personnel to a more creative business after development of potential ability, through acquisition of professional knowledge according to lectures and improvement of problem-solving ability based on practice.

A total of 35 people - 28 people at the first program and 7 people at the second program respectively, resulting in changeover of assigned businesses.

*1: CCG activities
CCG (Create, Change, Grow) activities are meant to promote reform of business processes regardless of the conventional methods to create new corporate sense of value in fields of production, research, sales and administration of Kyocera Group.

Selection of candidate through questionnaire and interview
↓
Development of ability according to lectures and practices
↓
Changeover to more creative businesses

### 2. Wage Structure

♦ Wage Structure of Kyocera

Kyocera drastically revised the wage structure in fiscal 2003 based on the following concept.

1) Thorough merit system and performance improvement system
2) Managing both competitive power and maintenance of employment

Kyocera aims at more activation of employees and maintenance and improvement of aggressive and active corporate climate through materializing the above concept.

The merit system is practiced through more reflection of the merit of individual employees and their contribution to improvement of performances on wages and bonus instead of the seniority wage system. The wage system was reviewed to materialize the declared policy to maintain employment even in the days of severe competitions.

The assessment system was also reviewed, since the new wage structure requires importance of assessment furthermore.

Abolishment of seniority wage system
Release of assessment process and criteria
↓
Thorough merit system
Creation of system to manage both competitive power and maintenance of employment

♦ Expansion to Domestic Subsidiaries

Kyocera started to expand the wage structure to domestic subsidiaries in fiscal 2004. For serious considerations and enhancement of group management, we intend to adopt a common wage policy to enhance the sense of solidarity among Kyocera Group companies.

♦ Stock Option System

To build a corporate climate full of entrepreneurship, improve performances and materialize a company of high profitability, Kyocera introduced the stock option system as one of incentives in fiscal 2000 for management executives. In fiscal 2004, the system was expanded to total Kyocera Group companies, resulting in participation of about 1,400 people by now throughout the world.

### 3. Working Environment

The business environment is drastically changing. Improvement in the ability to adapt to this change is imperative. For that purpose, it is important to maintain the environment so that individual people may fully display their capabilities.

Based on this, Kyocera introduced a professional business type discretional labor system*2 in fiscal 2004 to materialize environment easy-to-work to employees.

Currently, this system is applied to about 1,500 people including those in domestic subsidiaries. We would like to aim at rearrangement and advancement of optimum working environment suitable for each occupation and organization.

*2: Professional business type discretional labor system
This is a deemed working hour system with more flexible time control legally admitted, since the businesses concerned such as R&D are up to discretion of workers because of different characteristics from other businesses. A more flexible working environment can be materialized according to this system to ensure a more positive and creative way of working.

# Relationship with Employees

## Employee Education

Kyocera has been managing the company based on Kyocera Philosophy since its foundation. Kyocera Philosophy is certainly the motivating power in the development of Kyocera. It is important for us to continuously hand down Kyocera Philosophy correctly to the employees. Based on such an understanding, the philosophy training is considered very important in educating Kyocera Group employees. At the same time, management training and engineering skill training are conducted for developing personnel who contribute to the growth of Kyocera Group, at the Kyocera Management Research Institute and the Kyocera Kagoshima Training Center.



### Education Principle

The education principle is based on the management rationale of Kyocera. The management rationale is the fundamental way of thinking created by the founder, Kazuo Inamori, after full thinking about "What is the object of the company?"

The education principle is specified as follows, to educate competent personnel who contribute to realize the management rationale.

To provide opportunities for global growth of Kyocera and growth of all our employees by learning Kyocera Philosophy with sincere and indefatigable efforts. To develop competent personnel who contribute to the advancement of society and humankind at the same time.

### Purposes of Education

To realize the education principle, we have four particular purposes of education.

1. Permeation of Kyocera Philosophy into all employees
2. To develop management executives with advanced management capability
3. To develop professional personnel with advanced expert knowledge and high technical faculty
4. To train employees having mastered the basic knowledge and skill required for business activities

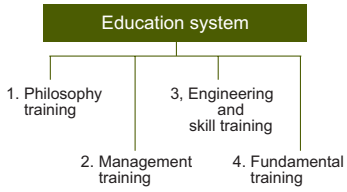
Kyocera Management Research Institute

### Education System

The Kyocera education system consists of four kinds of education, philosophy education, management education, engineering and skill education, and fundamental education, corresponding to the four purposes of education.

Those four education programs are implemented to achieve the purposes of education specified for realization of the education principle.

Those four education programs are implemented properly to develop the personnel who contribute to further development of Kyocera Group.




### 1. Philosophy Training

Kyocera Philosophy, motive power of development of Kyocera, is a universal rationale based on "What is right thing to do as a human being?" and serves as the judgment criteria and the guide for business activities.

The philosophy training is provided to all employees in continuous repetition with the objectives to deeply and correctly understand, practice and realize Kyocera Philosophy.

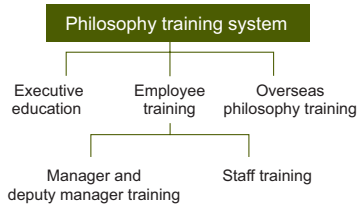
Kyocera Philosophy is learned systematically by means of video tapes explaining Kyocera Philosophy in details, lectures by management executives and group discussions. Management executives and general employees are trained with the same teaching materials to achieve common understanding of Kyocera Philosophy among all employees.

In the executive education program, comprehension promotion courses 1, 2 and 3 were implemented in fiscal 2004 with systematic study of Kyocera Philosophy.

The trainings are opened once every six months. A total of 1,793 people participated in the courses in fiscal 2004.

In the senior staff training, the one-day course was offered 10 times every three months. A total of 17,621 people participated in the courses in fiscal 2004.

Staff training also started in April 2004.




Philosophy training by internal lecturer

Group discussion

### ♦ Overseas Philosophy Training

In overseas subsidiaries, top management philosophy seminars are implemented for senior general managers of the companies. These seminars are operated to enable management executives of overseas affiliated companies to fully understand Kyocera Philosophy with English and Chinese video tapes based on the executive education curriculum used in Japan.
These seminars started in August 2003 at the west coast, U.S.A. A total of 731 people participated in the seminar by the end of March 2004.
Many participants replied with forward-looking comments to questionnaires such as "Kyocera Philosophy was understood more deeply," "Kyocera Philosophy was felt closer," "Something new was recovered" and "Wish to reflect Kyocera Philosophy on execution of jobs."

Lecture

Group discussion

**Fiscal 2004 Philosophy Training Result**

| Training course | | Participants (person) |
|---|---|---|
| Executive philosophy training (director, executive) | Comprehension promotion course 1 | 251 |
| | Comprehension promotion course 2 | 1,140 |
| | Comprehension promotion course 3 | 402 |
| Total | | 1,793 |
| Manager and deputy manager training | Comprehension promotion course, 1st time | 6,941 |
| | Comprehension promotion course, 2nd time | 5,791 |
| | Comprehension promotion course, 3rs time | 4,889 |
| Total | | 17,621 |

**Fiscal 2004 Top Management Philosophy Seminar Result**

| Place | Time | Date | Participants (person) |
|---|---|---|---|
| West Coast, US | 1st | Aug. 2003 | 127 |
| Asia | 1st | Oct. 2003 | 79 |
| Europe | 1st | Nov. 2003 | 54 |
| Mid-China | 1st | Dec. 2003 | 118 |
| South-China | 1st | Dec. 2003 | 105 |
| East Coast, US | 1st | Mar. 2004 | 119 |
| West Coast, US | 2nd | Mar. 2004 | 129 |
| Total | | | 731 |

### 2. Management Training

This training is for developing executives who have advanced management capabilities.
In particular, "Kyocera Management Course" is encouraged. Its concepts are intended for management level employees for acquisition of management administration techniques such as "amoeba management," "hourly efficiency system" and "Kyocera accounting" based on Kyocera Philosophy, fundamentals of Kyocera's growth.
The training started in February 2004 for executives.
We will provide training three times every six months until July 2005.
A total of 434 people participated in the training by the end of March 2004.

### 3. Engineering and Skill Training

This training is for developing personnel who have advanced professional knowledge, high engineering faculty and skill at overall departments of production, engineering, R&D, sales and administration.
In particular, more efforts are extended to technologies to employees engaged in engineering-related work.
A total of 2,135 people participated in the training such as practical business training, VE/IT training and QC fundamental training in fiscal 2004.

### 4. Fundamental Training

The training is offered to younger generation employees for development of creativity and problem-solving capability as well as leaning the basic capability required for business activities. Language learning is also conducted as part of the fundamental training.
In fiscal 2004, 809 people participated in the training such as age-by-age works training and Chinese language basic training.

# Relationship with Employees

## Safety and Health, Disaster Prevention

To materialize the management rationale of "To provide opportunities for the material and intellectual growth of all our employees," safe and healthy working environments have to be provided so that employees may work healthily and safely. With promotion of aggressive safety and health, and disaster prevention activities, Kyocera extends efforts to build up the corporate climate of "Safety First."

### Industrial Accident Prevention Activities through Introduction of Risk Assessment

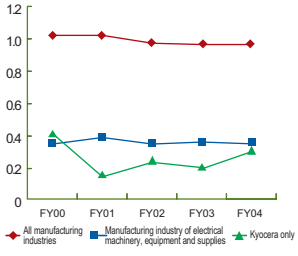
Kyocera established safety measures stricter than the laws and ordinances for equipment and facilities in order to eliminate industrial accidents and troubles.

In fiscal 2004, a risk management system was introduced to Kagoshima Kokubu Plant and Mie Ise Plant to extract and improve actual and potential risks at work places.

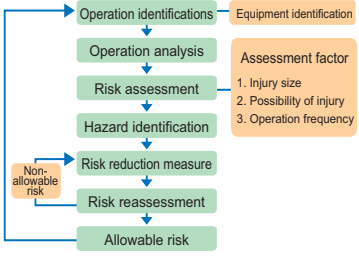
In fiscal 2004, however, lost-time accidents increased compared with the previous year despite our activities.

In fiscal 2005, Kyocera intends to evaluate the effects of the risk assessment system and verify that the system is set up to eliminate industrial accident and equipment troubles to establish safe and comfortable work places.

**Industrial Accident Record (Kyocera only)**
**(Lost time accident rate: person / M hours)**




**Risk Assessment Process Flow Chart**

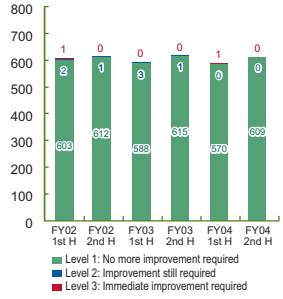



### Creation of Comfortable Working Environment

The improvement of working environment is promoted for healthy and comfortable condition of working places where chemical substances are used, heavy weights are transported and hazardous or harmful work is executed.

As standard, the chemical substances at the working environment are controlled with the concentration value less than 1/10 of the legal specification which is closer to the lower detection limit. Kyocera has been imposing controls based on such stricter standards since fiscal 1996. Since 99.6% of our working areas are already in the level one (no more improvement required) in fiscal 2004, we would like to challenge aggressively to achieve 100% of level one in fiscal 2005 and force environmental improvement for areas where we are required to handle heavy matters.

**Working Environment Measurement Result: Level Chart (Kyocera only)**




### Promotion of Disaster Prevention Activities

Kyocera is having disaster prevention activities such as contests for fire-fighting and complex-wide fire drills with the local community to improve fire extinguishing technologies and enhancement of fire prevention management. This leads to improvement of disaster prevention control as well as teamwork activities about disaster prevention with local community.

In addition, the manual for dealing with natural calamites was made considering earthquakes and fire, so that we can take appropriate and immediate actions, work with the people in disaster-stricken areas, and maintain the communication with our group companies at the time when any disaster happens.

For fiscal 2005, Kyocera intends to establish a system to cope with a major heavy earthquake assumed in each region through simulations and verifications based on the manual.

### Enhancement of Audit System for Compliance Management

From the viewpoint of accomplishing the social responsibility and compliance management, Kyocera is taking actions to observe applicable laws and ordinances on safety and health and disaster and fire prevention.

A legal observance system is put under the following audit systems by the exclusive audit department and multiple exclusive departments.

1) General audit on management of operations including safety and health, fire and disaster prevention by Risk Management Division
2) General audit on main applicable laws and ordinances by departments responsible for safety and health, fire and disaster prevention
3) Self audit by each department based on the checklist of laws and ordinances relating to safety and health, fire and hazard prevention

The system is designed to continuously maintain legal observance through implementation of audits 1) to 3) and resultant correction, where needed.

## Promotion of Mental Healthcare

Kyocera systematically promotes mental health care.

In fiscal 2004, Kyocera provided fundamental education relating to mental health care to all employees with 20 professional mental doctors arranged in the total Kyocera Group.

Kyocera extended efforts to establish environments for employees to acquire knowledge and consult easily such as introduction of an external clinic by a health insurance association, internal clinic at each office/plant and the creation of a handbook relating to mental healthcare.

In addition, questions about mental health were included in the health examination form that we are using now.

For fiscal 2005, Kyocera intends to promote total mental and physical health supervision by using this health examination form appropriately.

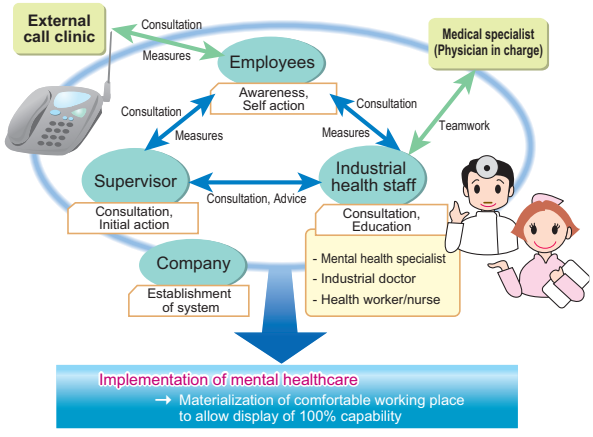
## Cooperation in Safety and Health Management with Subcontractors

Kyocera considers its subcontractors as important business partners from a manufacturing standpoint.

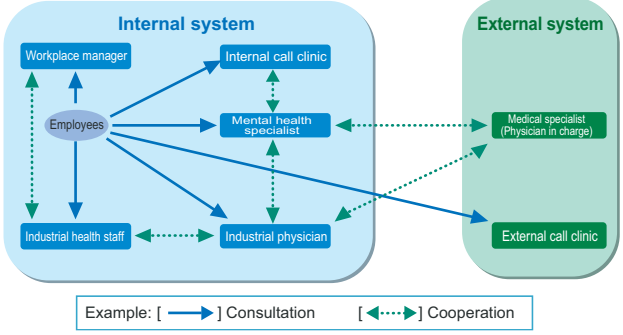
Kyocera gives instruction and support to its subcontractors about compliance management for workplace safety and health or its activities by conducting safety and health audits based on its long-term experience.

We would like to continue this activity for its continuous improvement.

### Mental Healthcare System




### Mental Healthcare Consultation and Cooperation System




## Promotion to Group Companies

### 1. Promotion of Kyocera Group Safety and Health, and Disaster Prevention System

Safety and health, and disaster prevention activities are promoted to group companies as well as business activities. The group companies in Japan started to use the same evaluation method for safety and working environment in fiscal 2004. The results of the group companies were - lost time accident rate: 0.38 (Kyocera only: 0.31), working environment measurement class 1 (no problem available) 99.1% (Kyocera only: 99.9%). Further, technical guidance and support were extended to the group companies in safety and health aspect based on audit results executed by the Risk Management Division.

Kyocera standards that are stricter than laws and ordinances are presently introduced to domestic subsidiaries stepwise.

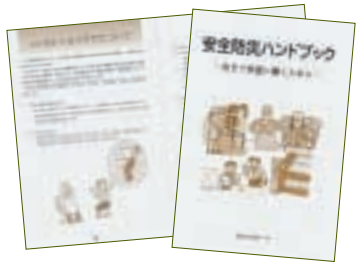
For fiscal 2005, Kyocera intends to promote safety and health activities by enhancing cooperation with domestic subsidiaries.

As for overseas subsidiaries, technical guidance and support for the introduction of medical systems conforming to local medical situations were extended in China.

### 2. Creation of Domestic Kyocera Group Standardized Safety and Disaster Prevention Handbook

As a tool to enhance safety activities of Kyocera Group, Kyocera distributes a handbook covering basics of safety and disaster prevention to each employee of Kyocera and its domestic subsidiaries.

We will promote safety activities together with our group companies by utilizing the handbook.



# Relationship with Customers

## Quality and Services

Kyocera is always thinking the promotion of high-value-added business and stated the quality policy for supplying products and services that satisfies our customers and makes them happy. Furthermore, we are making efforts to provide the products with putting global environment and product safety first, and strictly managing chemical and toxic materials contents for its product safety.

### Quality Policy

1. Create and promote products that improve the earth's environment and are safe to mankind
2. Provide our customers with products and services that exceed their expectations by putting our customers first
3. Make Kyocera the world leader in quality by doing the right things from the beginning

Concretely, the quality policy specifies the following three points.

1. Consider corporate activities, which do not affect the global environment, nature and mankind, as most important over anything else
2. Consider quality, delivery, cost and services from customers' standpoint, and always try to make customers happy
3. Supply good quality products and become the company who is trusted all over the world, by carefully thinking the plan for good work and practicing it honestly per rules

### Quality Improvement Activities

Kyocera is enforcing enhancement and improvement of the quality management system through maintenance of ISO9001 certification. The certification had been acquired by individual divisions since fiscal 1993, in order to standardize the activities in the whole company. However, we started to renew it by integrated certification in the whole company since fiscal 2003. Further, each domestic subsidiary has acquired ISO9001 as the member for this integrated certification one by one.

Each corporate division achieves their quality targets every year based on its management policy and quality policy, and implements the improvement plan. The Quality Assurance Division supports each division for improvement of the system. We proceed with our actions for the improvement of our total quality level with such programs.

#### 1. CCG (Create, Change, Grow) Activities

Kyocera has been promoting CCG activities since fiscal 2002.

This is management improvement activities promoted per each business division in the whole company, in order to change our business to value-added business in the true sense. Quality objectives are specified such as "Materialization of 100% yield production system" and "Higher efficiency and quality of non-manufacturing department."

#### 2. Information Sharing about Quality Technology

Kyocera is establishing the database for quality technology on its internal intranet in order to estimate and prevent quality problems and improve the technology. Each department can use this database as the common information.

On the database, there are several types of information such as requirements from customers, "examples of technology improvement" conducted against the complaints, and quality information about automotive components which are expected to meet high quality level in particular.

Quality technology database on intranet

### Product Safety Policy

1. Be well acquainted with latest information relating to PL and product safety
2. Maintain the world leading product safety standard
3. Systematically practice product safety in accordance with the manual

### Product Safety Promotion System

Kyocera investigates the environmental impact of individual products to mankind and society and the result is reflected in the products.

To appropriately cope with business activities in diversified fields, individual corporate business divisions are responsible for safety management of products.

Relating to product safety management, the Environmental Safety Division and the Quality Assurance Promotion Division are supporting activities together on the company-wide basis.

Based on such promotion system, product safety activities, such as establishment of goals and plans, verification of product safety during the designing process and confirmation of safety identification, are conducted.

### Management of Toxic Chemical Substances in Products

Recently, the restriction of toxic chemicals in products, such as RoHS/WEEE directives in Europe, became stricter.

Considering such movement, Kyocera reviewed the management system and revised the "Green Procurement Guideline."

Kyocera is working to exclude four kinds of heavy metals prohibited by the RoHS directive (Cadmium, Hexavalent, Lead and Mercury) with the support from our suppliers.

Kyocera is extending maximum efforts to acquire information concerning products, including information for management of contained toxic chemical substances, so as to insure safety of products to mankind and society throughout the product life cycle.

## Example of Products Safety Promotion

### Development of Lead-Free Ferrite Material for Choke Inductors

Kyocera developed lead-free High-Bs (high saturation magnetic flux density) material to miniaturize choke inductors.
Requirements for miniaturization of components are increasing rapidly as a result of size reduction of products such as mobile telecommunications equipment. The ferrite material has been developed to contribute to miniaturization of choke inductor parts that are used for electronics equipment. As choke inductors are smaller, higher material characteristics Bs (high saturation magnetic flux density) are required. As a result of improvement of saturation magnetic flux density of 380mT of materials conventionally used, materials of 470mT were successfully developed. This led to compactization of choke inductor from conventional size of 5.0 mmSQ x 2.0 mmt to 5.0 mmSQ x 1.0 mmt (50% reduction of cubic volume). The new High-Bs material is also developed as completely lead-free.

### Development of Solar Power Module with Lead-Free Solder

Kyocera's developed the solar power module that can be produced with lead-free solder, considering reduction of impact against global environment during its manufacturing.
In the past, lead-containing solder had been used for the cell's electrode, electrical wiring of module and terminal box on the models. We achieved lead-free solder use by adopting lead-free solder containing tin.

## Customer Satisfaction Improvement

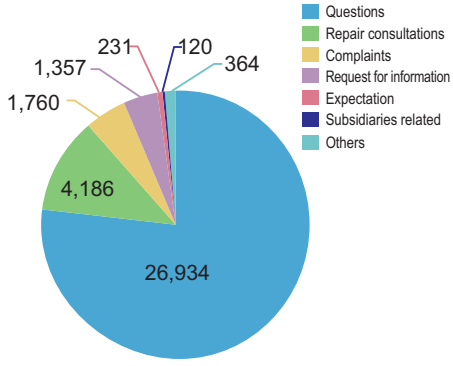
Kyocera Group is supplying consumer products such as telecommunication and optical equipment, printer, copying machine, solar system, jewelry and applied ceramic products. The Customer Support Center is working on inquiries, request for advice and complaints about the products, with the service group of each division working on repair and maintenance.
Our customers can access to the Customer Support Center with a toll-free call, fax and our web site. All of the valuable information we receive is recorded together and usefully reported to our R&D division.

### Customer Support Center

The Customer Support Center is made independent of the individual business divisions so that actions may be taken with the customer in mind regardless of the interests of the various business divisions.
The information received from customers is reported to not only the business division in charge, but to top management and related departments in timely manner, for improvement of the product and services, and to ensure prompt countermeasures for complaints.
The members of customer service center are trying to provide high quality support to our customers, with the understanding that the customer is the most important aspect to manufacturing, so that they can improve customers' satisfaction and solve the customers' inconvenience or dissatisfaction related to our products as much as possible.

Website of
customer support center

**Breakdown of Inquiries**
**(Total 34,952 in fiscal 2004)**



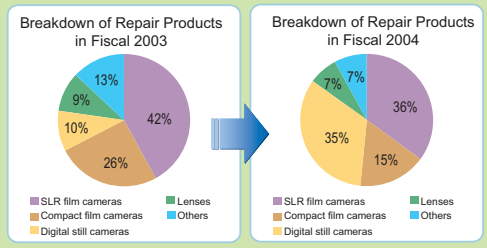
# Relationship with Customers

## Customer Satisfaction Improvement

Kyocera Group is extending efforts to improve customer satisfaction by advancing the consumer product service system. This time, we would like to introduce the activities of our optical equipment division, KYOCERA Solar Corporation and KYOCERA MITA Japan Corporation as examples.

## Activities of the Optical Equipment Division

Digital product is rapidly accepted in optical equipment market recently. Kyocera is establishing our service system to meet it. There are 7 services centers and 2 KYOCERA CONTAX Saloons as the services station in Japan. The service division is trying to improve customer satisfaction by reducing the products repair time, and quick and polite support to customers




## Activities of KYOCERA Solar Corporation

### Service Policy

The basic policy of KYOCERA Solar Corporation is "Perfect Customer Satisfaction (PCS)." This is expected to achieve by establishing integral system of sales, installing and services, which bears closely on the local area, supplying products which satisfy customers economically and mentality just after installation and starting to use, and also providing good after-sales services. KYOCERA Solar Corporation wants to be a home doctor of energy through establishment of long-term good relationship with customers by providing customers with information useful for energy and resource conservation at their houses after sales of products.

### Guarantee of System Operation

A solar power generation system was provided with the original "10-year guarantee of system operation" endorsed by its high reliability acquired through continual technical improvement activities over many years. This "10-year guarantee of system operation" does not only apply to defective equipment, but system malfunction caused by improper installation and damages resulting from fire hazard, typhoon or lightning.

### Verification of Installing Condition

The installing procedure of solar generation system on both a newly-built house and an existing house has been established. The condition of solar power system is verified with "Quality Management in Market" when it is installed.

When the business was started, there were problems with insufficient installation, such as it overhanging from the roof edge and insufficient attachment of the stand. As the result of verifying the condition of installing continuously, the problems could be reduced.

The system and its installing quality have been improved through this verification activity.

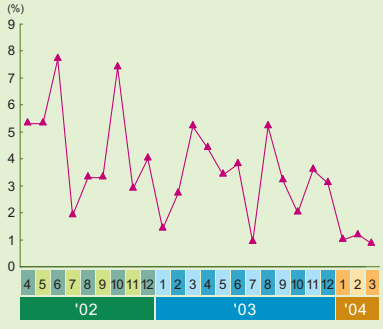
### Customer Call Center

The center is open 24 hours, 365 days a year to support customers' questions, inquiries and complaints. The comments from customers are valuable information useful for our PCS.

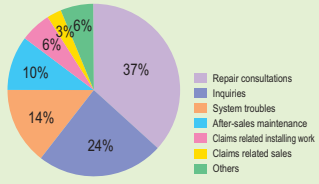
### Service System

KYOCERA Solar Corporation has 13 offices and 77 service shops for the maintenance of products. Those 77 service shops are provided periodical education about the maintenance of products to improve the services after installation of products.

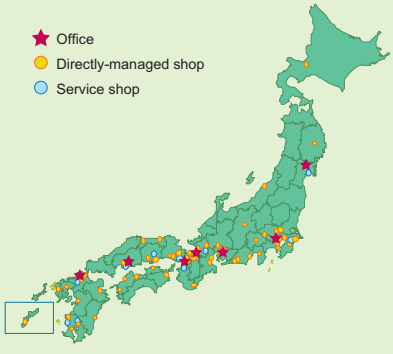
### Correction Rate at Verification of Installing Condition




### No. of Free Calling in Fiscal 2004




### Service Network in Japan

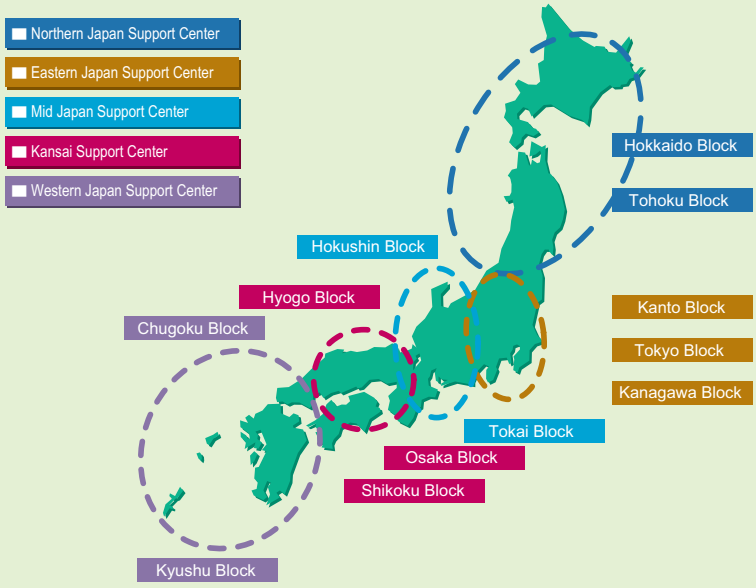


# Activities of KYOCERA MITA Japan Corporation

## Service Policy

The Service Division of KYOCERA MITA Japan Corporation is working to provide reliable services satisfactory to customers based on one of the Kyocera quality policies “Provide our customers with products and services that exceed their expectations by putting our customers first.” The quality of products is not determined at the time when the customer purchases it. What customers expect and require for satisfaction is that the product works reliably over many years. The real services is not simply technical services, but it should be provided when the customer can use the product at easily for a long time as the result of services conducted by personally reliable service staff. To materialize the real services, the Service Division is continuing activities with the following systems established.

### Service Network in Japan



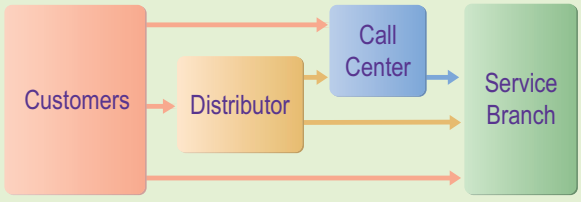

## Service System

There are five Support Centers and 105 Service Branch Offices in Japan for the maintenance activities. All offices extend support to distributors who are conducting the service and maintenance activities cooperatively. Further, a support system for staffs of the offices and distributors in Japan is established jointly by the Service Headquarters, Product Support Department and Training Center.

Customer Call Centers are available in Tokyo and Osaka as customer service for direct inquires and maintenance requests from customers who are mainly using our printers.

The Call Centers receive about 8,000 cases of questions and maintenance requests from customers a month.

As for maintenance requests, the direct service is instructed to our 105 service branch offices, so that we can provide our immediate support to customers. For questions and maintenance requests of coping equipment, the service branch office in charge receives calls and takes due action.




## Training of Service Staff

Maintenance service qualification lectures are provided to service staff at seven locations where 400 internal and external people on average participated monthly.

People are qualified as service staff after participating in the lecture and acquiring knowledge and technology required for maintenance services.

Reliable services can be provided to customers with this system.

Relating to internal service staff, service technology qualification system is set up to improve the maintenance service technology and the system technology mainly about the network.

As a result, stable and high grade services can now be provided to customers, covering not only maintenance service but establishment of the system. This system is expanded to the distributors as well to improve total service technology of the service staff.

# Relationship with Suppliers

## Suppliers

Based on the corporate motto “Preserve the spirit to work fairly and honorably,” Corporate Purchasing Division, who is in direct contact with customers, promotes the rationale “Purchasing Division should preserve the spirit of work fairly and honorably as the representative of the company, and be a reliable and recognized organization by always showing an appreciation, being humble and doing the best.”
This is to always working fairly and honorably with our suppliers and to use caution against logic from the standpoint of buyer or person who has the advantage.

### Relationship with Suppliers

We listen to positive proposals about various improvements from our suppliers, discuss with it each other and promotes the improvement for quality, environment, delivery and cost.
Actually, our suppliers are expected to submit the proposals which are made with VE and VA methods*. We are trying to achieve effective procurement, quality improvement and cost reduction by work based on the proposals.
Technical exchange meetings are also held to improve engineering among each party.
Similarly, we are expecting both ourselves and our suppliers to do good business by regarding this partnership as important, establishing a relationship of mutual trust and working hard together with our suppliers.

* VE: Value Engineering
VA: Value Analysis
Technique to reduce cost without reducing quality and product values through cost analysis per production process and product components.

### Suppliers Seminars

Kyocera holds a seminar every year for suppliers who are providing the product to our equipment group handing consumer-related products such as mobile handset phones.
Our top management explains our future business plan and forecast to the suppliers at the seminar. After the seminar, we have a social meeting to exchange the opinions and establish a relationship with the suppliers.
This time, a seminar was held for suppliers who are providing the products to our components group for the first time in April 2004.
Our president, Mr. Nishiguchi made general comments about our future business development while the general manager of each corporate division explaining the details after that.

The social meeting proved very significant, since the relationship with the suppliers was deepened through an exchange of opinions.

Equipment-related suppler seminar

Components-related supplier seminar, social meeting

## Green Procurement

To supply environment preserving products, it is necessary to take actions including the supply chain. Kyocera established “Green Procurement Standards” in fiscal 1999 in order for procurement of environment preserving materials and has been asking our suppliers for cooperation based on our “Green Procurement Guideline.”

### Green Procurement Standards

Green Procurement Standards defines the following three points for our activities.

1. Basic understanding of green procurement
2. Supplier environmental management survey and audit
3. Standards for environmental improvement of materials purchased

## Basic Understanding of Green Procurement

"To purchase only the required amount of materials when it is required" is the principle of our purchasing. Based on this, we consider the following points when we purchase and use the materials.

1. Determination of the specifications of purchased materials, or select the materials considering the reduction of environmental impact at production, distribution, use and disposal
2. Elimination of waste from our procurement by purchasing and using materials as scheduled
3. In procuring purchasing materials, we consider resource conservation, energy saving, reusability, recycle, use of recycled materials and easy disposal
4. Reduction of purchasing amount in long use of materials through good maintenance, repair, modification and expansion of functions with throw-away materials avoided

## Standards for Environmental Improvement of Materials Purchased

### 1. Management of Chemical Substances Contained in Materials Purchased

When raw materials are purchased, chemical substances are strictly managed according to toxicity level as well as confirming contained chemical substances by obtaining MSDS.

### 2. Considerations of Environmental Impact of Facility Purchased

Kyocera determines the specifications of facility purchased considering its environmental impact when we introduce any new facility.

We ensure that the facility is made per specification when it is installed, and strictly manage its operation.

### 3. Specification of Packing Materials for Purchasing Parts

Kyocera prohibits the use of hazardous substances and PVC for outer packing and cushioning for our purchasing parts, as well as promoting the reduction of packing material, and changeover to materials that can be easily reused or recycled.

### 4. Purchased Part Material Identification

To reduce environment impact pertaining to resin type materials purchased, Kyocera is promoting the designation of specifications or indication of material type through consultation with suppliers. This allows us to promote the recycling of our purchasing parts since it is effective for segregated disposal.

## Supplier Environmental Management Survey and Audit

Kyocera is conducting a quality audit of suppliers to evaluate the quality maintenance ability of purchasing parts, production capacity of materials purchased, and potential engineering capability.

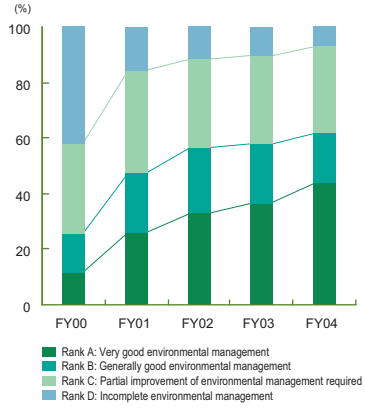
Kyocera is also conducting a periodic survey on environmental management status and environmental protection actions of suppliers.

In fiscal 2004, the surveys were from 1,921 suppliers with the results shown below. The number of Rank A suppliers has increased. It suggests to us that environmental management of our suppliers has been improved.

As to Rank C and D suppliers, Kyocera provides our requirements relating to the environment for their better understanding about our environmental policy. Further, an environmental audit is conducted for some of them.

In fiscal 2004, we conducted the audit at 13 companies, mainly manufacturing companies.

### Environmental Status Survey Result




Supplier on-site audit

## Management of Chemical Substances Contained in Products

Recently, environmental activities are expected more strictly in Europe and other areas as legal controls or social requirements. Each company is working aggressively, especially for meeting the restriction of contained chemical substances management (such as RoHS directives, WEEE directives) in Europe.

In fiscal 2004, Kyocera participated in the "Japan Green Procurement Survey Standardization Initiative" (JGPSSI)*1 to consider efficient green procurement survey.

Currently we have about 400 inquiries on environmental management from our customers every month on average. We are trying to reply with prompt and correct data through the efficient survey on contained chemical substances.

*1: Japan Green Procurement Survey Standardization Initiative (JGPSSI)
Random surveys for chemicals contained by each company are not efficient and may cause confusion to the total society.
To prevent such confusion, companies in the electric machinery and electronics industries gathered together voluntarily and made this committee. The committee is working to standardize the substances that should be investigated and the format of questionnaire.

## Green Procurement Activities of Office Appliances

Kyocera is using the MRO*2 internet purchasing system "@office" for purchasing office appliances.

The catalog is provided with a separate ecology indexes listing environment friendly products to enable easy green purchasing.

The rate of green purchasing for office appliances is about 60% in terms of the number of items in fiscal 2004.

*2 MRO: Maintenance, Repair and Operations
Generic name of goods purchased by companies other than production materials such as office appliances, consumption articles parts and office furniture

# Relationship with Society

## Corporate Citizenship

Kyocera Group is contributing to the society through many activities based on the themes of contribution to the society and development of personnel. Culture facilities are made as a part of Kyocera Group facilities and opened without a fee so that many people can use them.

### Kyoto Prizes

Each year since 1985, the Inamori Foundation has presented its Kyoto Prizes to individuals and groups from all over the world who have made significant contribution to the peace and prosperity of humankind. The foundation was established in 1984 in the spirit of Kazuo Inamori's such that "there is no higher calling than to strive for the greater good of mankind and all the world." Reaching its 19th year in 2003, the prizes are awarded in the categories of "Advanced Technology," "Basic Sciences" and "Arts and Philosophy."

The 19th Kyoto Prizes were awarded to Prof. George M. Whitesizes, American chemist and professor at Harvard University, for his high achievement in the field of organic material science, Prof. Eugene N. Parker, worldwide authority in astrophysics, American physicist and professor emeritus at Chicago University and Mr. Tamao Yoshida, living national treasure and *"Bunraku puppet"* operator.

Over 1,300 general participants attended the memorial lecture meeting held on the next day to eagerly listen to them about their personal histories and views of life and world.

Further, Prof. Whitesizes and Parker taught at two senior high schools, Hoirkawa High School and Sagano High School, to have an opportunity to exchange talks with the high school students.

Kyocera considers the activities of Inamori Foundation as the most important corporate citizenship and cultural contributions and aims at continuation and development of the activities through human and material support.

### Kyoto Purple Sanga

In response to arising voices "Wish to create a professional soccer team to make citizens' heart hot in Kyoto" and request for support with signatures of 300,000 citizens, Kyocera established the management company, Kyoto Purple Sanga Co., Ltd. in cooperation with other companies in Kyoto in 1994.

Kyocera intends to continuously support Kyoto Purple Sanga along with Kyoto citizens.

Kyocera is also sponsoring regional activities promoted through sports exchanges such as a children soccer course and events promoted by Kyoto Purple Sanga.

### Kyocera Young People Overseas Study Tour

Kyocera believes that young people, who have a sensitive, unbiased view of the world, perhaps have many ambitions and take a broad view of things in future, and grow up to be a social leaders. To stimulate this type of international exchange, Kyocera invited group of children to visit overseas as "Kyocera Overseas Study Tour" every year since 1976.

Kyocera sent Japanese young people to U.S.A. and invited American young people to Japan 25 times in total, amounting to about 1,300 people. They stayed at homes of the employees to experience culture and life style of each other's countries to deepen mutual understanding. *

In 1997, Kyocera started "Friendly Exchange Mission of Chinese Children to Japan" to invite Chinese young people to Japan to experience Japanese society and culture. 30 people both came to Japan from Beijing in 2001 and from Shanghai in 2002. The tour was postponed in 2003 because of SARS. In 2004, 40 young people are expected to come to Japan in August from Dongguan, Guangdong and Guiyang Guizhou.

* The Japan-U.S.A. education tour was terminated after end of the 25th tour. We concluded that the goal of the tour was accomplished since the friendship between Japan and the U.S.A. became common and people deepened their mutual understanding.

## Kyocera Museum of Fine Ceramics, Museum of Art and the *"Jomon"* Library

### [Kyocera Museum of Fine Ceramics]

Because Kyocera has long exploded the possibilities of fine ceramics and developed technologies to benefit industry and society since its foundation, we decided that an exhibition of the relevant history for younger engineers, scholars and also the general public might contribute to further innovations. Therefore, we created the Kyocera Museum of Fine Ceramics in Kyoto Head Office in fiscal 1999 and in Kagoshima Kokubu Plant in fiscal 2002. More than 15,000 people visited the museum in fiscal 2004 and deepened their understanding that fine ceramics are up-to-date material aimed at supporting current industries.

### [Kyocera Museum of Art]

We opened the Kyocera Museum of Art on the first floor of our Head Office building for the purpose of having people come in touch with fine arts with delight and at ease. Visitors can admire a wide range of cultural assets, including Qianlong glassware, Picasso' s copper plate print series "347," modern Japanese "Nihon-ga" paintings and assortment of Western-style paintings and sculptures. About 9,000 people visited the museum in fiscal 2004.

### [*"Jomon"* (Straw-Rope Pattern Pottery) Culture Library]

Kagoshima Hayato-cho, where our group hotel "the Hotel KYOCERA" is located, is close to the place where "the Uenohara ruins" were excavated. It is obvious that there were big communities with highly-developed cultures around the area in the *"Jomon"* period. Considering this historical background, we opened the *"Jomon"* library, introducing the "*Jomon"* cultures in Japan with displays and pictures, in a 100m long gallery on the bridge between the main building and annex of the Hotel KYOCERA. The library provides a chance for the local people and the tourists who stay at the hotel to come in touch with the *"Jomon"* cultures and its history.

## Kyocera Library "British Parliamentary Documents"

Kyocera has donated 12,806 volumes of British parliamentary documents, encompassing some 8 million pages written between 1801 and 1986, to Japan's National Museum of Anthropology. This valuable collection, representing a sizeable chunk of official British record, will be useful in academic research in Japan and neighboring nations.

## "Kyocera Administration Course" at Kagoshima University

Hoping to embody young engineers with skills to manager or start an enterprise, Kyocera donated an operating fund in 1999 for the establishment of business administration lectures in the Faculty of Engineering at Kagoshima University.

## Other Activities

- Establishment of "Inamori-Kyocera Western Districts Development Scholarship Fund" (China)
- Establishment of "Northeast Normal University Kazuo Inamori Management Philosophy Research Center" (China)
- Shejiang Civilization Survey (China)

### Fiscal 2004 List of Main Contributions (Kyocera only)

| Category | Subject |
|---|---|
| Historic spot, tradition, cultural preservation | "Heian Jingu Shrine main building and archway repair work" coinciding with 1,200th anniversary of the Emperor Kanmu |
| Historic spot, tradition, cultural preservation | The incorporated foundation of "the Ogura Anthology of One Hundred Tanka-poems by One Hundred Poets" Provide funds for establishment of the culture and art promotion foundation (provisional name) |
| Historic spot, tradition, cultural preservation | Kyoto "Hanatouro" 2004 Sponsor for a special garden lantern |
| Historic spot, tradition, cultural preservation | Co-sponsor to the Kirishima Jingu Shrine "Kagura-den" construction project |
| Academic research | Support to charity for construction of Near Middle East Culture Center, Anatolia Archaeology Research Center |
| International contribution | Donation to fire-relief effort in San Diego-area, U.S.A. |
| International contribution | Donation to Tianjin Japanese school |
| International contribution | Donation to support measures taken against SARS in China |
| International contribution | Donation to restoration after southeast Iran earthquake |
| Social welfare | Donation to Special Olympics Japan |
| Health, sports | Support to the 15th Japan national wheelchair road relay race |
| Health, sports | Support to the 2nd Kyushu, Okinawa disabled golf open tournament |
| Corporate citizen ship | Presentation of solar battery clock stand for Sendai Station redevelopment with opening the Shinkansen bullet train |
| Others | Donation of solar power generation system (Tianjin, China) |
| Others | Support to "Vertically around-the-world trip" adventure plan |
| Others | Year-end fund raising |

# Kyocera Environmental Charter

Since its foundation, Kyocera has been implementing comprehensive activities such as environmental preservation, resource saving, energy saving and development of global environment preserving products based on the corporate motto “Respect the Divine and Love People” and management rationale “Contribute to the advancement of society and humankind.” The Kyocera Environmental Charter was established on October 1, 1991 in order to contribute to global environment preservation more positively and continuously.

## Kyocera Environmental Charter

### I. Preface

Technological progress and economic development in the industrialized countries have given rise to affluent societies of high standards of living. At the same time, they have led to the mass consumption of natural resources and the mass discharge of chemical substances which, in turn, have caused a serious environmental contribution and destruction of the earth’s ecosystem. In addition, explosive population growth and widespread poverty in developing countries have aggravated environmental problems, including large-scale deforestation. The social and economic activities of both advanced and developing countries are intertwined, and with all parties laying claim to greater material consumption, nature’s recuperative powers have been surpassed. 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 is very related to the very foundation of mankind’s existence and lead to the revaluation of the quality and quantity of the products used by mankind. This, in turn, will lead to the fundamental change is 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 considered as mankind’s forth era of rapid development: the Environmental Revolution.

In the future, new policy goals will need to be established. These should state that the development and economic growth may only be pursued when proper consideration is given to the balance between the nature and human society. In view of the fact that small acts by each of the six billion people on this planet could result in disastrous 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 Planet Earth,” not as opposing forces with conflicting interests.

The greatest responsibility for promoting the Environmental Revolution lines with the advanced countries. In particular, business 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: “Kyocera will contribute to the progress and development of mankind and society.” We try to conduct business in a way that is harmonious with the “Mind of the Universe” - the life - giving force of our universe.

Kyocera had early insight into the way of thinking that is demanded of every business enterprise involved in today’s global environmental problem. This way of thinking 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 including environmental preservation, resource/energy conservation, development of environmentally friendly products, and improvements which 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, started above, and will emphasize the following points:

1. Compliance with the internal environmental standards of which global environmental protection is placed as the first priority
2. More efficient utilization of resources and energy, development of processing technologies
3. Development of earth-friendly products of two types, one is Environmental Improvement Products that will make a positive contribution to the improvement of global environment, the other is Environmentally Gentle Products that will achieve much less burden on global environment
4. Cooperation with government environmental policies, and participation in or support to social contribution activities

## IV. Environmental Management Objectives

1. In order to minimize destruction of the natural environment and any harmful efforts on the ecosystem, Kyocera will establish and comply with internal standards which are equal to or more stringent than standards specified by applicable international agreement, the legal / governmental regulation of relevant countries or the regulations of regions where the Company's facilities are located.
2. At all levels, Kyocera will scientifically study and evaluate the efforts 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 manufacturing processes. At the same time, the Company will aim to reduce raw material utilization 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.
5. Kyocera intends to purchase recyclable materials which contribute to resource conservation. At the same time, the Company will maximize resource utilization by establishing recycling system for waste water and waste materials. The Company will take aggressive steps to recycle, decontaminate and reduce the volume of all its industrial wastes.
6. Kyocera will research and develop "Environmental Improvement Products" that make a positive contribution to the improvement of global environment.
7. Kyocera will research and develop "Environmentally Gentle Products" that are gentle to Planet 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.

## V. Internal Organization

1. Establishment of a Green Committee
   (1) In order to comply with Kyocera's management philosophy which makes global environmental protection a priority and to review internal environmental policy measures, Kyocera will establish a "Green committee," which is to be comprised of the president and corporate division managers.
   (2) Kyocera will establish the following subcommittee of the Green Committee: an "Environmental Preservation Section," which will aggressively promote global environmental preservation; a "Resource/Energy Conservation Section," which will promote energy saving and effective utilization of resources; and a "Global Environmental Products Section," which will promote the development of environmentally friendly products.
2. Environmental compliance organization
   (1) Kyocera will appoint Environmental Director(s) from the board members and establish an environmental organization at Kyocera Corporation to take charge of all environmental matters for the entire Kyocera Group. In addition, Kyocera will establish an environmental management "organization" at every facility and simultaneously establish an internal system for assigning environmental responsibilities to a designate person.
   (2) For the purpose of environmental management, an "Environmental Compliance Committee" consisting of staff from production departments and environmental specialists will be established at each facility. Also, a "Freon Reduction Committee" will be established in every corporate division for the purpose of ozone layer protection. Regarding other environmental protection matters, committees will be established at each plant facility or the every corporate division as the need arises.
3. Preparation of environmental rules
   Kyocera will prepare environmental control manual and rules to encourage complete implementation of environmental protection measures.
4. Environmental audit
   (1) To ensure compliance with legal/governmental environmental regulations and internal environmental standards, as internal audit team and various sections reporting to the Green Committee will conduct audits on both regular and "as needed" bases.
   (2) The environmental Director, corporate division manager, facility manager and environmental specialists will implement as independent auditing system regarding environmental protection at both the headquarters and each facility.

## VI. Application

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

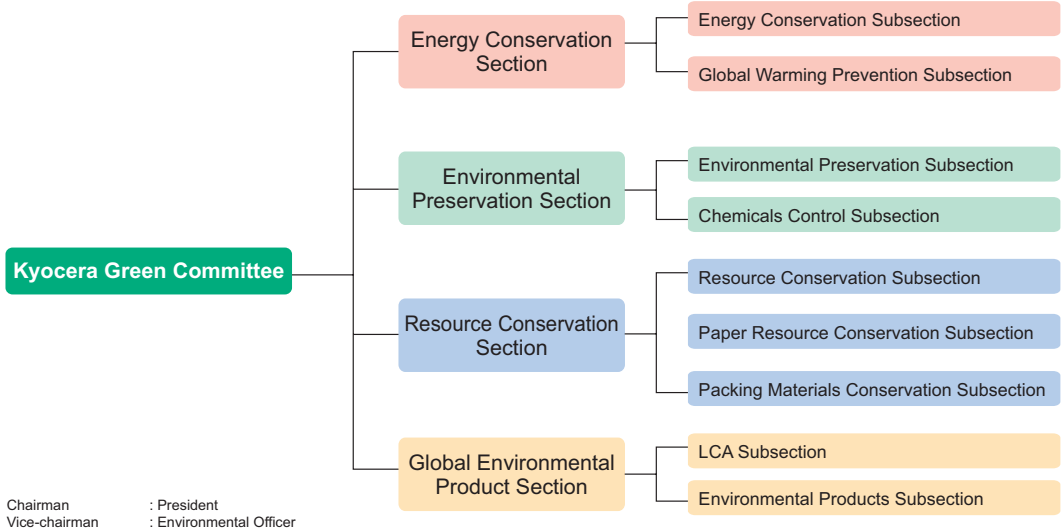
# Environmental Management System

## Promotion System

Kyocera established the “Kyocera Green Committee,” which is chaired by the president, with its subordinated sections and subcommittees in December 1990, for research in environmental preservation measures.
The “Kyocera Group Green Committee” was established in December 1991, so that the Kyocera Group may promote environmental protection activities based on the “Kyocera Environmental Charter.”

### Kyocera Green Committee: KCGC

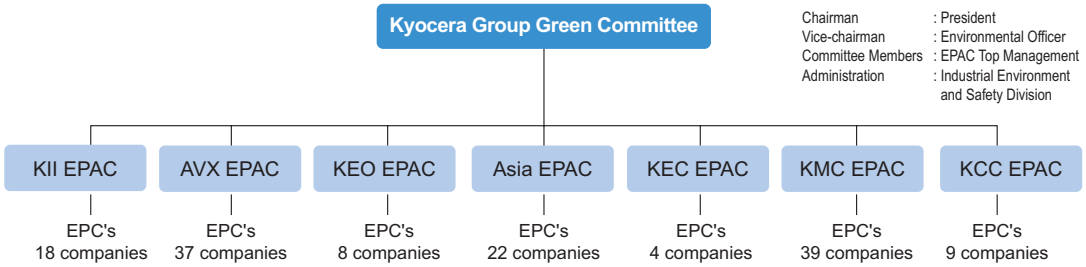
Each subcommittee prepares detailed goals and measures. Then, each section makes further integrative studies. And finally, the Green Committee deliberates and approves the measures. The plant, offices and sales offices then implement the specific actions based on the decision.




Chairman : President
Vice-chairman : Environmental Officer
Committee Member : General Manager of Corporate Business Division and Business Division Directly Controlled by President
Administration : Industrial Environment and Safety Division

### Kyocera Group Green Committee: KGGC

Kyocera Group Green Committee is held periodically to offer places for Kyocera and each group Environmental Protection Assurance Committee (EPAC) to report the status, review problems and exchange the opinions. KGGC extends instructions and guidance to individual subsidiaries so that they may develop their self-activities suitable for respective regions.




**EPAC: Environmental Protection Assurance Committee**

EPAC extends instructions and guidance to the Environmental Protection Committee (EPC) of each group so that EPC may promote environmental protection activities based on the "Kyocera Environmental Charter." EPAC is promoting environmental preservation activities of the group by conducting audit with EPC.

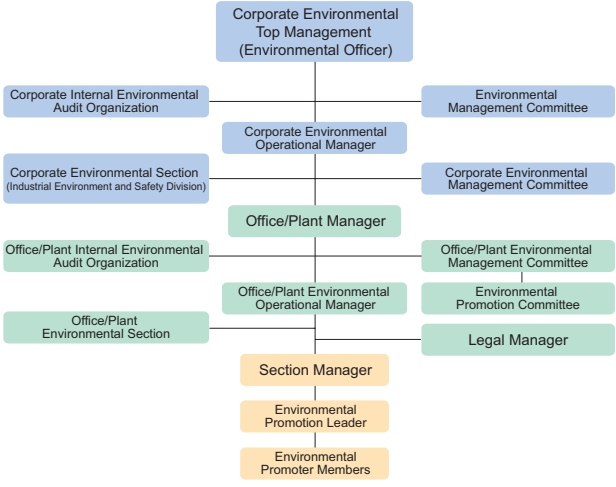
**EPC: Environmental Protection Committee**

All subsidiaries have respective Environmental Protection Committee (EPC). EPC plans and implements self-activity, evaluates the result and submits the report to EPAC periodically.

## ISO 14001 Certification

Kyocera constructed its environmental management system before enactment of the international standards.
In October 1996, we obtained our first ISO14001 certification at our Mie Plant. After that, we obtained the certification at 10 locations of all our domestic manufacturing plants in September 1997.
In March 1999, we obtained integrated ISO14001 certification for a total 6 sites including Head Office, general affairs, sale office and R&D. Through August 1999, we obtained the integrated certification on all Kyocera 42 offices/plants including the sites certified before with "Corporate-wide integrated environmental management system."
In November 2000, this system was introduced to the Kyocera Group subsidiaries in Japan as the "Kyocera Group integrated environmental management system" and the certification scope was expanded. As of March 2004, a total of 79 offices/plants in Japan have obtained the integrated certification.
In addition, 2 domestic subsidiary sites newly joined in the Kyocera Group and 23 overseas mainly production sites are already obtaining the certification. It will be expanded further more from now on.
Also, "KGEMS" (Self certification system) was introduced in fiscal 2004 in mainly non-manufacturing sites of the subsidiaries. It will be continuously operated to establish the firm system.

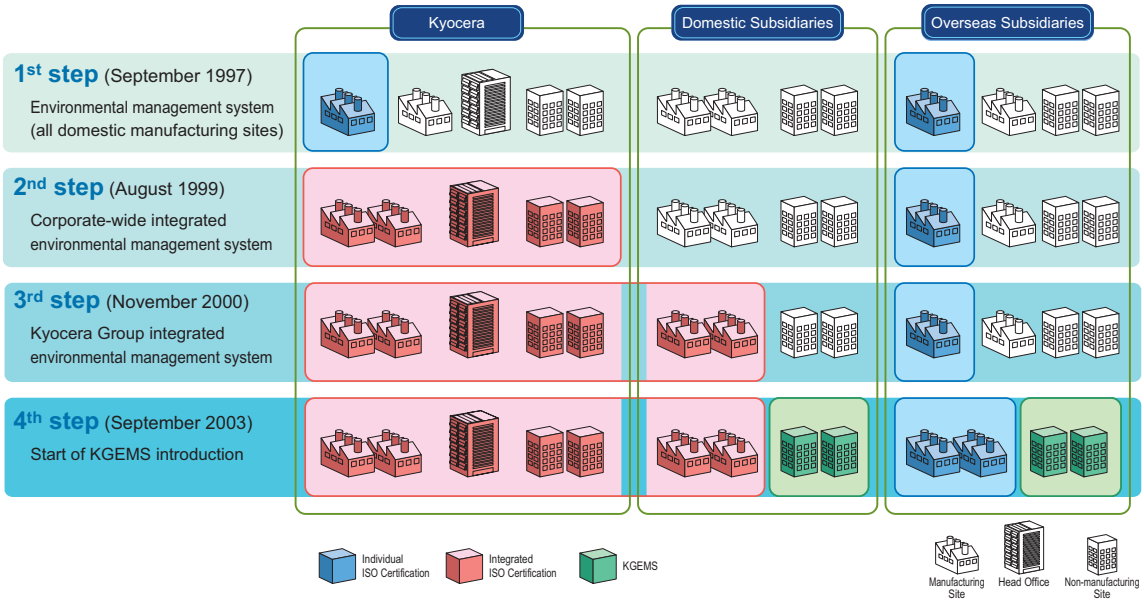
### Environmental Management System Organization




## KGEMS

"KGEMS" stands for Kyocera Group Environmental Management System. It is a self-certification system that follows ISO 14001.
This is applicable to non-manufacturing group companies that do not have ISO 14001 certification and a self-certified environmental management system.
Introduction of this system enables the Kyocera Group to have a system that follows ISO 14001 in all its locations.
"KGEMS" is a self-certification system to follow ISO 14001. Its environmental management manual has been verified by a third party.

### Development of Environmental Management System



# Environmental Management System

## Environmental Audit

In the Kyocera Group Integrated Environmental Management System, we are conducting “Office/Plant internal environmental audit” at each office/plant, “Corporate internal environmental audit” to verify the result of audit conducted by each office/plant, and “Supplier environmental audit” to verify the environmental management status of our suppliers. “Environmental survey” is also conducted to evaluate the status of environmental management at each office/plant. Internal audits are conducted as well at both domestic and overseas subsidiaries that have their own environmental management systems.

### Corporate Internal Environmental Audit

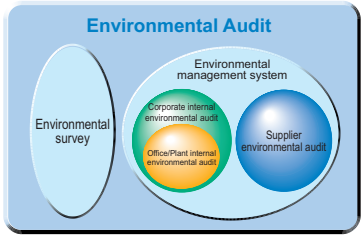
Corporate Internal audit is implemented according to the instruction from corporate environmental top management. This is conducted between 2 sites by audit teams selected from the other site. In the corporate internal environmental audit, the result of office/plant manager’s activities is also audited as well as verifying effectiveness of the internal environmental audit done by each office/plant.
There were 13 observations at the corporate internal environmental audit in fiscal 2004 but all of them had been corrected with continuous improvement.

∗ The result in fiscal 2004 is available on our website.
http://www.kyocera.co.jp

### Office/Plant Internal Environmental Audit

Office/Plant internal environmental audit is implemented periodically to verify operating status of environmental protection activities. In this audit, operating status of the system, progress of environmental preservation promotion plan and activities at each section are checked. The audit results are reported to the office/plant manager and referred when the environmental management system is reviewed.

### Internal Environment Audit System of Integrated Environmental Management System


### Environmental Survey

Environmental survey has been implemented every June during the Kyocera Group environment month to evaluate the status of environmental management at each office/plant and improve the management level since fiscal 1993.
The surveyors are corporate top management, staff members of the environmental division and internal environmental auditors. The survey is conducted to evaluate the status of environmental protection activities.
In fiscal 2004, we surveyed the Fukushima Tanakura Plant and Kagoshima Sendai Plant.

### Examination by Certification Agency

Kyocera receives examinations by certification agency every year to verify effectiveness of its ISO 14001 management system.
In October 2003, surveillance audit and system change surveillance audit that included the expansion of certification range was examined with “Kyocera Group integrated environmental management system.”
Although there were 4 observations, the evaluation result was stated as “The environmental management system is properly operated and improved, posing no problem with continuation of registration.”

# Environmental Education

To promote the environmental protection activities, all individual employees have to deepen their understanding about the relation with the environment.
The group companies having acquired certification of "Kyocera Group integrated environmental management system" are improving environment awareness of employees through "Environmental education to employees," "Internal environmental auditor training seminar" and "Kyocera Group environment month."
Additionally, domestic and overseas subsidiaries having established their own environmental management systems are also aggressively providing the environmental education to their employees.

## Environmental Education to Employees

Several environmental educational programs are implemented - "hierarchical education" for new employees and management, "functional education" for employees who engage in environmental management and "specific environmental operation education" for employees who engage in any operation that may affect the environment.
In fiscal 2004, environmental education programs were given to 23,845 employees for enhancement of their environmental awareness.

## Internal Environmental Auditor Training Seminar

Since internal environmental auditors are important for continuous improvement of the environmental system, internal auditor training is held periodically for their qualification.
Both internal environmental auditors and senior internal environmental auditors are qualified. Senior internal environmental auditors are also expected to manage their audits and conduct environmental audits at the group companies or suppliers.

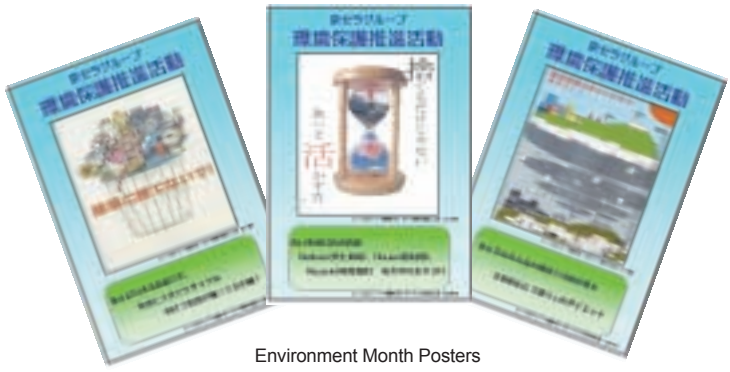
| Certified Auditors (as of March 2004) | |
|---|---|
| Senior internal environmental auditor | 66 people |
| Internal environmental auditor | 330 people |

## Kyocera Group Environment Month

Kyocera has designated June of every year to be the "Kyocera Group Environment Month" and has many events for improvement of environment awareness and management systems in the office/plant.
In this month, environmental improvement activities are implemented with particular targets relating to the environment every year.
In fiscal 2004, KYOCERA Chemical Corporation and KYOCERA MITA Japan Corporation newly joined this program. We had our environmental month activities with the main subject "Exhaustive promotion for reducing all kinds of waste generation."
During the month, 596 "Environment posters" and 14,099 "Environment slogans" were made by our employees. Their excellent creations are posted in the group companies as our enlightenment activities.

### Most Excellent Slogans (Fiscal 2004)

Blue earth is resource to all.
Reduce (Reduction of waste)
Reuse (Reuse of material)
Recycle (Recycling of material)
I'll practice "3R."



Environment Month Posters

## Activities of Shanghai KYOCERA Electronics Co., Ltd. (China)

Shanghai KYOCERA Electronics Co., Ltd. (China) acquired ISO 14001 certification in July 2000 and is aggressively pursuing environmental preservation activities.

### Environmental Education for Employees

Environmental education programs were provided 17 times to 1,017 new employees in total in fiscal 2004.

### Internal Environmental Auditor Training

98 people newly underwent external training course and all were qualified as internal environmental auditors in fiscal 2004.
Further, 51 people underwent the course to level up the skill as the internal environmental auditors.

### Implementation of Internal Environmental Audit

Internal environmental audits are implemented to verify effectiveness of the system.
In fiscal 2004, there were 18 observations but all have been corrected for improvement of the system.

# Environmental Management System

## Environmental Communications

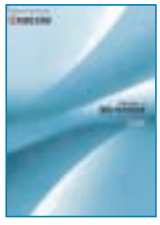
Kyocera Group is extending the efforts in communication through various media and contributions to the local society, thus considering the importance of communication between the company and society.

### Environmental Report

To introduce environmental preservation activities of Kyocera, the environmental report has been published. This is our 5th report since we first published the report for 2000. In the past, the report was published only on the website, considering environmental impact if it was published with printed material.

For the 2003 report, the report was published in booklet form at the request of many people. At the same time, the contents were revised to include more information covering both environmental and social activities.

In this 2004 version, information covering social responsibility and economics is further advanced, considering more importance on CSR (Corporate Social Responsibility).



Kyocera Group
Sustainability Report 2003

### Social Assessment

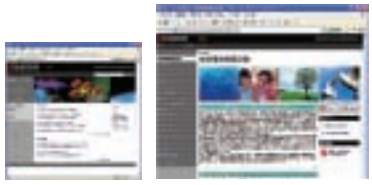
Kyocera is complying with many requests every year for investigations about our environmental and social activities from both domestic and overseas.

At present, Kyocera is selected as a brand of many SRI (Sociality Responsible Investing) funds and highly assessed by various environmental rating institutions.

As of March 2004, Kyocera is incorporated in funds such as the "Nikko Eco Fund," "Midori no Tsubasa (Green Wing)," "Buna no Mori (Beech Forest)," "Eco Hakase (Doctor Eco)," "Asu no Hane (Tomorrow's Wing)," "Umi to Sora (Sea and Sky)" and "Nikko Global Sustainability Fund B." Furthermore, Kyocera is incorporated in the indexes of the German rating company, Oekom G.m.b.H. and in Entibell sustainability indexes of Belgian special SRI consultant. Kyocera intends to aggressively disclose information continuously through environmental activities to obtain high assessment in various aspects.

### Information Published on Website

To introduce environmental preservation activities of Kyocera more widely, environment related information has been published on our website since November 2000.



http://www.kyocera.co.jp

### Environmental Advertisement

Kyocera wishes all its products to be friendly to the environment. Kyocera puts emphasis on environmental advertisement to promote a good understanding of its environmentally-friendly products by more people.

### Participation in Environmental Exhibitions

To introduce our environmental preservation activities and related products more widely, Kyocera participated in the several environmental exhibitions such as "Shiga International Environmental Business Exhibition" and the "Eco Products Exhibition" in fiscal 2004.

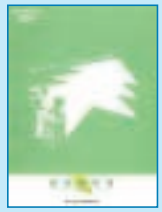
We introduced our environmental protection activities and related products such as solar power generation system and the ECOSYS printer.

### Internal Enlightenment Activities

The latest information and feature articles relating to the environment are announced on the house organ issued monthly, and used for internal environmental enlightening activities.

### Activities of Kyocera Mita Corporation

KYOCERA MITA Corp. published its first environmental report in June 2003 to announce its environmental activities to society. As a Kyocera Group company, KYOCERA MITA Corp. created their environmental related website in the same form as that of Kyocera and discloses information relating to own environmental protection activities.



Environmental Report 2003

KYOCERA MITA Corp.
http://www.kyoceramita.co.jp/index.html

## Support for Environmental Learning

Kyocera has been extending support to the "Environmental education program for primary school children" at the request of Kyoto Chamber of Commerce and industry since fiscal 2002.
In fiscal 2004, environmental learning program was provided to 2 primary schools in Kyoto.
Kyocera has been providing characteristic lessons such as enjoyable explanations of the solar power generation system from its introduction to details, as well as showing the actual solar power panels. It has been well accepted by children.

## Presentation of Japan Sustainable Management Award

Kagoshima Kokubu Plant was awarded the "Excellent Sustainable Management Award" at the "1st Japan Sustainable Management Award" in March 2003. The detail contents were announced at the environmental management promotion seminar of Eco Products 2003.

## Campaign to Beautify the Regions

Each office/plant has been focused on being a "Regionally-oriented company" by cleaning around the site and participating in the environmental beautification campaigns promoted by administrations and local governments every year.

Nagano Okaya Plant

## Ecologically Sound Building

The construction concept of Kyocera Headquarters building completed in 1998 is to be "Environmentally Friendly and Coexist with Local Community." The global environmental products exhibition corner is located at the second floor, where solar generation module, ECOSYS printer, gas turbine ceramic components and others are displayed for the neighbors and other visitors. We gladly discuss the features of our ecologically sound building for a party of visitors when requested.

### 1. Solar Power Generation System

The system is placed on the rooftop and southern sidewall face above the third floor. It is the largest capacity solar power generation system installed on the vertical wall face of a tall building in the world. There are 1,392 solar cell panels on the southern wall face and 504 panels on the roof.
The total output is 214kW corresponding to 12.5% of the expected electricity consumption in the building. The system is designed to enable the backward flow. We can sell excess electricity in parallel operation with the electric power system.

### 2. Natural Gas Cogeneration System

Natural gas with low environmental impact is used as fuel for the system. Waste heat from the system is utilized very efficiently for absorption refrigeration machine. About 70% of the currently used electricity of 1,500kW is supplied by two units of 520kW power generators.

### 3. Adoption of Ice Thermal Storage System

Kyocera is using an ice thermal storage system for effective utilization of surplus power from electric power companies during night. With use of this system for air conditioners at the daytime peak, the difference in electric power consumption between daytime and nighttime is reduced.

### 4. Various Environment friendly Systems

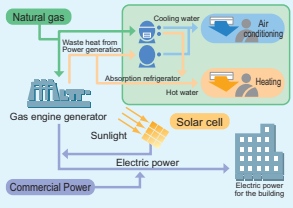
1. Peripheral ventilation system
2. Individual air conditioning systems
3. Adoption of inverters for air conditioner motors
4. Air volume adjustment system at air conditioner duct
5. Central air conditioning system
6. Reduction of wasteful lighting through subdivided system
7. High-efficiency inverter lighting
8. Measuring system of energy consumption level per floor
9. High-efficiency heat-reflective glass
10. Automatic operation of escalators
11. Utilization of groundwater and rainwater

Explanation meeting for visitors

Global environment friendly product exhibition corner

### Combination System with Solar Power Generation, Natural Gas Cogeneration and Commercial Power

Electric power is supplied to the building in combination with the solar power generation, cogeneration and commercial power. Kyocera headquarters building is the first to adopt the 3 combination system in Japan.



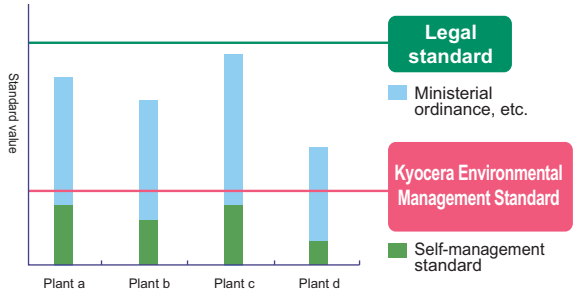
# Environmental Management System

## Environmental Risk Management

It is required to reduce environmental risk by conducting countermeasures based on the estimation of various types of possible environmental risks, in addition to compliance with the laws. Kyocera is promoting prevention activities for avoiding water, air and soil pollution in conformance to Kyocera Environmental Management Standards that are stricter than the legal and public regulations.

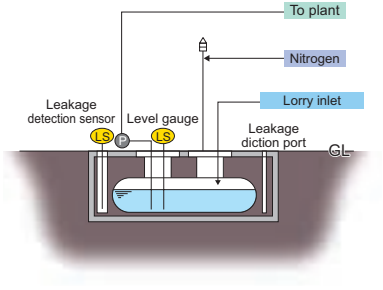
### Kyocera Environmental Management Standard

The "Kyocera Environmental Management Standard" requires us, the management with tighter limits than the legal controls. Individual offices/plants have their own "Self-management" that has even tighter limits for the strict management.
The treatment and management capability were drastically improved as a result of new introductions and improvements of environment related facilities that were required to observe the Kyocera Environmental Management Standard.




### Moving Installations from Underground to Above Ground, or Using Double-layered Tanks

Soil and groundwater could be contaminated in the event of a leakage of underground installations such as pipes and tanks.
Kyocera has managed them through periodic inspections. In addition, Kyocera established "Underground Installations Management Standard" in fiscal 1997 specifying the structure of installations, in order to enable easy visual inspection for early leak detection and prevention of further contamination.
In accordance with the standard, Kyocera started countermeasures, moving installations from underground to aboveground, or using double-layered tanks in fiscal 1997, and completed them in May 2001.
The same measures are applied to all underground installations newly made after that.




Underground storage tank

### Emergency Prevention

Kyocera has been taking preventive actions such as installation of spill prevention dike in case of an accident or emergency that may affect the environment.
Kyocera is conducting emergency training once a year for actions and periodic notification, in addition to preparation of the procedures and emergency stocks.

Emergency training

### Prevention of Soil and Groundwater Pollution

It is necessary to prevent soil and groundwater pollution with chemicals, since it affects a person's health and living environment once it happens.
Kyocera established its internal environmental management standard relating to soil in fiscal 1993 and has been conducting periodic surveys once a year for strict management.
As for groundwater pollution, the monitoring and measurements have also conducted periodically in accordance with the Groundwater Environmental Standard specified by the law. The new internal environmental management standard values were established in fiscal 2003 for our more strict environmental management.

### Soil and Groundwater Pollution Survey Results

Kyocera has been conducting periodic surveys for soil and groundwater pollution relating to heavy metals and organochlorine solvents used in the past.
In fiscal 2004, we found a possibility of soil and groundwater pollution at our preparatory survey on one site of our subsidiary which newly became a Kyocera Group company. We reported it to the administrative office and have been asking a professional survey company to conduct the detailed investigation.
There is another site where we have been conducting the water remediation as a result of our past survey. We have been monitoring the groundwater condition continuously at that place. Neither soils nor groundwater around the site has been environmentally affected.

### Observance of Environmental-Related Laws and Regulations

In fiscal 2004, there was no monetary penalty, fine, legal violation, lawsuit or complaints from neighbors.

# Environmental Accounting

## Corporate Environmental Accounting

Kyocera Group has been establishing its environmental accounting system since fiscal 2003.
In fiscal 2004, the scope of accounting was expanded including domestic subsidiaries who recently became a Kyocera Group company and some overseas subsidiaries. In addition to the accounting per plant, we introduced accounting per business segment in order to refer the result for our management strategy. It allows us to study the expenses and benefits even if the same business segment has its operation in several different plants.
Our environmental accounting was made and reported referring to the "2002 Environmental Accounting Guideline" issued by Ministry of Environment with some adjustment based on the situation of Kyocera Group. We are considering expanding the scope for accounting furthermore and use the analysis result for our environmental preservation activities.

### Principle of Environmental Accounting

#### 1. Environmental Accounting and Environmental Management System

Environmental accounting of Kyocera Group was established as a part of environmental management system. It is evaluating the activities for achieving Kyocera environmental protection promotion plan that was made based on the Kyocera Environmental Charter, and Kyocera Environmental Management Standards. The chart at the right shows the relation.

#### 2. Scope of Data Collection for Environmental Accounting

The data for environmental accounting was collected from KYOCERA KINSEKI Group* and KYOCERA SLC Technology Corp., that became the Kyocera Group companies in fiscal 2004, as well as offices/plants that are multi-sites certified as "Kyocera Group Integrated Environmental Management System" in Japan.
In addition, overseas companies, Dongguan Shilong KYOCERA Optics Co., Ltd. (China) and Shanghai KYOCERA Electronics Co., Ltd., (China) were included in the scope. Kyocera intends to expand the scope to other overseas subsidiaries as well in the future.

* KYOCERA KINSEKI group (4 companies) - KYOCERA KINSEKI Corporation, KYOCERA KINSEKI Hokkaido Corporation, KYOCERA KINSEKI Yamagata Corporation and KYOCERA KINSEKI Chiba Corporation.

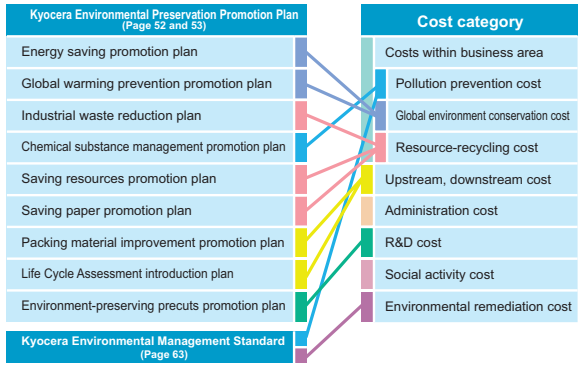
#### 3. Principle of Environmental Conservation Cost

We are collecting the investment amount and running cost of environmental conservation equipment, and expenses spent on environmental conservation activities.
The past investments are collected for only the equipment that is 100% used for environmental conservation purposes.

#### 4. Principle of Environmental Conservation Benefits and Economical Benefits

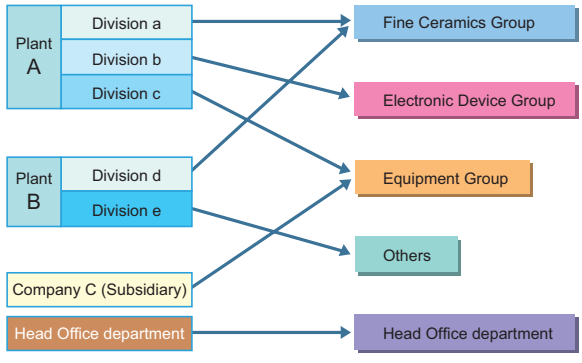
Environmental conservation benefits and economical benefits are collected only when the improvement effects can be confirmed with numerical data.
All of the benefits that happened during the environmental accounting period are collected without considering when the actions were taken.

**Relations between Environmental Accounting and Environmental Management System**




### Principle of Data Collection by Business Segment

The conventional plant-by-plant data collection was effectively used as a tool for assessment of Environmental Management System activities.
In fiscal 2004, we decided to collect data by business segment to enable activities in awareness of investment, cost and benefit of environmental preservation by business divisions to further activate environmental protection activities.
The accounting per business segment is conducted with the same segment for financial accounting and its result is distributed to each segment as well as the financial accounting report.
It allows us to evaluate segment expenses and benefits even if the segment has its operation on two or more plants.



# Environmental Accounting

## Fiscal 2004 Environmental Accounting Status

### Scope of Data Collection for Environmental Accounting

Scope of data collection: ISO14001 certified sites with "Kyocera Group integrated environmental management system" (Ref: P69), KYOCERA KINSEKI group, KYOCERA SLC Technology Corporation, Dongguan Shilong KYOCERA Optics Co., Ltd. (China) and Shanghai KYOCERA Electronics Co., Ltd., (China)

Accounting period: April 2003 to March 2004
(Data for KYOCERA KINSEKI group was collected from August 2003, KYOCERA SLC Technology Corporation was from September 2003)

### Environmental Conservation Cost

(unit: million yen)

| Cost category | Investments | | Expenses | | Major areas addressed | Reference page |
|---|---|---|---|---|---|---|
| | FY2004 | FY2003 | FY2004 | FY2003 | | |
| Costs within business area | 870<br>585 | 377 | 4,396<br>4,004 | 3,471 | | |
| Pollution prevention cost | 693<br>439 | 214 | 2,281<br>2,001 | 2,005 | Installation and maintenance of pollution preventive facilities, environment impact measurement and analysis | Page 46, 63 |
| Global environment conservation cost | 65<br>65 | 18 | 351<br>343 | 236 | Introduction of energy saving type equipment, greenhouse gas discharge reduction activities | Page 54, 55 |
| Resource recycling cost | 112<br>81 | 145 | 1,764<br>1,660 | 1,230 | Resource saving activities, installation and maintenance of waste recycling facilities | Page 56, 58 to 60 |
| Upstream, downstream cost | 7<br>7 | - | 311<br>304 | 84 | Green procurement, collecting and recycling end-of-life products | Page 34, 35 |
| Administration cost | 1<br>1 | 1 | 707<br>661 | 636 | Development and implementation of environmental management system, PRTR activities | Page 40 to 44, 57 |
| R&D cost | 968<br>965 | 185 | 3,186<br>3,132 | 3,034 | Development of products contributing to environmental preservation | Page 61, 62 |
| Social activity cost | -<br>- | - | 16<br>16 | 11 | Donation to environmental affiliate organization, support for environmental education at primary schools | Page 37, 45 |
| Environmental remediation cost | -<br>- | 9 | 3<br>3 | 88 | Purification and monitoring of groundwater | Page 46 |
| **Total** | **1,846**<br>1,558 | **572** | **8,619**<br>8,120 | **7,324** | | |

(Notes) 1. Division of multiple costs is calculated by appropriate differences proportionally or divided proportionally.
2. Depreciation of facilities was calculated based on depreciation periods originally set by Kyocera.
3. Personnel expenses were calculated with average personnel expenses unit price multiplied by the time of participation in activities.
4. R&D costs were those for the purpose of environmental conservation in fundamental R&D.
5. Blue values are for comparison based on the scope of data collection adopted in fiscal 2003.

### Environmental Conservation Benefits

| Benefits | Annual benefit amounts | | |
|---|---|---|---|
| | FY2004 | FY2003 | Unit |
| Electricity saving | 42,083<br>38,616 | 33,803 | MW·h |
| Fuel saving | 1,107<br>1,107 | 297 | Converted to crude oil (kℓ) |
| PFC and other greenhouse gases reduction | 10,759<br>10,759 | 2,712 | ton-$CO_2$ |
| Water consumption reduction | 33,806<br>33,725 | 31,670 | $km^3$ |
| Chemical substance reduction | 6,155<br>6,154 | 2,344 | ton |
| Waste reduction | 21,446<br>20,325 | 12,294 | ton |

$CO_2$ conversion

| | Reduction amount | | Monetary terms | |
|---|---|---|---|---|
| | FY2004 | FY2003 | FY2004 | FY2003 |
| $CO_2$ discharge reduction | 28,780 ton- $CO_2$<br>26,258 ton- $CO_2$ | 13,554 ton- $CO_2$ | 183 million yen<br>167 million yen | 86 million yen |

(Notes) 1. Environmental conservation benefits were collected with only the items of which improvement effects could be confirmed obviously.
2. All of the benefits that happened during the environmental accounting period were collected without considering when the actions were taken.
3. 6,370 yen/ton- $CO_2$ is assumed as expense required for $CO_2$ reduction.
(Source: Japanese Ministry of Environment "2002 Report for the Suggestion Project of the Mie-style $CO_2$ Emission Trading System")
4. Blue values are for comparison based on the scope of data collection adopted in fiscal 2003.

### Economic Benefits by Environmental Conservation Actions

(unit: million yen)

| | Amount | | Major areas addressed |
|---|---|---|---|
| | FY2004 | FY2003 | |
| Income | 1,151<br>1,131 | 1,212 | Sales of products with value |
| Expense saving | 2,295<br>2,251 | 2,126 | Reduction of electricity charges, waste treatment expense and raw material cost |
| **Total** | **3,446**<br>3,382 | **3,338** | |

(Notes) 1. Environmental benefits by environmental conservation actions were collected when the improvement effects could be confirmed obviously.
2. All of the benefits that happened during the environmental accounting period were collected without considering when the actions were taken.
3. Blue values are for comparison based on the scope of data collection adopted in fiscal 2003.

## Fiscal 2004 Environmental Accounting Analysis Results

### 1. Analysis Results

The environmental conservation cost (investment) was 1,846 million yen, and the environmental conservation cost (expense) was 8,619 million yen.

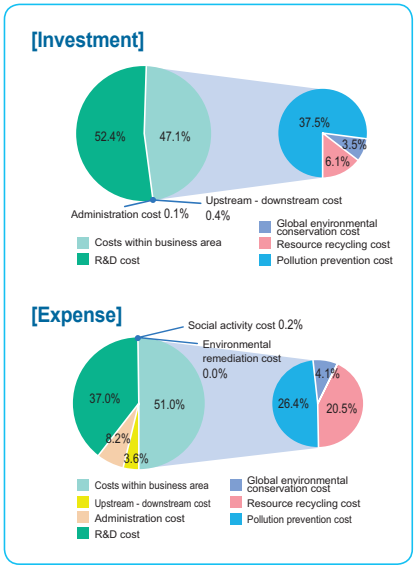
As to the economic benefits, sales of product with value amounted to 1,151 million yen and expense reduction effect was 2,295 million yen.

Main investments were for environmental preservation going with expanded production of solar power generation systems and for their R&D in fiscal 2004.

Main expenses were spent for further expansion of product recycling done by the Environmental Business Division of KYOCERA MITA Corp.

Environmental conservation benefits were mainly from reduction of greenhouse gas due to changeover of fuel to natural gas, reduction of chemicals used in production of LCD and reduction of waste by introduction of intermediate wastetreating equipment.

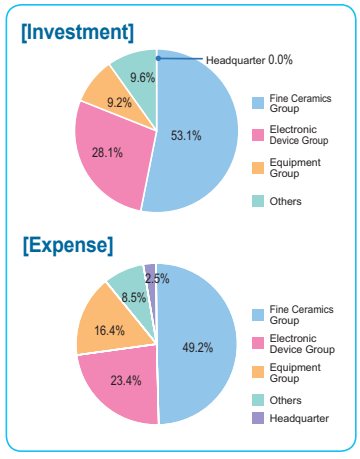
Economic benefits are also increasing in parallel due to the reduction of expenses.




### 2. Introduction of Accounting by Business Segment

Accounting per business segment was introduced this time for effective use in management strategy, in addition to accounting per plant.

The following shows the investment and expense amounts per business segment.




## Major Investments for Environmental Facilities in Fiscal 2005

Kyocera Group evaluates both cost and benefit of each environmental facility when it is introduced, in order to find the best facility from both environmental and economic standpoints.
We are planning various investments for environmental facilities in fiscal 2005. The following are our major plans.

### Major Investment Plans

(unit: million yen)

| Plant | Item | Details | Investment amount | Expense (yearly) | Benefits (yearly) | | |
|---|---|---|---|---|---|---|---|
| | | | | | Effects | Amount | Economic benefits |
| Kagoshima Kokubu Plant | Multiple energy management system | Renewal of deteriorated refrigerator, introduction of high-efficiency turbo refrigerator, and energy saving through efficient operation of steam boiler and introduction of cogeneration system | 538 | 168 | Reduction of greenhouse gas | 2,305 ton-$CO_2$ | 131 |
| | Thermal treatment facility for green sheet waste | Measures for reduction of waste through installation of green sheet waste (industrial waste) heat treatment facility | 175 | 25 | Reduction of waste | 1,113 ton | 57 |
| | | | | | Income from sales of products with value | - | 2 |
| Kagoshima Sendai Plant | Energy saving measures | Plant-wide energy-saving countermeasures such as improvement of air conditioning system through recovery of external air energy, control of refrigerator quantity, adoption of inverter-design for dust collector, pump and fan, and introduction of high-efficiency equipment | 346 | - | Reduction of greenhouse gas | 6,534 ton-$CO_2$ | 116 |
| Shiga Gamo Plant / Shiga Yohkaichi Plan | Fuel conversion | Measures for reduction of greenhouse gas through fuel changeover from LPG to natural gas (town gas 13A) | 27 | - | Reduction of greenhouse gas | 651 ton-$CO_2$ | 17 |

∗ 1. Amount of energy-saving benefit is calculated with the electricity and fuel reduction converted to greenhouse gas reduction amount.
2. Expense amount does not include depreciation amount.

# Environmental Accounting

## Products Environmental Accounting

Kyocera Group is supplying various products to the world for the sake of the future of humankind and the global environment. The products have many effects such as prevention of pollutions, prevention of global warning and promotion of recycling-oriented society. Last time, we introduced the effects of solar power generation system. This time, we would like to introduce the effects of ECOSYS printers supplied by KYOCERA MITA Corporation as well.



### Solar Power Generation System

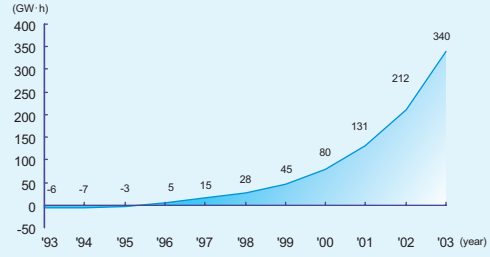
#### 1. Principle

Once installed, the solar power generation systems continuously generate clean electric power. In this meaning, all of generated electricity can be considered as energy creation.
The "benefit of energy creation" was calculated on environmental accounting, based on the cumulative electricity amount*1 that was generated by solar power generation systems after installation. We took the electricity amount*2, 3 that was used for manufacturing these systems from the above amount.

#### 2. Benefit of Energy Creation

There was no benefit until 1995 since cumulative amount used for manufacturing was larger than cumulative amount generated by the systems. The benefit positive in 1996 and the cumulative benefit as of 2003 was 340GW·h.
340GW·h creating energy benefit can be considered as a 2.9 billion yen economic benefit when it is converted to monetary terms*4 by using electric charge rate.
It is also considered as 250 thousand ton $CO_2$ reduction when it is converted*5 to $CO_2$ emission.
It is expected that the systems will continue power generation for another 20 years during their life time. The cumulative creative benefit is expected to reach 4,713GW·h, equivalent to 40.1 billion yen in monetary terms (converted using electric charge rate).

**Energy Creation Benefit**




**<Conditions for Calculation>**

*1 : Calculated from estimated average value of generated power that is simulated by KYOCERA Corporation at 16 locations in Japan

*2 : Calculated estimated electricity consumption for manufacturing based on 2.2 years energy payback time (System size: 30MW/year, Roof installation type), Product life: 20 years
(Source: "Solar power generation evaluation report" 1996 NEDO Contract Report (Photovoltaic Power Generation Technology Research Association) March 1997)

*3 : Estimated electricity amount required for manufacturing of solar power generation systems we supplied from 1992 to 2002. The amount was counted from the year when the systems started power generation. (Example: Electricity used for manufacturing on 1992 is counted from the value in 1993).

*4 : Calculated based on high voltage power supply rate B 8.5 yen/KW-h of Kansai Electric Power Co., Inc. Assuming large user

*5 : 733g-$CO_2$ per 1 KW-h

### ECOSYS Printers

#### 1. ECOSYS Concept

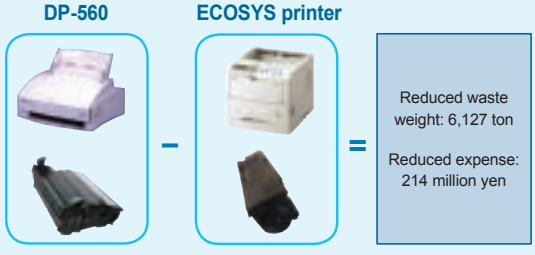
ECOSYS printers are developed based on the concept of long life and ECOSYS concept.
Products of ECOSYS concept basically do not require replacement of most of the components until end of product life is reached except for the toner container change.
The products can be reliably used until end of life with less frequency of service maintenance and little trouble. Expense required is for change of toner only.

#### 2. Benefit of waste reduction

Before introduction of the toner container change type products, products of unit change type with photo-sensitive drum integral with developing roller and toner container had been supplied to market (The laser printer DP-560 was put on market in 1997).
The weight ratio of the change unit is as follows.

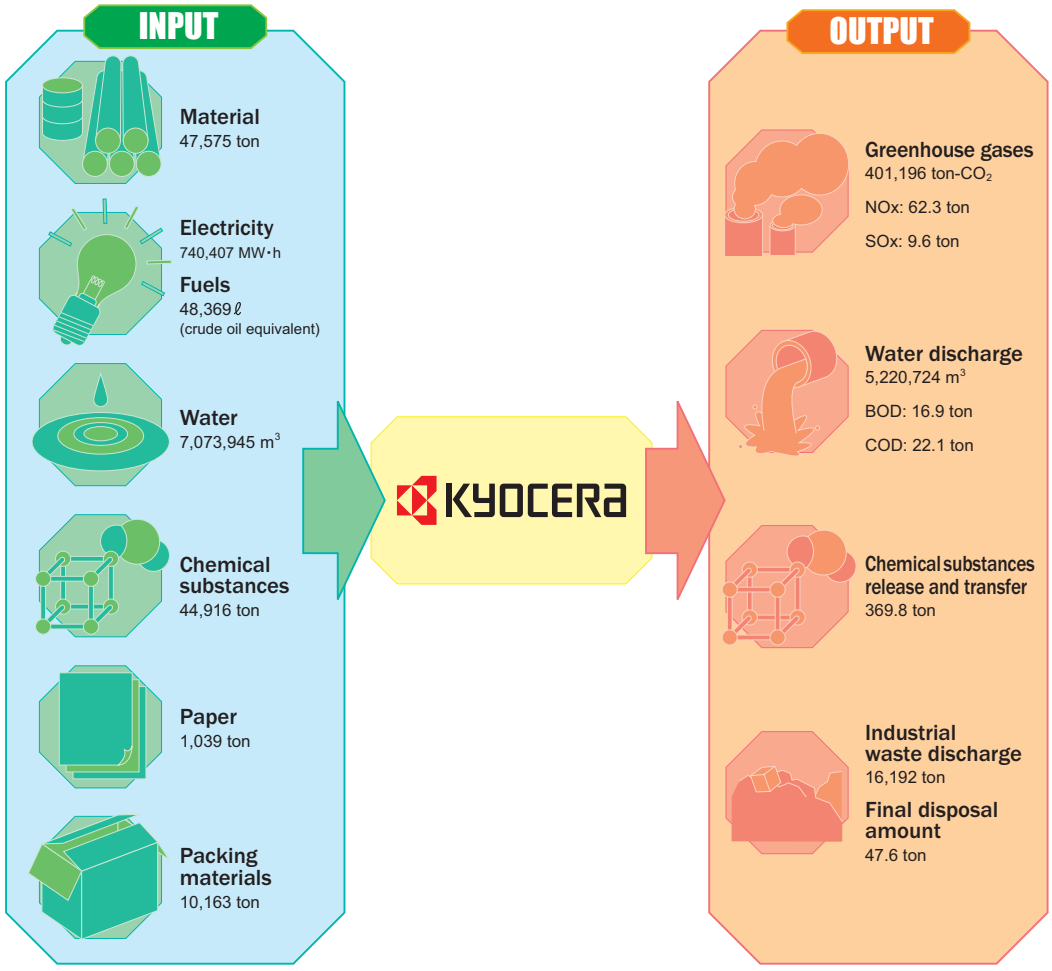
Toner container :
Photo-sensitive drum + Developing roller = 1 : 3.8

Weight of all products of toner container change type sold in fiscal 2004 in the world was calculated based on the above ratio on assumption that they were of unit change type.
This weight difference is the annual waste reduction benefit from the ECOSYS concept. The difference multiplied by the printer durable life (5 years) is considered as the waste reduction benefit until end of the product life.
The ECOSYS printer can be designed considering resource saving compared with the previous model. Its effect is significant, too.
Toner containers for ECOSYS printers are recovered and recycled from the viewpoint of resource conservation. Recovered weight is also considered as waste reduction benefit.
KYOCERRA MITA Corp. will continue to introduce ECOSYS products as well as their recovery and recycling.



# Environmental Impact Summary

Here is the summary of environmental impact of the Kyocera Group that clarifies the relations between business activities and the environmental impact.




## Data Collection

Scope: ISO14001 certified sites with “Kyocera Group Integrated Environmental Management System” (Ref: Page 69)

### Input Items

| | | |
|---|---|---|
| Material | : | Consumption amount of main raw materials and sub materials |
| Electricity | : | Electricity purchased from electric power companies |
| Fuels | : | Amount of fuels used as energy, such as LPG, light oil and heavy oil |
| Water | : | Consumption amount of city water and groundwater |
| Chemical substances | : | Consumption amount of chemical substances used in manufacturing process (specified by 12 ordinances such as Poisonous and Deleterious Substances Control Law, Fire Service Act (Hazardous materials), Industrial Safety and Health Law, PRTR Law, Law Concerning the Examination and Regulation of Manufacture). |
| Paper | : | Amount of copying paper and forms used in manufacturing process |
| Packing materials | : | Consumption amount of packing materials |

### Output Items

| | | |
|---|---|---|
| Greenhouse gases | : | Amount of discharged 5 gases such as $CO_2$ and PFCs, generated when electricity, gases and fuels are used. |
| NOx | : | Load amount of nitrogen oxides happens when gases and fuels are burned |
| SOx | : | Load amount of sulfur oxides happens when fuels are burned |
| Water discharge | : | Amount of discharged water into river and so on (except water discharged to sewage system) |
| BOD | : | Load amount of biochemical oxygen demand |
| COD | : | Load amount of chemical oxygen demand |
| Chemical substances | : | Release and transfer amount of chemical substances specified by PRTR Law (Specified Class 1 and Class 1 chemical substances) |
| Industrial waste | : | Amount of discharged waste generated by business activities |
| Final disposal amount | : | Amount of industrial waste directly sent to landfill |

# Environmental Protection Promotion Activities

## Environmental Protection Promotion Program (Summary)

Kyocera is promoting positive environmental protection activities in accordance with the following plans to clarify the environmental policy, and define the action plans and middle-term goals.

| Item | | 4th Environmental Protection Promotion Plan | |
|---|---|---|---|
| Global warming prevention promotion plan<br>Page 54 | | 1 | Reduce $CO_2$ emission by FY2005 from FY1991 level. |
| | | 2 | Reduce PFC and other gases (Methane, Nitrous oxide, HFC, PFC, SF6) emission by the end of FY2005. |
| | | 3 | Reduce greenhouse gases emission by FY2005 from FY1991 level. |
| Energy saving promotion plan<br>Page 55 | | 1 | Reduce electricity consumption per net sales by FY2005 from FY2002 level. |
| | | 2 | Reduce fuel consumption per net sales by FY2005 from FY2002 level. |
| Industrial waste reduction plan<br>Page 56 | | 1 | Plant<br>Reduce industrial waste discharge per net sales by FY2005 from FY2002 level. |
| | | 2 | Office<br>Reduce industrial waste discharge per net sales by FY2005 from FY2002 level. |
| | | 3 | Achieve zero emission (100% recycling) by March 2003. |
| | | 4 | Reduce waste (industrial waste and valuables)<br>generation per net sales by FY2005 from FY2003 level at manufacturing sites. |
| Chemical substance management promotion plan<br>Page 57 | | 1 | Reduce specified chemical substances amount used for wastewater treatment per wastewater amount<br>by FY2005 from FY2002 level. |
| | | 2 | Reduce release and transfer amounts of specified class 1 designated chemical substances specified<br>by PRTR Law per net sales by FY2005 from the first half of FY2003 level. |
| Saving resources promotion plan<br>Page 58 to 59 | Vehicle fuel | 1 | Reduce fuel for automobile per net sales by FY2005 from FY2002 level. |
| | Water consumption | 2 | Plant<br>Reduce water consumption per net sales by FY2005 from FY2002 level. |
| | | 3 | Office<br>Reduce water consumption per net sales by FY2005 from FY2002 level. |
| | Gas expenses | 4 | Reduce gas ($N_2$, $H_2$ and argon) expenses per net sales by FY2005 from FY2002 level. |
| | Travel expenses | 5 | Reduce travel expenses per net sales by FY2005 from FY2002 level. |
| Saving paper promotion plan<br>Page 59 | | 1 | Reduce weight of office papers purchased per net sales by FY2005 from FY2002 level. |
| | | 2 | Reduce weight of papers used in manufacturing process per net sales by FY2005 from FY2002 level. |
| | | 3 | Continue 100% recycling of papers and reduce amount of recycled papers per net sales<br>by FY2005 from FY2002 level. |
| Packing material improvement promotion plan<br>Page 60 | | 1 | Reduce packing material purchasing cost per net sales by FY2005 from FY2002 level. |
| | | 2 | Completely stop using PVC packing materials (outer packing materials, bags and cushioning materials) by FY2004. |
| Environment-preserving product promotion plan<br>Page 61 | | 1 | Develop environment-preserving products at each division by FY2005. |
| Life Cycle Assessment introduction plan<br>Page 62 | | 1 | Introduce the system for equipment business and preparation of its implementation for components business. |

(Ratio: Compared with the basic period (year))

| | FY2004 Goal | FY2004 Result | FY2005 Goal |
|---|---|---|---|
| | Preparation for 6% reduction of $CO_2$ discharge | 24.7% increase | Preparations for 6% reduction |
| | Minimization of PFCs and other gases discharge | 71.6% reduction | Minimization of PFCs and other gases discharge |
| | Preparation for 6% reduction of greenhouse gases discharge | 3.2% increase | Preparation for 6% reduction |
| | 13% reduction of electricity consumption per net sales | 11.6% increase | 26% reduction |
| | 13% reduction of fuel consumption per net sales | 17.2% increase | 26% reduction |
| | 54% reduction of industrial waste discharge per net sales | 3.9% increase | 70% reduction |
| | 38% reduction of industrial waste discharge per net sales | 10.7% increase | 50% reduction |
| | Continuation of zero emission | 99.9% achieved | Continuation of zero emission |
| | 10% reduction of waste generation per net sales | 11.0% increase | 20% reduction |
| | 5% reduction of water discharge per waste water amount | 29.9% reduction | 10% reduction |
| | 3% reduction of water discharge per net sales | Release: 10.9% reduction, Transfer: 22.3% increase | 5% reduction |
| | 20% reduction of fuel for automotive per net sales | 5.3% increase | 30% reduction |
| | 20% reduction of water consumption per net sales | 13.7% increase | 30% reduction |
| | 10% reduction of water consumption per net sales | 27.4% increase | 15% reduction |
| | 10% reduction of gas expenses per net sales | 3.6% increase | 15% reduction |
| | 8% reduction of travel expenses per net sales | 15.7% increase | 10% reduction |
| | 10% reduction of purchased office papers weight per net sales | 2.0% increase | 15% reduction |
| | 10% reduction of purchased papers weight per net sales | 13.2% reduction | 15% reduction |
| | 10% reduction of discharged papers weight per net sales | 7.4% increase | 15% reduction |
| | 10% reduction of packing material purchasing cost per net sales | 6.8% reduction | 15% reduction |
| | Complete stop of using PVC (outer packing materials, bags and cushioning materials) | Completely switched to other materials | Continuously stop using PVC (outer packing materials, bags and cushioning materials) |
| | Development of at least 5 new products at each division | 21 products certified | Development of at least 5 new products at each division |
| | Implementation of LCA of at least 1 major item in each business area | Implementation of LCA of at least 1 major item in each business area | Expansion of LCA to more products |

* Scope: Kyocera Corporation only
* Office means non-manufacturing sites other than plants.

# Environmental Protection Promotion Activities

## Global Warming Prevention

In view of anticipated and seriousness of the influences, global warming is one of the most significant environmental problems that affect survival of the humankind. Kyocera held the 1st Global Warming Prevention Subcommittee in fiscal 1999 and started the activities for greenhouse gases reduction in fiscal 2000.

### Fiscal 2004 Result

$CO_2$ emission arising from energy consumption amounted to 318,806 ton-$CO_2$, increase of 24.7% over fiscal 1991, due to increase in production amount.
Emission of PFCs and other gases reduced by 71.6% due to changeover to substitutes, resulting in total emission of greenhouse gases of 339,602 ton-$CO_2$ increase of only 3.2% compared with fiscal 1991.
When evaluated according to values per net sales, emission reduced by 30.9% in fiscal 2004 over fiscal 1991.
Kyocera set the fiscal 2005 goal for emission of greenhouse gases at 309,270 ton-$CO_2$. It is necessary to further reduce by 30,332 ton- $CO_2$ greenhouse gases emissions from the fiscal 2004 result to achieve the goal. Kyocera intends to implement activities of higher reduction benefits to achieve the goal.

### Promotion of Global Warming Prevention Activities

Main activities in fiscal 2005 for reduction of $CO_2$ arising from energy consumption are shown below right.
With those actions, we are estimating about 19,588 ton-$CO_2$ (64.6% of unachieved volume) reduction. In addition, we will promote other actions, such as introduction of standard for energy saving, positively to achieve the goal.
As to PFCs and other gases, we have been minimizing its emission by converting the gases to the substitutes as our first measures. If it's difficult, however, we will promote introduction of the eliminator and minimize it.

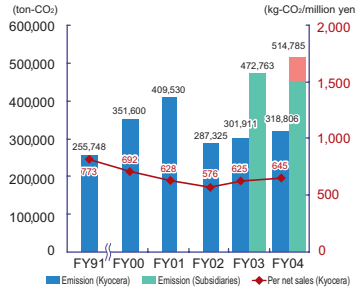
### Conversion to Natural Gas

We have been converting LPG to natural gas (town gas 13A, LNG), which discharges lower volumes of $CO_2$ per calorific value, step by step at Kagoshima Kokubu Plant, Shiga Gamo Plant, Shiga Yohkaichi Plant and Kagoshima Sendai Plant since fiscal 2003. It will be completed by March 2005.
With this conversion, we are estimating a total 10,743 ton-$CO_2$, reduction at 4 plants which is 3.2% of total emission amount of greenhouse gases in fiscal 2004. Since it is significant reduction, we will consider further introduction into our mid-scale plants in the future.

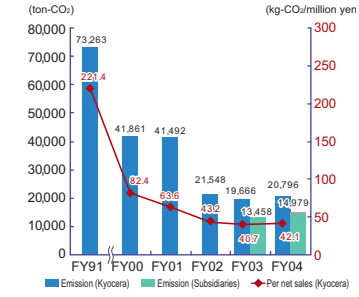
### Strengthening Organization for Energy Saving Promotion

We created an energy saving promotion office in our Headquarters and its branch in Kagoshima Kokubu Plant in March 2004, in order to strengthen the effectiveness of our actions for energy saving and global warming prevention.
All plants and offices have their own energy saving promotion sections corresponding to their scales. The members who promote the actions at each production group are also nominated.
We will promote the actions for saving energy and global warming prevention further by sharing the information and planning corporate-wide actions.

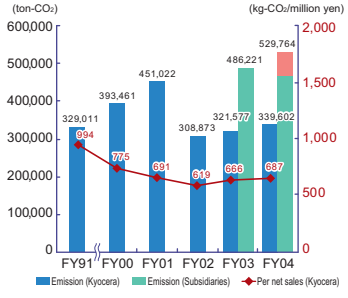
### $CO_2$ Emission




### PFCs and Others Emission




### Total Emission of Greenhouse Gases




∗ Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

### Fiscal 2005 Main Activities and Reduction Effects

1. Conversion of fuel to natural gas at Kagoshima Kokubu Plant, Shiga Gamo Plant, Shiga Yohkaichi Plant and Kagoshima Sendai Plant
2. Introduction of multi-energy operation system at Kagoshima Kokubu Plant
3. Energy saving measures at Kagoshima Sendai Plant

**[Reduction effects] (Annual)**

Electricity consumption reduction : 12,176 MW·h
Fuel increase : 708 kℓ (crude oil equivalent)
$CO_2$ reduction : 19,588 ton-$CO_2$

# Energy Saving Activities

Increasing energy consumption has an influence on the environmental issues such as global warming. It is common issue for people in the world to utilize the limited energy effectively for industrial activities. Kyocera started company-wide energy-saving promotional activities with the target (per net sales) in fiscal 1993.

## Activities Result

Fiscal 2004 energy-saving activities resulted in an 11.6% increase at the electricity consumption per net sales over the reference fiscal year 2002 and 17.2% increase at the fuel consumption per net sales as well.
The consumptions were increased due to our production increase, especially production of fine ceramics and electronic device groups. The energy consumption rate of those groups is higher.
Fiscal 2005 is the last year of our current 4th promotion plan for environmental preservation. We also consider this year as our first year for rebuilding our energy saving activities. We would like to implement every kind of possible action for aggressive energy saving in order to achieve the goal.

## Promotion of Energy Saving

Kyocera made the project team for energy saving activities and conducted the actions at Kagoshima Kokubu Plant. The project activities were expanded to Kagoshima Sendai Plant, Shiga Gamo Plant, Shiga Yohkaichi Plant, Hokkaido Kitami Plant, Nagano Okaya Plant and Kagoshima Hayato Plant.
In fiscal 2005, we will conduct the actions we reviewed at Kagoshima Sendai Plant and then implement them at other plants step by step for the promotion of energy savings. We also will introduce a multi-energy operation system which we newly reviewed at Kagoshima Kokubu Plant.

### Result of Energy Saving Project at Kagoshima Kokubu Plant

1. Compressors power control
2. Thermal resource change, temperature and humidity control improvement for air conditioners
3. Improvement of ventilation (volume and times) at clean room
4. Combining and high efficiency of light load transformers
5. Introduction of inverters for pump fans

### [Reduction Effects] (Annual)

Electricity reduction : 10,875 MW·h
$CO_2$ reduction : 3,447 ton-$CO_2$

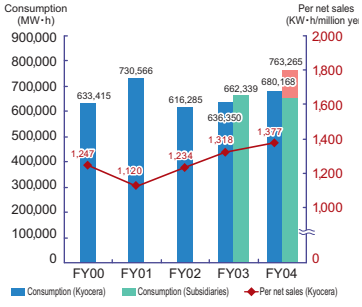
### Energy Saving Plan at Kagoshima Sendai Plant in Fiscal 2005 and its Effects

1. Energy recovery from fresh air
2. Improvement of refrigerator system
3. Demand control of outer units of air conditioner
4. Introduction of inverter for rotating equipment motors
5. Combining and high efficiency of transformers
6. Introduction of electronic stabilizer to fluorescent light

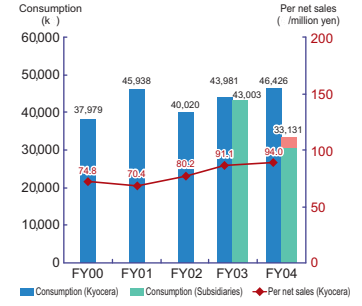
### [Reduction Effects] (Annual)

Electricity reduction : 3,290 MW·h
Fuel reduction : 2,370 kℓ(crude oil conversion)
$CO_2$ reduction : 6,534 ton-$CO_2$

### Electricity Consumption




### Fuel Consumption



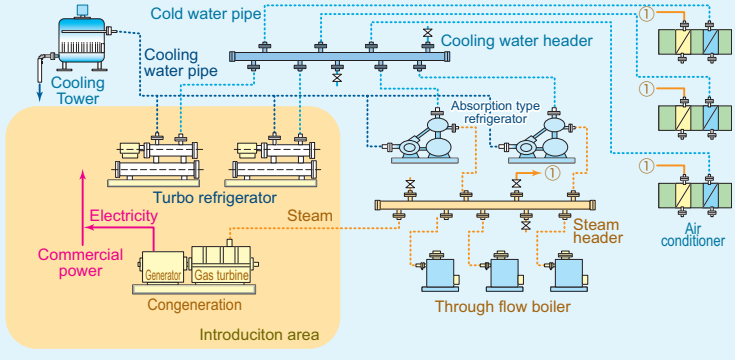

* ■ Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

## Outline of Multi-energy Operation System at Kagoshima Kokubu Plant in Fiscal 2005

3 kinds of equipment of existing absorption type refrigerator, cogeneration system and turbo refrigerator are operated in combination according to demand time zone, season and plant operating condition to achieve energy saving and cost reduction. In the daytime, full thermal source is covered by steam from the cogeneration system. In the nighttime, cooling air is provided continuously in the plant from mainly the turbo refrigerator. In case its capacity is not enough, cooling air is also provided from absorption refrigerator which is operated with steam from boiler as backup.

### [Reduction Effects] (Annual)

Electricity reduction : 8,887 MW·h
Fuel increase : 2,869 kℓ (crude oil conversion)
$CO_2$ reduction : 2,305 ton-$CO_2$



# Environmental Protection Promotion Activities

## Waste Reduction Activities

Concerning final disposition sites in Japan, direct land filling of industrial waste is getting more difficult because of limited space available and difficulty to find new space for land filling. Kyocera made the policy for industrial waste reduction in fiscal 1992 and has been taking activities in accordance with the policy.

### Reduction of Industrial Waste Discharge

Kyocera has been setting target for waste reduction every 3 years since fiscal 1993 in accordance with the basic policy for industrial waste reduction.

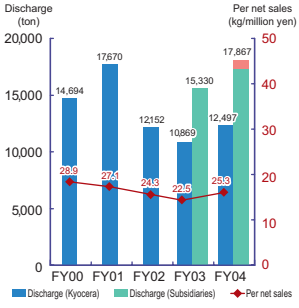
Kyocera has been promoting the waste reduction activity based on its reduction plans defined as key actions, which are made according to actual status of industrial waste and the basic policy.

(For main activities, please see page 64).

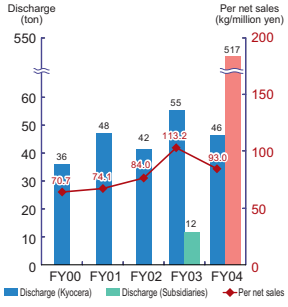
In fiscal 2004, the plant activities resulted in an increase of 3.9% in spite of the target 54% reduction per net sales. It was due to a large increase in manufacturing of products in Fine Ceramics Group and Electronic Device Group that discharge much waste. In fiscal 2005, we intend to promote activities to achieve the goal of the 4th environmental protection promotion plan through measures such as introduction of internal treating facilities.

The office activities in fiscal 2004 resulted in a 10.7% increase over fiscal 2002 but a 17.8% reduction compared with fiscal 2003. For fiscal 2005, we will continue our activities to achieve the goal.

**Industrial Waste Discharge (Plants)**




**Industrial Waste Discharge (Offices)**




∗ Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

### Prevention of Illegal Dumping

Illegal dumping resulting from shortage of final disposal site and sudden steep rise of expenses required for disposal is a large social problem.

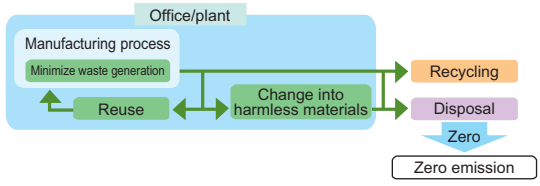
Kyocera established the “Waste Disposal Regulation” in fiscal 1995 for appropriate disposal and its strict management.

When we entrust disposal companies with the operation, Kyocera (discharging company) conducts individual entrustments with a transportation company and a disposal company after conducting a pre-survey, and ensuring appropriate management is conducted based on manifest.

In addition, an on-site survey is conducted to ensure appropriate waste disposal by all disposal and processing companies at least twice a year.

### Basic Policy for Industrial Waste Reduction

1. To minimize waste generation in process
2. To recycle waste once it is generated
3. To change non-recyclable waste into harmless materials




### Minimization of Waste Generation

We established another goal for our activities to minimize waste generation itself from our 4th environmental protection promotion plan.

In fiscal 2004, industrial waste generation per net sales increased by 11.0% against the target of 10% reduction, though we conducted the actions such as process improvement and yield improvement. This was due to a large increase in manufacturing of products in Fine Ceramics Group and Electronic Device Group that discharge much waste. For fiscal 2005, we intend to promote activities toward achievement of the goal.

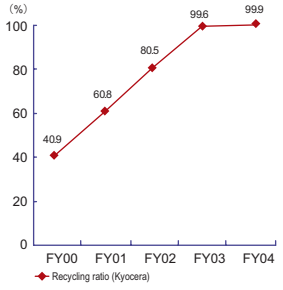
**Waste Generation**

| Item | FY2003 Result | FY2004 Result |
|---|---|---|
| Amount (ton) | 20,057 | 22,784 |
| Amount per net sales (ton/million yen) | 41.5 | 46.1 |

### Zero Emission

The definition of zero emission adopted by Kyocera is “100% recycling ratio of industrial waste.” The recycling ratio is considered as “weight ratio of materials recycled or used for thermal recycling among the industrial waste discharged.” Although Kyocera plants achieved zero emissions, the fiscal 2004 recycling ratio including offices was 99.9%.

**Industrial Waste Recycling Ratio**



# Chemical Substances Management

Some types of chemical substances may cause environmental pollution and affect on human health and the ecosystem as a result of accumulation extending over a long period. For their strict management, we have established a chemical substance control system to ensure the amount of harmful chemical substances released into air and water and their transfer with waste.

## Activities for PRTR Law

On Kyocera's fiscal 2004 report, total amount of target chemical substances handled was 1,436.2 ton, of which the release amount was 174.2 ton and the transfer amount 109.9 ton. Relating to specified class 1 designated chemical substances specified by PRTR Law, Kyocera is extending efforts for reduction of their release and transfer amounts per net sales set as the goal in the 4th environmental protection promotion plan.
In fiscal 2004, the release amount per net sales reduced by 10.9% compared with the first half of fiscal 2003, but the transfer amount per net sales resulted in increase of 22.3%.

∗Summary chart of Kyocera chemical substances specified by PRTR Law (specified class 1 designated chemical substances and class 1 designated chemical substances) is available on Kyocera website.
http://www.kyocera.co.jp

**Release and Transfer Amounts per Net Sales of Specified Class 1 Designated Chemical Substances Specified by PRTR Law**

| Item | FY2003 first half | FY2004 |
|---|---|---|
| Release amount per net sales (g/million yen) | 0.8 | 0.7 |
| Transfer amount per net sales (g/million yen) | 8.0 | 9.7 |

## Management of Equipment Containing PCB

Equipment containing PCB (polychlorinated biphenyl) are strictly stored at specified locations and managed according to inventory records prepared in conformance with the Waste Treatment Law. Kyocera Group* has 119 power capacitors and 1,246 lighting apparatus stabilizers not used any further at the end of March 2004. They are to be disposed of as scheduled by fiscal 2017, the limit of disposal specified by the PCB Waste Treatment Law.

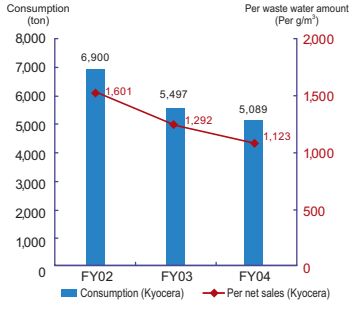
* Multi-sites certified sites as Kyocera Group Integrated Environment Management System (Please see page 69).

Storage of PCB wastes

## Reduction of Specified Chemical Substances Used for Waste Water Treatment

We selected 11 items with newly specified chemical substances from the chemical substances used for waste water treatment, and started our activity to reduce the use of them with the target set in fiscal 2003.
For achievement of the target, not only is the improvement of treatment efficiency by the waste water treatment division, but strict control and minimization of waste water generation at production positively promoted.
We are proceeding with stable treatment of waste water and reduction of environmental impact through their measures.
We could reduce the use of specified chemical substances in fiscal 2004 from fiscal 2002 level. It was a 29.9% reduction against the target of 5% reduction per waste water amount.

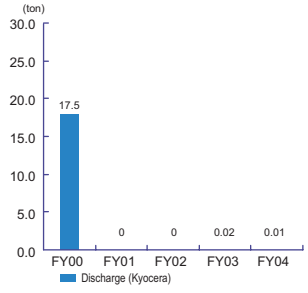
**Consumption of Specified Chemical Substances Used for Waste Water Treatment**




## Reduction of Toxic Air Pollutants Discharge

In fiscal 1998, "Self management plan for toxic air pollutants" was made by 4 electrical and electronic affiliated organizations.
This self management plan specified dichloromethane, trichloroethylene, tetrachloroethylene and chloroform as priority substances for reduction of discharge considering the amount of substances used and discharged into air, and asked for self-management to all members as well as other 9 substances.
Kyocera is investigating the current status of use and discharge, and promoting reduction of their discharge based on the self-management plan.

**Discharge of Toxic Air Pollutants**




## Preventing Generation of Dioxins

We created the policy to abolish small incinerators in April 1999 for preventing generation of Dioxins. All small incinerators were abolished by December 2000 in combination with zero emission activities.
Currently, there are 3 units of complex intermediate waste processing facilities that have the integral functions of incineration and drying sludge and waste liquid using the heat from incineration.
These facilities meet the "Kyocera Environmental Management Standard" that is even tighter than the tightest discharge standard of the Law Concerning Special Measures against Dioxins (1/10 of the legal control).

Activated carbon adsorption facility for prevention of dioxins

# Environmental Protection Promotion Activities

## Saving Resources Activities

Kyocera has been promoting its activities for saving resources since fiscal 1997 with the specific reduction targets for the effective utilization of limited resources as much as possible and contribution to global environmental preservation. Vehicle fuel, water, travel expenses, gases, paper and packing materials are defined as the targets of our actions in the 4th environmental protection promotion plan.

### Reduction of Vehicle Fuel Consumption

Kyocera has been promoting the use of low fuel consumption vehicles more and more to reduce the fuel consumption by company cars.

In fiscal 2002, the ratio of low fuel consumption vehicles was only about 10% of all vehicles. But, the ratio increased to 32.8% in fiscal 2004 as a result of positive activities in all offices and plants.

The vehicle fuel consumption reduced slightly in fiscal 2004 over the prior year, but compared to fiscal 2002, the consumption resulted in a 5.3% increase against the targeted 20% reduction per net sales.

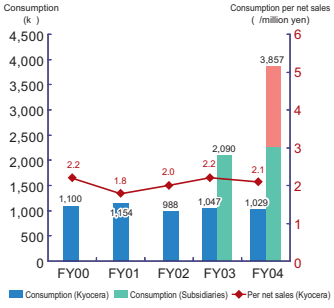
### Reduction of Water Consumption

Reduction of water consumption greatly contributes to reduction of environmental impact since it protects water resources and allows reduction of wastewater. It is also necessary to consider the influence on the surrounding area and its improvement, such as well drawdown and water deterioration. Accordingly, as to city water and well water, we are taking actions for improvement of the use efficiency and recycling of waste water based on the investigations of actual condition of facilities using water at each manufacturing process.

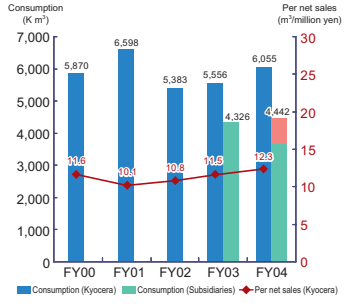
In fiscal 2004, however, the consumption increased at the plants because of increased production of Fine Ceramics Group and Electronic Device Group. As a result, there was a 13.7% increase against the target of 20% reduction per net sales.

The office activities resulted in a 27.4% increase against the target of 10% reduction per net sales. That's mainly because water consumption at the head office and the Yokohama Office increased resulting from increased personnel at both offices. We intend to promote enlightenment activities further for reduction of water consumption.

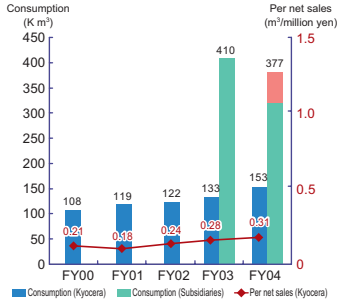
**Vehicle Fuel Consumption**




**Water Consumption (Plant)**




**Water Consumption (Office)**




* Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

### Reduction of Gas Expenses

Reduction of gas consumption contributes to lower environmental impact such as reduction of chemical substances and energy required for producing gases as well as the reduction of expenses.

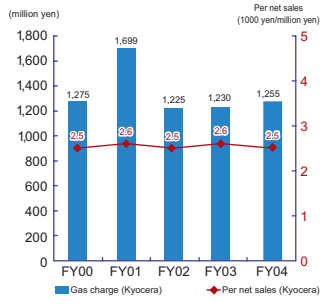
Kyocera has been continuing activities for its reduction since fiscal 2000 with specific activities.

The plants have been conducting the reduction activities positively since many kinds of gases are used such as atmosphere gas for electric furnace and various gases used for cleaning the products and analysis in addition to those used as fuels.

"Nitrogen gas," "hydrogen gas" and "argon gas" are considered as the target for reduction.

In fiscal 2004, the expenses increased by 3.6% against the target of 10% reduction per net sales.

**Gas Charge**



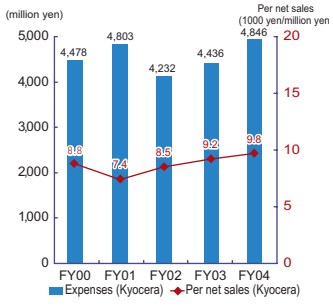
## Reduction of Travel Expenses

Reduction of number of business trips directly contributes to save the expenses as well as saving of many resources such as fuels, tickets used by public transportation, and water, detergents and towels used by accommodations.

In Japan, offices/plants are located all over the country. Various meetings were held at the head office or other offices/ plants with the participation of the staff. Under the circumstances, TV conference system has been introduced sequentially into all plants and main sales offices since fiscal 1992. Further, monthly meetings, which had also been held with many participants, started to use TV conference systems and multi-media conference systems with a large screen and internal LAN line connection in fiscal 2003.

In fiscal 2004, various actions were taken to reduce travel expenses, but the overseas traveling expenses increased due to launching of a new telecommunications system in Australia and shift of manufacturing system to China. As a result, there was a 15.7% increase against the target of 8% reduction per net sales.

### Travel Expenses




## Reduction of Papers Consumption

In addition to reduction of office papers by electronic means and using papers already printed on one side, we are reducing the papers used in the manufacturing process as well.

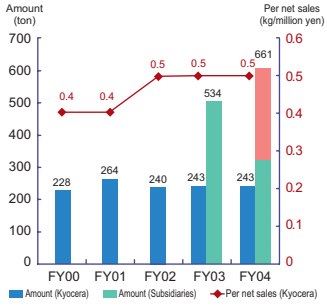
We made our reduction plan for papers discharged in our 4th environmental protection promotion plan in addition to the plan for papers purchased.

As a result, 13.2% reduction was achieved against the target of 10% reduction in terms of the amount of production papers purchased per net sales.

As to the amount of office papers purchased, however, there was a 20% increase against the target of 10% reduction per net sales in the reference year, although it decreased from fiscal 2003 level. The amount of papers discharged increased by 7.4% against the target of 10% reduction, although it decreased from fiscal 2003 level.

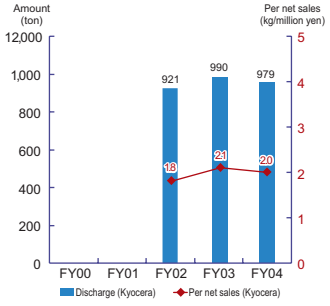
We intend to further promote the activities such as office papers reduction by electronic means.

### Amount of Office Papers Purchased



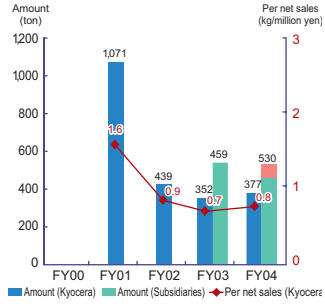

∗ Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

### Amount of Papers Discharged




∗ No earlier data is available, since reduction activates started in fiscal 2003 based on fiscal 2002 results.

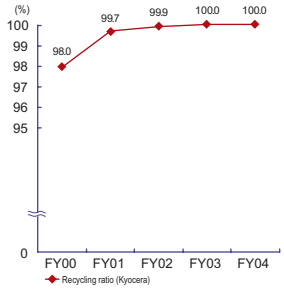
### Amount of Production Papers Purchased




∗ The data up to fiscal 2000 is not available, since paper amount was monitored with purchasing cost until fiscal 2000.

∗ Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

### Paper Recycling Ratio

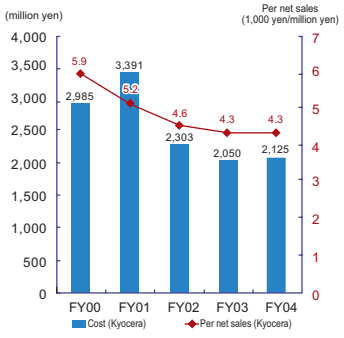


# Environmental Protection Promotion Activities

## Packing Materials Improvement

Kyocera created a basic policy for packing materials improvement in fiscal 1993 and have been working for improving the method and materials, and adopting reusable packing container positively.
As a result of the activities, there was only a 6.8 % reduction in fiscal 2004 against the target of 10% reduction per net sales, although it could be reduced from the fiscal 2002 level.

### Packing Material Cost

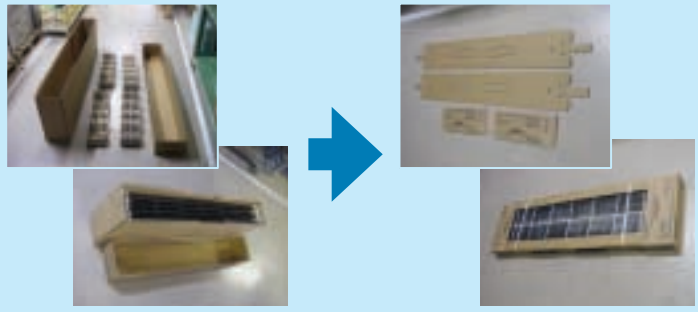



## Basic Policy for Packing Materials Improvement

1. Non-use of packing materials containing toxic substances
2. Minimization of packing materials
3. Reuse of packing materials or use of reusable packing container
4. Use of easy-to-recycle packing materials
5. Establishment of appropriate disposal system of waste packing materials

## Example of Activities: Reduction of Packing Materials for Solar Module

SU-55 (100 module conversion): 90 kg → 40 kg, 55% reduction
SU-41 (100 module conversion): 80 kg → 30 kg, 63% reduction



# Environmental Impact Reduction in Transportation

## Promotion of Modal-Shift

Truck transportations have problems of higher environment impact such as global warming, air pollution, traffic jam and noise. Kyocera is promoting activities for reduction of environment impact caused in transportation of products.
As an example of modal shift, transportation of cellular phones produced in Hokkaido Kitami Plant was changed from trucks to railways. Compared with transportation with trucks only, the modal shift brought about 99.5 ton-$CO_2$* reduction in fiscal 2004. We will adopt railway transportation more widely for reduction of environmental impact.
As for products to be sent to overseas countries, we are promoting transport by ship instead of air as much as possible.

*Calculation basis
$CO_2$ conversion is made based on the formula on 2002 Transport White Paper published by Ministry of Land, Infrastructure and Transport.

## Example of Activities

- Joint distribution of optical instruments for mass-sale shops
- Weight reduction of pallets
- Use of ferries for returns from Kagoshima to Osaka

Railways transportation at Hokkaido Kitami Plant

# Environment Preserving Products

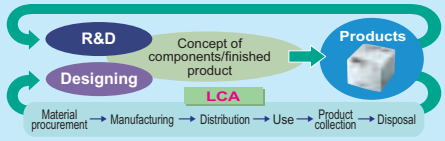
Kyocera wishes all our products to be global environment preserving products. Thus, we regard the manufacturing of products considering environment preserving as important from its R&D stage.

## R&D of Global Environment Preserving Products

Kyocera is manufacturing the products considering low environmental impact of procurement materials and manufacturing process, energy saving when products are used, reduction of discharge amount of substances of concern, environmental impact at disposal and product recycling, by adopting LCA technique*.

* For LCA, please see page 62.

### Concept of Product Research, Development and Design




### [Concept of Environment Preserving Products - Components]

- Environmental Preservation and safety
  (Reduction of substances of concerns in manufacturing process and products)
- Energy saving
  (Energy saving in manufacturing process and use of products)
- Resource saving
  (Smaller size, lighter weight and recycling)
- Positive contribution to environment
  (Environmental contribution after installed on equipment)

### [Concept of Environment Preserving Products - Finished Products]

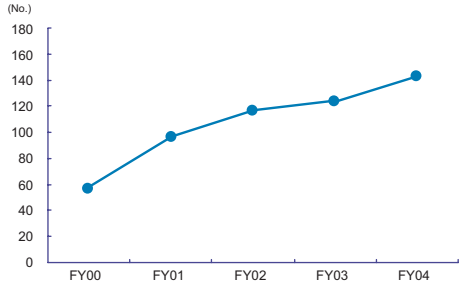
- Reusing, recycling
  (Recyclable materials, easy disassemble)
- Energy saving
  (Energy saving design)
- Long product life
  (Grade-up and durability)
- Operating environment
  (Reduction of environmental impact when products are used)
- Environmental Preservation and safety
  (Reduction of substances of concerns used at manufacturing process and contained in products)
- Resource saving
  (Smaller size, lighter weight and recycling)
- Packing materials
  (Reduction of volume, environmental preservation at disposal)
- Positive contribution to environment
  (Machine improvement effect and effective use of energy)

## Certification Standard of Kyocera Global Environment Preserving Products

Kyocera is positively promoting the development of “environment preserving products” that contribute to improvement of the global environment, and “environmental impact reduction products” with minimized impact at all stages of production, sales, distribution, use and disposal of products, in accordance with the Kyocera Environmental Charter.

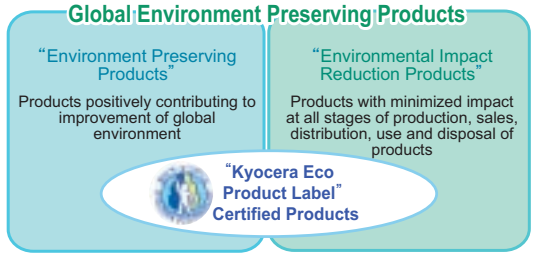
“Kyocera Global Environment Preserving Products” that meet the standard, have been certified since fiscal 1997. 21 products were certified in fiscal 2004.

### Accumulated No. of Kyocera Global Environment Preserving Products




## Global Environment Preserving Products Certification Program with Kyocera Eco Product Label

The “Eco Product Label, Global Environment Preserving Products Certification Program” was established for the purposes of corporate-wide acknowledgement to the products that contribute to global environment and promoting the development of such products. The “Kyocera Eco Product Label” is given to the products that are certified with this program.



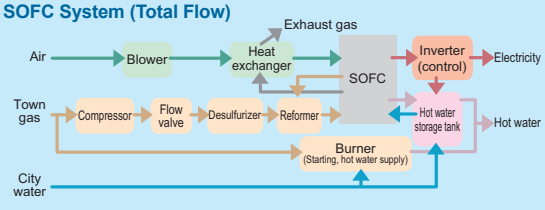

## Development of 1KW Class SOFC (Solid Oxide Fuel Cell) for Home Use

Fuel cell has good energy efficiency and leads the reduction of $CO_2$ emission causing global warming.

The energy efficiency of fuel cells is good and it leads to the reduction of $CO_2$ emissions that cause global warming. Furthermore, fuel cells are projected as clean energy to hardly generate NOx and noises. In addition, in view of high power generation efficiency, fuel cells are expected to be used as decentralized power sources in the future. SOFC is considered the best for cogeneration (combined heat and power generation), since the overall energy efficiency with heat generated from power generation is about 70 to 80%. Kyocera is developing 1KW Class SOFC for home use.

Ionic ceramic conductor, that is our own technology and advantage, is used for the electrolyte of this fuel cell. We will develop the products by 2005 by using all components, including the battery cell for example, supplied by us. In the future, we would like to develop SOFC for business use, industrial use and automotive by applying the same technology.

### SOFC System (Total Flow)



# Environmental Protection Promotion Activities

## Life Cycle Assessment

It is important to develop products with smaller environmental impact by the assessment of influences of products on the environment throughout their life cycles. Kyocera made the “LCA Subcommittee” and started research of LCA techniques in fiscal 2000. Kyocera will continue the assessment of environmental impact of many products throughout their life cycles and use the result for our development of environmentally friendly products.

### LCA (Life Cycle Assessment)

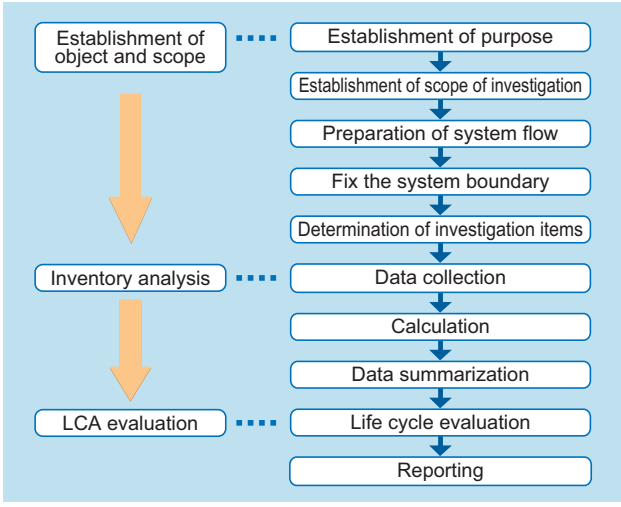
LCA is a technique to quantitatively assess the influence of products on the environment with the total product life of “Material procurement → Production →Distribution →Use → Recycling - Disposal.”

In fiscal 2004, Kyocera implemented LCA for typical products in all business segments including component field for assessment of their influences on environmental impact throughout the life cycle.

We are using the results for our development of environmental preserving products and also disclosing it to our customers as much as possible.

We will continuously expand the scope of products to be LCA implemented and will disclose information.

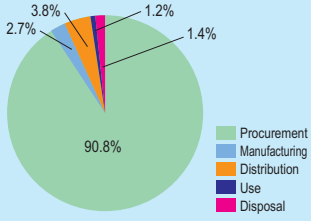
### LCA Implementation Flow




### Examples of LCA Evaluation ($CO_2$ evaluation)

#### CDMA Mobile Phone (A1401K)

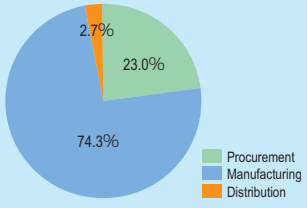
$CO_2$ Emission (27.4 kg-$CO_2$/unit)




∗We would like to design more resource saving type products since environmental impact at the procurement stage is high.

#### LED Substrate (ø2 inches (50.8 mm))

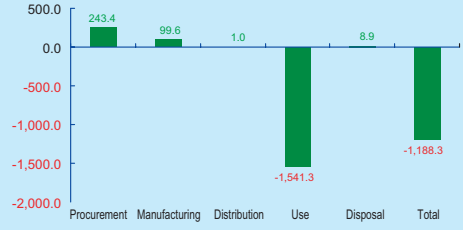
$CO_2$ Emission (3.9 kg-$CO_2$/sheet)




∗We would like to achieve further energy saving at the manufacturing stage.

#### Solar Power Module (KC167G-2)

$CO_2$ Emission (kg-$CO_2$/module)




∗We would like to improve the efficiency of power generation since it contributes to $CO_2$ reduction.

- Graph shows impact per module (167W).
- $CO_2$ emission (reduction) at use stage was calculated on assumption of product life of 25 years.

### Other Products LCA Implemented

Total of 18 items including heaters, ceramic packages, cutting tools, artificial hip joints, opals, multilayer ceramic chip capacitors, thermal printheads, LED printheads, LCDs, PHS-engines and on-vehicle cameras

# Water and Air Pollution Prevention

Kyocera has been involved in activities to reduce pollutants since discharge of pollutants into water, atmosphere and soil causes large influences on natural environment and ecosystem. Kyocera is managing the pollutants strictly with tighter limits than legal controls that were established as the company-wide common “Kyocera Environmental Management Standard” in fiscal 1993.

## Waste Water Self-management in Plant

To reduce environmental impact into water, we are conducting the upstream management of waste water at the process where the waste water is generated, and operations management of the waste water treatment facility. Self-analysis as well as legal analysis is made for waste water discharged outside of the plant. This allows the plant to confirm and control its appropriate management and helps to reduce its environmental impact.

## Reduction of BOD Load

Kyocera is taking actions to reduce environmental impact on rivers with the management of waste water discharged for plants based on the tighter limit.

## Kyocera Environmental Management Standard

“Kyocera Environmental Management Standard” requires us the management with tighter limits than those of the legal controls. Individual offices/plants have their own “Self-management standard” that is even at tighter limits for minimized discharge of pollutants.

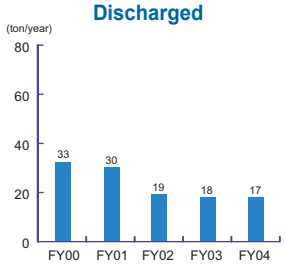
**Example of Kyocera Environmental Management Standard**
(Extracted from total 44 water related substances)

| No. | Item | Unit | Water Pollution Control Law | Kyocera Environmental Management Standard | Self-management standard (Ex. Shiga Yohkaichi Plant) |
|---|---|---|---|---|---|
| 1 | Hydrogen ion concentration | pH | 5.8 ~ 8.6 | 6.2 ~ 8.2 | 6.4 ~ 8.0 |
| 2 | Biochemical oxygen demand (BOD) | mg/ℓ | 160 max. | 10 max. | 9.0 max. |
| 3 | Chemical oxygen demand (COD) | mg/ℓ | 160 max. | 10 max. | 9.0 max. |
| 4 | Suspended solid amount (SS) | mg/ℓ | 200 max. | 5 max. | 4.7 max. |
| 5 | Normalhexane extract substance (Mineral oil) | mg/ℓ | 5 max. | 1 max. | 0.7 max. |
| 6 | Normalhexane extract substance (Animal and plant oils) | mg/ℓ | 30 max. | 1 max. | 0.7 max. |
| 7 | Phenols content | mg/ℓ | 5 max. | 0.5 max. | 0.3 max. |
| 8 | Copper content | mg/ℓ | 3 max. | 1 max. | 0.05 max. |
| 9 | Zinc content | mg/ℓ | 5 max. | 1 max. | 0.5 max. |
| 10 | Soluble ion content | mg/ℓ | 10 max. | 5 max. | 0.3 max. |
| 11 | Soluble manganese content | mg/ℓ | 10 max. | 5 max. | 0.3 max. |

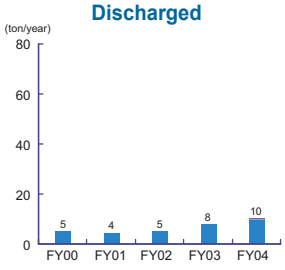
## Reduction of SOx and NOx Loads

For prevention of air pollution and global warming, fuels used in plants have been changed over to low-sulfur fuel or natural gas.
Further, SOx and NOx discharge concentrations are strictly observed in accordance with the Kyocera Environmental Management Standard and the Self-management standard that are tighter than the legal standard.

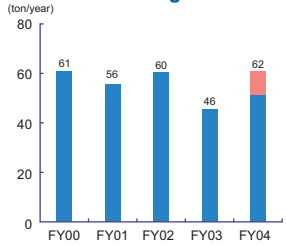
**Total Amount of BOD Discharged**




**Total Amount of SOx Discharged**




**Total Amount of NOx Discharged**

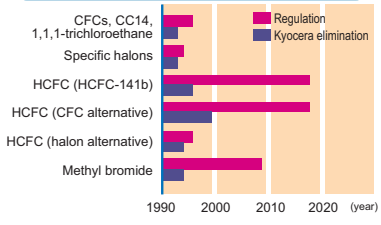



* Amount of subsidiaries newly included in the scope of data collection from fiscal 2004

# Ozone Layer Protection

In addition to the materials regulated by the Montreal Protocol, Kyocera eliminated other chlorine solvents. As a result, “CFCs and other flons,” “carbon tetrachloride,” “1,1,1-trichloroethane” and “halons” were totally eliminated in 1992, “CFC alternatives” were totally eliminated in 1999, 20 years ahead. As to chlorine solvents other than specified control substances such as “trichloroethylene,” “tetrachloroethylene” and “dichloromethane” were totally eliminated by 2000.

**Total Elimination of Ozone Layer Depleting Substances**



# Environmental Protection Promotion Activities

## Awards, Commendation Program

### 2nd Japan Sustainable Management Award "Excellent Sustainable Management Award"

KYOCERA MITA Tamaki Plant was awarded the "Excellent Sustainable Management Award" at the 2nd Japan Sustainable Management Award in March 2004 as a result of various environmental protection activities. The awards were given to the Kyocera Group companies in 2 successive years (Last year, Kyocera Kagoshima Kokubu Plant was awarded).

### [Contents of Award]

Positive activities for environment while giving priority to global environmental preserving based on the Kyocera Environmental Charter, as development and manufacturing plant for "ECOSYS printer" which is environmental preserving product

1. Zero emission (100% recycling of waste) has been continued since July 2002.
2. The ECOSYS concept of environmental preserving, operation cost reduction and system conformity has been well known especially in Europe and its market share has been increasing as it has obtained ECO mark of each country.
3. The sales of ECOSYS printer increasedby 3.2 times during the past 7 years. The employment opportunities have been increasing continuously.
4. The company is positive for social contribution activities including local communication such as information exchange meeting with the local community.

### Kyocera Global Environment Contribution Award (8th: FY2005 Results)

We established the "Kyocera Global Environmental Contribution Award" in fiscal 1997 for encouraging our environmental preservation activities. The contribution award is to commend the activities having made a great contribution to the global environment with original and epic-making ideas during our environmental preservation activities every year.

#### Grand Award Category

"Development of Global Environmental Preserving Products"

**Solar Power Generation System for Home Use "SAMURAI" and Monitor Display "ECONONAVIT"**

The new solar power generation system "SAMURAI" allows space expansion for the system installation with the concept of "Stylish & Powerful" since it can be attached on limited space or a complicated shape of roof, which could not be attached before.
"ECONONAVIT" is a monitoring system that helps the user to have more interest in energy saving by using it with solar power generation system together.

#### Excellent Award Category

"Industrial Waste Reduction"

**Industrial Waste Reduction through Introduction of Waste Green Sheet Recycling Facility**

Waste green sheet is waste raw material generated during manufacturing of multi-layer ceramic packages. This green color sheet shape waste contains chromium. It is difficult to incinerate the waste green sheet since chromium changes to hexavalent chromium during its heating. In the past, the green sheet was thus disposed at controlled landfill site at much expense.
We wanted to find the method to change the green sheet to harmless material internally and finally, the waste green sheet recycling facility was introduced in fiscal 2003.
This combustion furnace can heat waste green sheet at high temperature (1,350 deg C) for more than 30 min. As a result, waste green sheet can be sold as materials for refractory and others, leading to large benefit in waste reduction.

#### Excellent Award Category

"Chemical Substance Reduction"

**Reduction of Etching Solution through Introduction of Solution Control Equipment**

The equipment used for etching of liquid crystal panel manufacturing analyzes the freshness of the liquid individually and detects the reason of its deterioration. We could reduce the chemical substances used for this process.

#### Excellent Award Category

"Chemical Substance Reduction"

**Reduction of Chemical Substance through Change of Etching Resist Stripper**

Chemical substances of high environmental impact were eliminated through change resist stripper, used after etching for liquid crystal manufacturing.

# History of Environmental Activities

| Major domestic and overseas environmental movements | Year | Kyocera Environmental Activities |
|---|---|---|
| | 1985 | Environment Division established |
| Vienna Convention for the Protection of the Ozone Layer | 1989 | CFC regulations started |
| | 1990 | Kyocera Green Committee (KCGC) established |
| Law Promoting the Use of Recycled Raw Materials (Recycling Law) | 1991 | Kyocera Environmental Charter established, environmental officer assigned |
| | | Paper recycling stated |
| | | Kyocera Group Green Committee (KGGC) established |
| United Nations Framework Convention on Climate Change (UNFCCC) | 1992 | First environmental protection promotion plan started, "Kyocera Environmental Management Standard" established |
| United Nations Conference on Environment and Development (The Earth Summit) | | Specified CFC and others completely eliminated |
| | | Kyocera Eco Product Label established |
| | | World first non-cartridge type LBP "FS-1500" ECOSYS released |
| Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and Their Disposal | 1993 | ECOSYS printers authorized as the first Eco mark product in OA equipment |
| "Industrial and Environmental Vision Report" of Industry Structure Council | 1994 | Methyl bromide and trichloroethylene completely eliminated |
| | 1995 | Tetrachloroethylene and HCFC-141b completely eliminated |
| Environmental Management System, International Organization for Standardization ISO 14001 issued | 1996 | Second environmental protection promotion plan started, Kyocera Global Environment Contribution Award established |
| Environmental Basis Plan | | ISO 14001 certified (Mie Plant) |
| Containers and Package Recycling Law | | |
| 3rd Framework Convention on Climate Change (COP3) | 1997 | ISO 14001 certified (9 plants) |
| Designated Household Appliance Recycling Law (The Household Appliances Recycling Law) | 1998 | Green procurement started |
| | | Ecologically sound headquarters building completed |
| Revised Energy Saving Law | 1999 | ISO 14001 integrated certification obtained at 6 non-manufacturing sites (March) |
| PRTR Law | | Third environmental protection promotion plan started |
| Law Concerning Special Measures against Dioxins | | ISO 14001 integrated certification obtained at company-wide 42 sites (August) |
| | | Certification of Kyocera global environment preserving products started |
| | | Global Environment Award (Fujisankei Group Prize) received |
| | | Substitute CFCs completely eliminated |
| Basic Law for Establishing a Recycling-Based Society | 2000 | ISO 14001 integrated certification obtained including the Kyocera Group companies (Expansion of certification scope) |
| | | 2000 Environmental Report released on the website |
| Law on Promoting Green Purchasing | 2001 | Manifested the support to e-mission55 which agrees on enactment of the Kyoto Protocol |
| Ratification of Kyoto Protocol by Japan | 2002 | Fourth environmental protection promotion plan started |
| Soil Pollution Prevention Law | 2003 | Kagoshima Kokubu Plant awarded with first Japan Sustainable Management Award (Excellent Environmental Management Award) |
| | | 2003 Sustainability Report released |
| | | Introduction of KGEMS (Kyocera Group Environmental Management System) started |
| Law of Environmental Preservation Activities and Promotion of Environmental Education | 2004 | KYOCERA MITA Tamaki Plant awarded with second Japan Sustainable Management Award (Excellent Environmental Management Award) |
| | | Energy Saving Promotion Office and Environmental Preserving Products Promotion Section established |

# Corporate Information



## Shiga Gamo Plant

### [Exhaust management]

3 major facilities listed

| Item | Facility | Control limit | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm³) | Plant #1, furnace #12 | 0.25 | 0.0021 | 0.0024 | Twice/year |
| | Plant #1, furnace #13 | 0.25 | 0.0016 | 0.0024 | Twice/year |
| | Plant #1, electric furnace | 0.25 | 0.0036 | 0.0049 | Twice/year |
| NOx (ppm) | Plant #1, furnace #12 | 180 | 17.5 | 19 | Twice/year |
| | Plant #1, furnace #13 | 180 | 50.5 | 95 | Twice/year |
| SOx (Nm³/h) | NA | —— | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 1.25 |
| SOx | 0 |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 2.31 |
| Biochemical oxygen demand (BOD) | 1.16 |
| Nitrogen | 1.21 |
| Phosphorus | 0.06 |

### [Noise and vibration]

Not exceeded the control limit

### [Offensive odor]

Not exceeded the control limit

### [Environmental performances]

| Item | | Amount |
|---|---|---|
| Electricity | kW·h | 85,288,695 |
| Fuel (LPG, A-heavy oil) kℓ (Conversion to crude oil) | | 3,750 |
| Water | m³ | 777,888 |
| Industrial waste discharge | kg | 1,130,608 |
| Water discharge | m³ | 550,124 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Control limit | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 6.0 ~ 8.5 | 7.1 | 7.5 | 3 times/day |
| Biochemical oxygen demand (BOD) | 15 | 2.1 | 6.0 | Once/week |
| Chemical oxygen demand (COD) | 15 | 4.2 | 8.9 | Once/day |
| Suspended solid (SS) | 20 | 0.4 | 1.1 | Once/week |
| Normal hexane extract weight | 3 | < 0.5 | < 0.5 | Once/month |
| Phenols content | 1 | < 0.1 | < 0.1 | Once/year |
| Copper content | 1 | < 0.01 | < 0.01 | Once/year |
| Zinc content | 1 | < 0.01 | < 0.01 | Once/year |
| Soluble iron content | 10 | < 0.1 | < 0.1 | Once/year |
| Soluble manganese content | 10 | 0.004 | 0.1 | Once/year |
| Coliform group number (pieces/ℓ) | 3000 | 0 | 0 | Once/month |
| Nitrogen content | 8 | 2.2 | 5.5 | Once/week |
| Phosphorus content | 0.8 | 0.1 | 0.3 | Once/week |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Amount handled | Amount released | | | Transfer amount | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | To atmosphere | To water | To soil | As waste | To sewage | Recycled | Consumed | Removed |
| 64 | Silver and its water-soluble compounds | 1.6 | 0 | 0 | 0 | 0.1 | 0 | 0.2 | 1.3 | 0 |
| 68 | Chromium and chromium (III) compounds | 5.3 | 0 | 0 | 0 | 0.3 | 0 | 0 | 5.0 | 0 |
| 100 | Cobalt and its compounds | 2.0 | 0 | 0 | 0 | 0.4 | 0 | 0 | 1.6 | 0 |
| 108 | Inorganic cyanogens compound (except for complex salt and cyanates) | 1.1 | 0 | 0 | 0 | 0 | 0 | 1.1 | 0 | 0 |
| 207 | Copper water-soluble salt (except for complex salt) | 1.6 | 0 | 0 | 0 | 0 | 0 | 1.6 | 0 | 0 |
| 227 | Toluene | 2.0 | 0.4 | 0 | 0 | 0.9 | 0 | 0 | 0 | 0.7 |
| 232 | Nickel compounds | 10.8 | 0 | 0 | 0 | 1.2 | 0 | 0 | 9.6 | 0 |
| 270 | Di-n-butyl phthalate | 1.3 | 0 | 0 | 0 | 0.3 | 0 | 0.5 | 0.5 | 0 |
| 272 | Bis(2-ethylhexyl) Phthalate | 2.6 | 0 | 0 | 0 | 0.1 | 0 | 1.3 | 1.2 | 0 |
| 304 | Boron and its compounds | 11.4 | 0 | 0.2 | 0 | 0.5 | 0 | 0.2 | 10.5 | 0 |
| 311 | Manganese and its compounds | 8.8 | 0 | 0 | 0 | 0.7 | 0 | 0 | 8.1 | 0 |
| 346 | Molybdenum and its compounds | 15.4 | 0 | 0 | 0 | 2.3 | 0 | 11.7 | 1.3 | 0 |
| Target chemical substances total | | 63.9 | 0.4 | 0.2 | 0 | 6.8 | 0 | 16.6 | 39.1 | 0.7 |

### [Profile]

Plant name : KYOCERA Corporation Shiga Gamo Plant
Location : 10-1 Kawai, Gamo-cho, Gamo-gun, Shiga
Production items : Fine ceramics components, telecommunications devices (metallized products), BIOCERAM, etc.
Area : 140,504 m²

## Shiga Yohkaichi Plant

### [Exhaust management]

3 major facilities listed

| Item | Facility | Control limit | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm³) | Complex intermediate waste processing facility | 0.15 | 0.02 | 0.026 | Twice/year |
| | "Keiai" Dormitory boiler | 0.3 | 0.0043 | 0.0075 | Twice/year |
| | 1-1 plant electric furnace | 0.25 | 0.0025 | 0.003 | Twice/year |
| NOx (ppm) | Complex intermediate waste processing facility | 250 | 30 | 40 | Twice/year |
| | "Keiai" Dormitory boiler | 260 | 60 | 62 | Twice/year |
| SOx (Nm³/h) | "Keiai" Dormitory boiler | 2.6 | 0.0095 | 0.0097 | Twice/year |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 1.08 |
| SOx | 0.21 |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 2.04 |
| Biochemical oxygen demand (BOD) | 1.10 |
| Nitrogen | 0.86 |
| Phosphorus | 0.02 |

### [Noise and vibration]

Not exceeded the control limit

### [Offensive odor]

Not exceeded the control limit

### [Environmental performances]

| Item | | Amount |
|---|---|---|
| Electricity | kW·h | 92,872,619 |
| Fuel (LPG, A-heavy oil) kℓ (Conversion to crude oil) | | 4,644 |
| Water | m³ | 532,353 |
| Industrial waste discharge | kg | 2,879,079 |
| Water discharge | m³ | 391,522 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Control limit | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 6.0 ~ 8.5 | 7.2 | 7.5 | 3 times/day |
| Biochemical oxygen demand (BOD) | 20 | 2.8 | 7.0 | Once/week |
| Chemical oxygen demand (COD) | 20 | 5.2 | 8.9 | Once/day |
| Suspended solid (SS) | 20 | 1.2 | 2.9 | Once/week |
| Normal hexane extract weight | 3 | < 0.5 | < 0.5 | Once/month |
| Phenols content | 1 | < 0.1 | < 0.1 | Once/year |
| Copper content | 1 | < 0.01 | < 0.01 | Once/month |
| Zinc content | 1 | 0.02 | 0.1 | Once/month |
| Soluble iron content | 10 | < 0.1 | < 0.1 | Once/year |
| Soluble manganese content | 10 | < 0.1 | < 0.1 | Once/year |
| Coliform group number (pieces/ℓ) | 3000 | 0 | 0 | Once/month |
| Nitrogen content | 8 | 2.2 | 5.3 | Once/week |
| Phosphorus content | 0.5 | 0.04 | 0.2 | Once/week |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Amount handled | Amount released | | | Transfer amount | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | To atmosphere | To water | To soil | As waste | To sewage | Recycled | Consumed | Removed |
| 64 | Silver and its water-soluble compounds | 20.5 | 0 | 0 | 0 | 0 | 0 | 0.5 | 20.0 | 0 |
| 100 | Cobalt and its compounds | 4.0 | 0 | 0 | 0 | 0.1 | 0 | 0.1 | 3.7 | 0.1 |
| 179 | Dioxins (Unit: ng-TEQ) | 0.017 | 0 | 0 | 0 | 0.017 | 0 | 0 | 0 | 0 |
| 227 | Toluene | 1.2 | 0.9 | 0 | 0 | 0.3 | 0 | 0 | 0 | 0 |
| 230 | Lead and its compounds | 8.0 | 0 | 0 | 0 | 0.4 | 0 | 2.3 | 5.3 | 0 |
| 231 | Nickel | 2.0 | 0 | 0 | 0 | 0.1 | 0 | 0.1 | 1.8 | 0 |
| 232 | Nickel compounds | 7.4 | 0 | 0 | 0 | 3.1 | 0 | 0 | 4.3 | 0 |
| 283 | Hydrogen fluoride and its water-soluble salts | 44.3 | 0 | 0.2 | 0 | 0 | 0 | 0 | 0 | 44.1 |
| 307 | Poly (oxyethylene) alkyl ether (alkyl C = 12-15) | 2.8 | 0 | 0 | 0 | 2.8 | 0 | 0 | 0 | 0 |
| 346 | Molybdenum and its compounds | 1.2 | 0 | 0 | 0 | 0.1 | 0 | 0 | 1.1 | 0 |
| Target chemical substances total | | 91.4 | 0.9 | 0.2 | 0 | 6.9 | 0 | 3.0 | 36.2 | 44.2 |

### [Profile]

Plant name : KYOCERA Corporation Shiga Yohkaichi Plant
Location : 1166-6 Nagatanino, Hebimizo-cho, Yohkaichi, Shiga
Production items : Fine ceramics components, solar energy equipment, thin film devices, cutting tools, LEDs, etc.
Area : 279,435 m²

## Kagoshima Sendai Plant

### [Exhaust management]

3 major facilities listed

| Item | Facility | Control limit | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm$^3$) | Furnace (GF furnace #2) | 0.25 | < 0.005 | < 0.005 | Twice/year |
| | Boiler (Plant #13, R-1) | 0.1 | < 0.005 | < 0.005 | Twice/year |
| | Waste incinerator | 0.15 | 0.021 | 0.026 | Twice/year |
| NOx (ppm) | Furnace (Shuttle #1) | 180 | 40 | 40 | Twice/year |
| | Boiler (Plant #13, R-1) | 150 | 85 | 87 | Twice/year |
| | Boiler (Energy plant, R-2) | 150 | 51 | 56 | Twice/year |
| SOx (Nm$^3$/h) | NA | —— | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 22.67 |
| SOx | 0 |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 5.43 |
| Biochemical oxygen demand (BOD) | 5.43 |
| Nitrogen | 7.54 |
| Phosphorus | 0.30 |

### [Noise and vibration]

Not exceeded the control limit

### [Offensive odor]

Not exceeded the control limit

### [Environmental performances]

| Item | | Amount |
|---|---|---|
| Electricity | kW·h | 188,905,600 |
| Fuel (LPG, light oil) kℓ (Conversion to crude oil) | | 15,083 |
| Water | m$^3$ | 2,013,727 |
| Industrial waste discharge | kg | 3,121,122 |
| Water discharge | m$^3$ | 1,752,501 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Control limit | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 6.2 ~ 8.2 | 7.1 | 7.3 | 13 times/year |
| Biochemical oxygen demand (BOD) | 20 | 3.1 | 4.2 | 13 times/year |
| Chemical oxygen demand (COD) | – | 3.1 | 3.8 | 13 times/year |
| Suspended solid (SS) | 20 | 1.7 | 2.4 | 13 times/year |
| Normal hexane extract weight | 5 | < 0.5 | 0.8 | 13 times/year |
| Phenols content | 5 | < 0.01 | < 0.01 | Once/year |
| Copper content | 3 | 0.03 | 0.04 | 13 times/year |
| Zinc content | 5 | 0.02 | 0.04 | 13 times/year |
| Soluble iron content | 10 | 0.04 | 0.08 | 13 times/year |
| Soluble manganese content | 10 | 0.06 | 0.11 | 13 times/year |
| Coliform group number (pieces/ℓ) | 1000 | 7 | 22 | 13 times/year |
| Nitrogen content | 60 | 4.3 | 8.6 | 13 times/year |
| Phosphorus content | 8 | 0.17 | 0.43 | 13 times/year |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Amount handled | Amount released | | | Transfer amount | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | To atmosphere | To water | To soil | As waste | To sewage | Recycled | Consumed | Removed |
| 16 | 2-aminoethanol | 7.5 | 2.8 | 0 | 0 | 4.6 | 0 | 0 | 0.1 | 0 |
| 43 | Ethylene glycol | 2.3 | 0.1 | 0 | 0 | 0.1 | 0 | 0 | 2.1 | 0 |
| 63 | Xylene | 1.7 | 0 | 0 | 0 | 1.7 | 0 | 0 | 0 | 0 |
| 64 | Silver and its water-soluble compounds | 2.9 | 0 | 0 | 0 | 0 | 0 | 0.1 | 2.8 | 0 |
| 68 | Chromium and chromium (III) compounds | 34.3 | 0 | 0 | 0 | 0.8 | 0 | 9.5 | 24.0 | 0 |
| 100 | Cobalt and its compounds | 28.2 | 0 | 0.6 | 0 | 2.6 | 0 | 0.7 | 24.3 | 0 |
| 101 | Ethylene glycol monoethyl ether acetate | 2.4 | 0 | 0 | 0 | 2.3 | 0 | 0 | 0.1 | 0 |
| 108 | Inorganic cyanogens compound (except for complex salt and cyanates) | 6.0 | 0 | 0 | 0 | 0.1 | 0 | 0 | 5.9 | 0 |
| 179 | Dioxins (Unit: ng-TEQ) | 1.0 | 0 | 0 | 0 | 0.2 | 0 | 0.8 | 0 | 0 |
| 207 | Copper (water-soluble, except complex salts) | 2.6 | 0 | 0 | 0 | 0.1 | 0 | 1.3 | 1.2 | 0 |
| 227 | Toluene | 445.9 | 101.2 | 0 | 0 | 15.1 | 0 | 0 | 329.6 | 0 |
| 231 | Nickel | 51.9 | 0 | 0.2 | 0 | 4.3 | 0 | 0.2 | 47.1 | 0 |
| 232 | Nickel compounds | 5.7 | 0 | 0.2 | 0 | 0.1 | 0 | 0.8 | 4.6 | 0 |
| 243 | Barium and its water-soluble compounds | 2.8 | 0 | 0 | 0 | 0 | 0 | 0.4 | 2.4 | 0 |
| 270 | Di-n-butyl phthalate | 23.5 | 0 | 0 | 0 | 0.9 | 0 | 2.8 | 19.6 | 0.2 |
| 272 | Bis(2-ethylhexyl) phthalate | 19.3 | 0 | 0 | 0 | 1.3 | 0 | 3.0 | 14.9 | 0.1 |
| 304 | Boron and its compounds | 1.6 | 0 | 0.4 | 0 | 0.1 | 0 | 0.8 | 0.3 | 0 |
| 310 | Formaldehyde | 3.3 | 0 | 0 | 0 | 0.2 | 0 | 0 | 3.1 | 0 |
| 311 | Manganese and its compounds | 7.8 | 0 | 0.2 | 0 | 1.0 | 0 | 0.6 | 6.0 | 0 |
| 346 | Molybdenum and its compounds | 10.5 | 0 | 0.2 | 0 | 0.5 | 0 | 1.9 | 7.9 | 0 |
| | Target chemical substances total | 660.2 | 104.1 | 1.8 | 0 | 35.8 | 0 | 22.1 | 496.0 | 0.3 |

### [Profile]

Plant name : KYOCERA Corporation Kagoshima Sendai Plant
Location : 1810, Taki-cho, Sendai, Kagoshima
Production items : Ceramic components, electronic components, semiconductor components, cutting tools, etc..
Area : 279,435 m$^2$

## Kagoshima Kokubu Plant

### [Exhaust management]

3 major facilities listed

| Item | Facility | Control limit | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm$^3$) | Gas boiler R-1 | 0.1 | < 0.005 | < 0.005 | Once/5 years |
| | Large scale gas furnace #2 | 0.25 | < 0.005 | < 0.005 | Twice/year |
| | Toluene deodorization boiler | 0.1 | < 0.005 | < 0.005 | Once/5 years |
| NOx (ppm) | Gas boiler R-1 | 150 | 56 | 67 | Twice/year |
| | Large scale gas furnace No. 2 | 180 | 17 | 22 | Twice/year |
| | Toluene deodorization boiler | 150 | 62 | 69 | Twice/year |
| SOx (Nm$^3$/h) | NA | — | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 25.57 |
| SOx | 0 |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 9.00 |
| Biochemical oxygen demand (BOD) | 6.12 |
| Nitrogen | 7.57 |
| Phosphorus | 0.52 |

### [Noise and vibration]

Not exceeded the control limit

### [Offensive odor]

Not exceeded the control limit

### [Environmental performances]

| Item | | Amount |
|---|---|---|
| Electricity | kW·h | 199,335,259 |
| Fuel (LPG, LNG, A-heavy oil) kℓ (Conversion to crude oil) | | 14,833 |
| Water | m$^3$ | 1,997,360 |
| Industrial waste discharge | kg | 3,283,950 |
| Water discharge | m$^3$ | 1,920,294 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Control limit | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8 ~ 8.5 | 7.4 | 7.9 | Once/week |
| Biochemical oxygen demand (BOD) | 30 | 3.3 | 7.4 | Once/week |
| Chemical oxygen demand (COD) | 120 | 4.7 | 7.8 | Once/day |
| Suspended solid (SS) | 30 | 1.8 | 3.8 | Once/week |
| Normal hexane extract weight | 5 | 0.5 | 0.6 | Once/month |
| Phenols content | 5 | < 0.01 | < 0.01 | Once/year |
| Copper content | 3 | 0.1 | 0.3 | Once/month |
| Zinc content | 5 | 0.05 | 0.1 | Once/month |
| Soluble iron content | 10 | 0.04 | 0.05 | Once/month |
| Soluble manganese content | 10 | 0.01 | 0.01 | Once/month |
| Coliform group number (pieces/ℓ) | 3000 | 4.3 | 27 | Once/month |
| Nitrogen content | 60 | 3.9 | 8.2 | Once/month |
| Phosphorus content | 8 | 0.42 | 1.3 | Once/month |

∗ There are 2 final discharge points. Above is the data for discharge point #2.

### [PRTR substances]

(Unit: ton)

| No. | Substance | Amount handled | Amount released | | | Transfer amount | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | To atmosphere | To water | To soil | As waste | To sewage | Recycled | Consumed | Removed |
| 16 | 2-aminoethanol | 2.6 | 0 | 0 | 0 | 0 | 0 | 0 | 2.6 | 0 |
| 30 | Bisphenol A epoxy resin (liquid) | 1.1 | 0 | 0 | 0 | 0.4 | 0 | 0 | 0.4 | 0.3 |
| 40 | Ethylbenzene | 12.6 | 2.5 | 0 | 0 | 0.1 | 0 | 10.0 | 0 | 0 |
| 45 | Ethylene glycol monomethyl ether | 1.8 | 1.5 | 0 | 0 | 0.3 | 0 | 0 | 0 | 0 |
| 63 | Xylene | 10.5 | 2.7 | 0 | 0 | 1.4 | 0 | 6.4 | 0 | 0 |
| 64 | Silver and its water-soluble compounds | 27.0 | 0 | 0 | 0 | 3.1 | 0 | 2.0 | 21.9 | 0 |
| 68 | Chromium and chromium (III) compounds | 11.6 | 0 | 0 | 0 | 0.1 | 0 | 6.7 | 4.8 | 0 |
| 100 | Cobalt and its compounds | 1.5 | 0 | 0 | 0 | 0 | 0 | 0.1 | 1.4 | 0 |
| 108 | Inorganic cyanogens compound (except for complex salts and cyanates) | 4.5 | 0 | 0 | 0 | 0 | 0 | 2.4 | 2.1 | 0 |
| 179 | Dioxins (Unit: ng-TEQ) | 0.043 | 0.043 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 207 | Copper salt (water-soluble, except complex salts) | 13.1 | 0 | 0.1 | 0 | 1.0 | 0 | 0 | 0.1 | 11.9 |
| 224 | 1.3.5-trimethyl benzene | 1.2 | 0 | 0 | 0 | 1.2 | 0 | 0 | 0 | 0 |
| 227 | Toluene | 276.5 | 58.3 | 0 | 0 | 10.2 | 0 | 159.9 | 48.1 | 0 |
| 230 | Lead and its compounds | 60.0 | 0 | 0 | 0 | 16.1 | 0 | 0.4 | 43.5 | 0 |
| 231 | Nickel | 38.4 | 0 | 0 | 0 | 0.6 | 0 | 4.1 | 33.7 | 0 |
| 232 | Nickel compounds | 8.7 | 0 | 0.1 | 0 | 0.9 | 0 | 2.6 | 5.1 | 0 |
| 243 | Barium and its water-soluble compounds | 1.4 | 0 | 0 | 0 | 0.3 | 0 | 1.0 | 0.1 | 0 |
| 266 | Phenol | 3.5 | 0 | 0 | 0 | 3.4 | 0 | 0 | 0.1 | 0 |
| 270 | Di-n-butyl phthalate | 25.8 | 0.1 | 0 | 0 | 2.3 | 0 | 2.1 | 17.7 | 3.6 |
| 272 | Bis(2-ethylhexyl) phthalate | 19.6 | 0.5 | 0 | 0 | 3.3 | 0 | 1.6 | 12.5 | 1.7 |
| 283 | Hydrogen fluoride and its water-soluble salts | 1.1 | 0 | 0.4 | 0 | 0.7 | 0 | 0 | 0 | 0 |
| 304 | Boron and its compounds | 6.0 | 0 | 0.2 | 0 | 1.6 | 0 | 0.8 | 3.4 | 0 |
| 310 | Formaldehyde | 2.2 | 0 | 0 | 0 | 0.5 | 0 | 0 | 1.6 | 0.1 |
| 311 | Manganese and its compounds | 11.7 | 0 | 0 | 0 | 0.2 | 0 | 2.7 | 8.8 | 0 |
| 346 | Molybdenum and its compounds | 11.4 | 0 | 0 | 0 | 0.3 | 0 | 4.6 | 6.5 | 0 |
| | Target chemical substances total | 553.8 | 65.6 | 0.8 | 0 | 48.0 | 0 | 207.4 | 214.4 | 17.6 |

### [Profile]

Plant name : KYOCERA Corporation Kagoshima Kokubu Plant
Location : 1-1 Yamashita-cho, Kokubu, Kagoshima
Production items : Semiconductor components, electronic components, structural components, automotive components, etc.
Area : 264,474 m$^2$

# Corporate Information

## KYOCERA Chemical Corporation Kawaguchi Plant

### [Exhaust management]

3 major facilities listed

| Item | Facility | Control limit | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm$^3$) | Once - through boiler #1 | 0.1 | 0.0015 | 0.002 | Twice/year |
| | Once - through boiler #2 | 0.1 | 0.001 | 0.001 | Twice/year |
| | S-thermal liquid heater | 0.3 | 0.002 | 0.002 | Twice/year |
| NOx (ppm) | Once - through boiler #1 | 150 | 79.5 | 88 | Twice/year |
| | Once - through boiler #2 | 150 | 66.5 | 73 | Twice/year |
| | S-thermal liquid heater | 180 | 98.5 | 110 | Twice/year |
| SOx (Nm$^3$/h) | Once - through boiler #1* | 1.522 | 0 | 0 | Twice/year |
| | Once - through boiler #2* | 1.522 | 0 | 0 | Twice/year |
| | S-thermal liquid heater | 0.446 | 0.0125 | 0.013 | Twice/year |

* SOx is under detection limit because LNG is used.

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.82 |
| SOx | 0.02 |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| NA | —— |

### [Noise and vibration]

Not exceeded the control limit

### [Offensive odor]

Not exceeded the control limit

### [Environmental performances]

| Item | | Amount |
|---|---|---|
| Electricity | kW·h | 6,322,432 |
| Fuel (LPG, A-heavy oil) kℓ (Conversion to crude oil) | | 840,756 |
| Water | m$^3$ | 368,563 |
| Industrial waste discharge | kg | 357,480 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Control limit | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| NA | —— | | | |

[Profile]

Plant name : KYOCERA Chemical Corporation Kawaguchi Plant
Location : 5-14-25, Ryouke, Kawaguchi, Saitama
Production items : Copper-clad glass-epoxy laminates, epoxy molding compounds for semiconductor encapsulating, molding parts, molding die, electric insulation materials, etc.
Area : 499,113 m$^2$

### [PRTR substances]

(Unit: ton)

| No. | Substance | Amount handled | Amount released | | | Transfer amount | | Others |
|---|---|---|---|---|---|---|---|---|
| | | | To atmosphere | To water | To soil | As waste | To sewage | Recycled |
| 25 | Antimony and its compounds | 3.6 | 0 | 0 | 0 | 0.1 | 0 | 3.5 |
| 103 | Ethylene glycol monomethyl ether acetate | 64.9 | 0.1 | 0 | 0 | 0.2 | 0 | 64.6 |
| 198 | Hexamethylenetetramine | 102.5 | 0 | 0 | 0 | 0.3 | 0 | 102.2 |
| 227 | Toluene | 1.6 | 0.3 | 0 | 0 | 1.3 | 0 | 0 |
| 266 | Phenol | 16.1 | 0 | 0 | 0 | 0 | 0 | 16.1 |
| | Target chemical substances total | 188.7 | 0.4 | 0 | 0 | 1.9 | 0 | 186.4 |

## Shanghai KYOCERA Electronics Co., Ltd.

### [Exhaust management]

3 major facilities listed

| Item | Facility | Control limit | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm$^3$) | NA | —— | | | |
| NOx (ppm) | NA | —— | | | |
| SOx (Nm$^3$/h) | NA | —— | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | NA |
| SOx | NA |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 20.28 |
| Biochemical oxygen demand (BOD) | 5.99 |
| Nitrogen | NA |
| Phosphorus | NA |

### [Noise and vibration]

Not exceeded the control limit

### [Offensive odor]

Not exceeded the control limit

### [Environmental performances]

| Item | | Amount |
|---|---|---|
| Electricity | kW·h | 79,044,000 |
| Fuel (LNG) kℓ (Conversion to crude oil) | | 271 |
| Water | m$^3$ | 617,861 |
| Industrial waste discharge | kg | 1,639,340 |
| Water discharge | m$^3$ | 433,050 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Control limit | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 6 ~ 9 | 7.6 | 8.4 | Once/day |
| Biochemical oxygen demand (BOD) | 30 | 13.8 | 20.9 | 3 days/week |
| Chemical oxygen demand (COD) | 100 | 46.8 | 82.8 | Once/day |
| Suspended solid (SS) | 150 | 29.1 | 95.5 | Once/week |

[Profile]

Plant name : Shanghai KYOCERA Electronics Co., Ltd.
Location : No. 2077 New Jin Qiao Road, Pu Dong, Shanghai
Production items : Electronic components, semiconductor components, optical communication components, functional parts, etc.
Area : 80,120 m$^2$

### [PRTR substances]

(Unit: ton)

| No. | Substance | Amount handled | Amount released | | | Transfer amount | | Others |
|---|---|---|---|---|---|---|---|---|
| | | | To atmosphere | To water | To soil | As waste | To sewage | Recycled |
| | NA | —— | | | | | | |

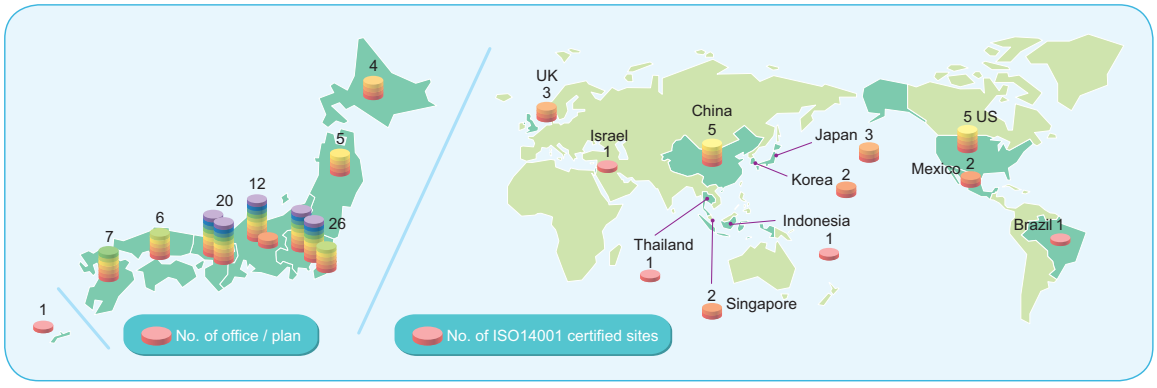
* We selected the 6 largest plants considering the environmental load at each location.

# ISO 14001 Certification Status

| Region | Company | Office/Plant | | | |
|---|---|---|---|---|---|
| Japan | KYOCERA Corporation | Hokkaido Kitami Plant | R&D Center, Keihananna | Hamamatsu Sales Office | Crescent Vert Osaka Umeda Store |
| | | Fukushima Tanakura Plant | Kagoshima Sendai Plant | Yamanashi Sales Office | Crescent Vert Osaka Minami Store |
| | | Chiba Sakura Plant | Kagoshima Kokubu Plant | Nagoya Sales Office | Crescent Vert Kobe Sannomiya Store |
| | | Tokyo Yaesu Office | R&D Center, Kagoshima | Mikawa Sales Office | Crescent Vert Hiroshima Store |
| | | Tokyo Harajuku Office | Kagoshima Hayato Plant | Osaka Sales Office | Crescent Vert Hiroshima Hondori Store |
| | | Tokyo Yoga Office | Sapporo Sales Office | Nishiakashi Sales Office | Osaka Tamatsukuri Office |
| | | Yokohama Office | Tohoku Sales Office | Okayama Sales Office | Lil Lili Ginza Store |
| | | Nagano Okaya Plant | Takasaki Sales Office | Hiroshima Sales Office | Lil Lili QUEEN'S EAST Store |
| | | Mie Ise Plant | Utsunomiya Sales Office | Takamatsu Sales Office | KyoceraSolar Kobe Store |
| | | Shiga Gamo Plant | Omiya Sales Office | Kyushu Sales Office | |
| | | Shiga Yohkaichi Plant | Tachikawa Sales Office | Okinawa Sales Office | |
| | | Kyoto Headquarters | Atsugi Sales Office | Crescent Vert Ginza Store | |
| | | Kyocera Management Research Institute | Kanazawa Sales Office | Crescent Vert Nagoya Annex Store | |
| | | Kyoto Fushimi Office | Matsumoto Sales Office | Crescent Vert Kyoto Kawaramachi Store | |
| | KYOCERA ELCO Corp. | Head Office | Okaya Office | | |
| | KYOCERA OPTEC Co., Ltd. | Head Office | Chigase Plant | Tokyo Sales Office | |
| | KYOCERA MITA Corporation | Head Office | Hirakata Plant | Tamaki Plant | Yoga Office |
| | DAIKEN Co. | Head Office | | | |
| | KYOCERA MITA Japan Corporation | Head Office | Omiya Office | Osaka Office | Fukuoka Office |
| | | Sapporo Office | Yokohama Office | Kobe Office | |
| | | Sendai Office | Nagoya Office | Hiroshima Office | |
| | KYOCERA Chemical Corporation | Head Office | Kawasaki Plant | Maoka Plant | Kyushu Branch Office |
| | | Kawaguchi Plant | Koriyama Plant | Kansai Branch Office | Nishi-Tokyo Sales Office |

＊Above offices and plants are ISO14001 certified together with Kyocera Group integrated environmental management system.

| Region | Company | Office/Plant | Date of registration |
|---|---|---|---|
| Japan | KYOCERA KINSEKI Hokkaido Corporation | Head office | Dec. '01 |
| | KYOCERA KINSEKI Yamagata Corporation | Head office | Sept. '99 |




| Region | Company | Office/Plant | Date of registration |
|---|---|---|---|
| US | KYOCERA America, Inc. | San Diego | Aug. '97 |
| | KYOCERA Industrial Ceramics Corp. | Vancouber | Apr. '98 |
| | | Mountain Home | Dec. '98 |
| | KYOCERA Wireless Corp. | San Diego | Nov. '00 |
| | KYOCERA MITA South Carolina,Inc. | South Carolina | June '02 |
| UK | AVX Ltd. | Paignton | June '00 |
| | | Coleraine | Aug. '00 |
| | | New Market | Dec. '02 |
| Mexico | KYOCERA Mexicana,S.A.de C.V. | Tijuana | Sept. '98 |
| | | Tijuana (East Plant) | Dec. '03 |
| Brazil | KYOCERA YASHICA do Brasil Indústria e Comércio Ltda. | Sorocaba | Sept. '00 |
| China | Shanghai KYOCERA Electronics Co., Ltd. | Shanghai | July '00 |
| | Dongguan Shilong KYOCERA Optics Co., Ltd. | Shilong | Dec. '00 |
| | KYOCERA MITA Office Equipment (Dongguan) Co., Ltd. | Shilong | Oct. '01 |
| | Wuxi KYOCERA Electrochemical Co., Ltd. | Wuxi | Apr. '01 |
| | KYOCERA MITA Industrial Co., (H.K.) Ltd. | New Territories | Nov. '00 |
| Singapore | KYOCERA ELCO Singapore Pte.Ltd. | Kolam Ayer Industrial Park | Sept. '01 |
| | KYOCERA Chemical Singapore Pte.Ltd. | Singapore | June '99 |
| Korea | KYOCERA ELCO Korea Co.,Ltd. | Seoul | Sept. '99 |
| | KYOCERA Precision Tools Korea Co.,Ltd. | Incheon | Feb. '04 |
| Indonesia | P.T.KYOCERA Indonesia | Batam | Apr. '00 |
| Thailand | KYOCERA KINSEKI (Thailand) Co.,Ltd. | Lamphun | Dec. '99 |
| Israel | AVX ISRAEL LTD. | Jerusalem | May '03 |

# Glossary



### Sulfur Oxide and Nitrogen Oxide
Sulfur oxide (SOx) emitted through stacks in manufacturing plants and others is considered as the cause of acid rain, since it changes to strong sulfuric acid in reaction with moisture in the atmosphere. On the other hand, nitrogen oxide (NOx) and hydrocarbons caused by fossil fuels combustion (cars or plants) causes a photochemical reaction with ultraviolet rays of the sun and becomes nitric acid in reaction with moisture in the atmosphere.

### Greenhouse Gases
There are several gases which have the greenhouse effect in the materials floating in the troposphere of the earth, such as carbon dioxide, nitrogen oxide, methane gas, chlorofluorocarbon gas and water vapor. These gases are called greenhouse gas, since they are able to absorb infrared rays emitted by the ground, and warm the ground surface and atmosphere like the glass in a greenhouse.

### Environmental Accounting
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.

### Environmental Report
It is the report that company summarizes about its policy, actions, results, future targets for environmental preservation and status of its environmental impact systematically, and publishes them periodically and widely to society. This is for promoting environmental communication and fulfilling accountability related to its environmental preservation.

### Environmental Management System
It is the international standardization system established to allow materialization of sustainable development with coexistence of economic growth and environmental protection. EMS is short for Environmental Management System.

### Green Procurement
It is the activity for all purchasers, from company to government, local government and general consumer, to contribute to the creation of an environmentally-friendly society widely by purchasing environmental considerate goods, raw materials or components.

### Thermal Recycling
Thermal recycling means collecting heat energy from burning waste plastics, solvent and so on. Type of waste does not a matter so far as it is combustible. For example, in the case of mixed plastic, the average heat value is 8,800 to 9,700 kcal/kg. Significant levels of high heat can be used since the average heat value of waste is 2,500 kcal/kg.

### Industrial Waste
19 kinds of waste generated from business activities are defined as industrial waste by law. Explosive, toxic, corrosive or infectious industrial wastes which may impair health of people or living environment are defined as specially controlled industrial waste. General waste is the waste other than industrial waste and specially controlled industrial waste.

### Dioxin
It happens unintentionally from incineration under existence of chlorine. It has a very high toxicity and induces carcinogenesis. Small incinerators were abolished one after another, since dioxin is generated from incineration at low temperature

### Fuel Cell
This is the fourth generation power generation technology after hydroelectric power generation, thermal power generation and atomic power generation. Different from the conventional power generation technologies, fuel cell can obtain electric power directly. Thus, the power generation efficiency is good and the influence on the environment very little.
It generates power according to the method contrary to electrolysis of water. Hydrogen is taken out from natural gas or methanol, and sent to the cathode of fuel cell. At the same time, oxygen is sent to the anode so that electric power can be obtained by the hydroxyl ion.

### Material Recycling
As for recycling method of plastics, for example, there are 3 methods; reuse as plastic materials again, use as oil (chemical recycling) and utilize heat of the combustion (thermal recycling). Material recycling is the method to reuse it as the material again. It is difficult, however, to keep the good quality on material recycling even if the products are same, since the material may not be the same depending on the production lot, or due to additive materials such as coloring matter or combustion material.

### GRI Guideline
This is the guideline for sustainability reports commonly used all over the world for establishment of a sustainable society. GRI is the institution for making the guideline, which is organized with consultants, business federations and enterprises in the world. In Japan, more and more companies are referring to the GRI guideline for preparation of the environmental reports.

GRI = Global Reporting Initiative

### MSDS
MSDS is short for Material Safety Data Sheet which describes the properties, influences on people and environment, and terms of use of procurement materials with chemical substances. This is required for the purpose of improving self-management and preventing any environmental issues. Industrial Safety and Health Law obliges the MSDS and specifies the substances to be notified from the viewpoint of prevention of health damage to workers.

MSDS= Material Safety Data Sheet

### PFC
PFC is short of Per Fluoro Carbon. It is widely used as a substitute for specified CFCs that deplete the ozone layer. PFC was added to the items whose emissions are required to reduce, As well, HFC and SF6 are also required to reduce as stated at the 3rd Framework Convention on Climate Change (COP3) held in 1997, since it has several thousands higher GWP (Global Warming Potential) compared with carbon dioxide.

### PRTR Law
This is the law regulating the release of specified chemical substances into the environment and substances into environment and promotion of its improvement. This was promoted from self-management according to the Air Control Law, Water Pollution Control Law, etc. This is the system to register release and transfer of environmental pollutant materials. It obligates investigation of the volume of transfer to toxic 354 substances into the environment (air, water, waste, etc), and notification of the results to government via prefecture office. Administrations can disclose the information. This system was incorporated in Agenda21 at the Global Summit in 1992 as an effective method for reducing environmental risk caused by chemical substances.

PRTR = Pollutant Release and Transfer Register

### RoHS Directive
The directive issued for prohibition of the specified substances as the “EU Directive.” It obligates automotive and electric manufacturers to establish environmental countermeasures such as product recycling in EU. The objective is to achieve non-content of heavy metals of lead, mercury, cadmium and hexavalent chromium, and bromide flame retardants pbb and pbde in any new electric equipment by July 1, 2006.

RoHS = Restriction of Hazardous Substances

Source: “Minnano Kankyo Hyakka (Environmental Encyclopedia for People),” The Japan Business Machine and Information System Industries Association, and others.

# Third Party Verification

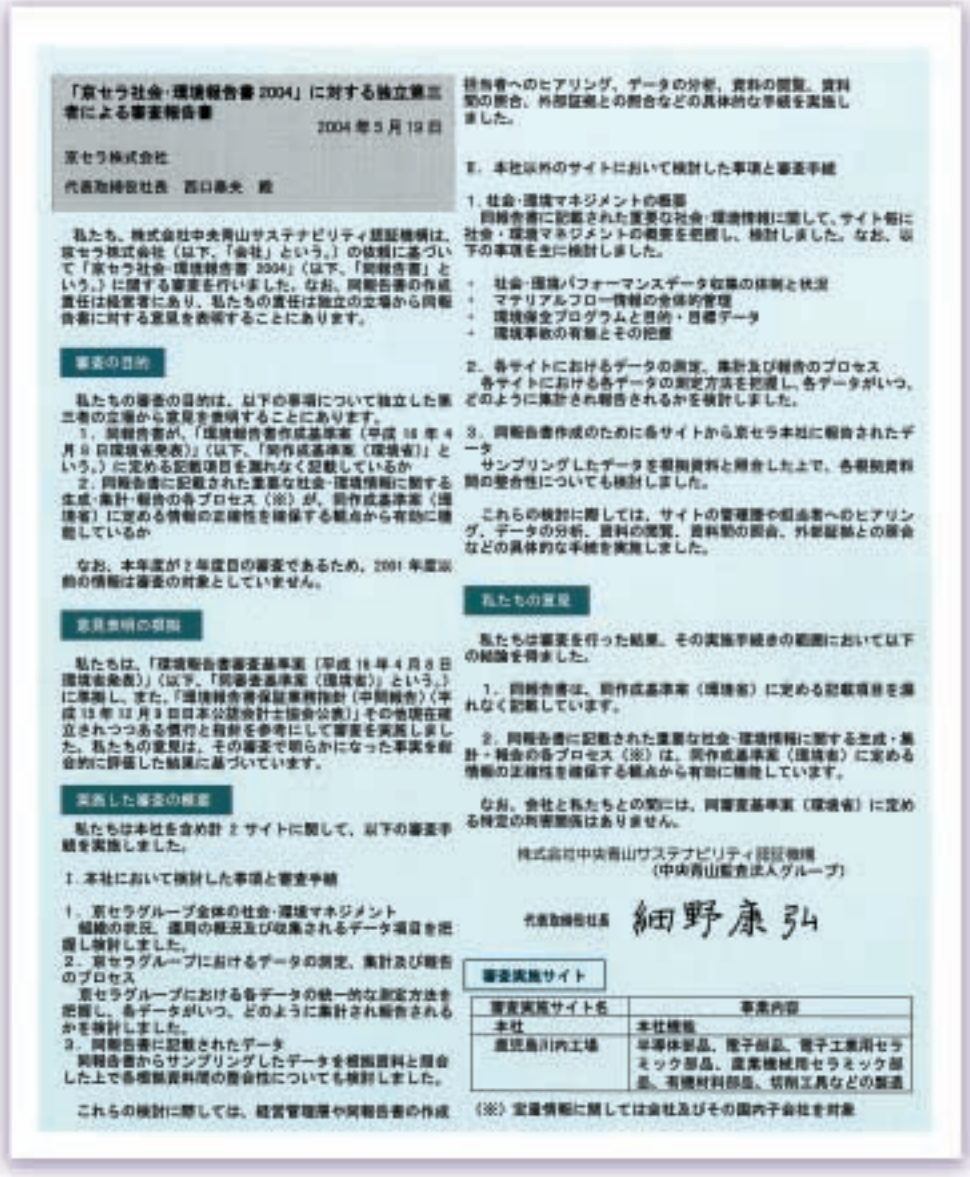
Kyocera obtained a third party (ChuoAoyama Sustainability Certification Co., Ltd.) verification to ensure reliability of the Report. The review was conducted at the Headquarters and Kagoshima Sendai Plant. The objective of this review are to express an opinion on:

- The completeness of the Report in respect of the items required under “The Reporting Standards of Environmental Report (Draft),” issued on April 8, 2004, by the Ministry of the Environment of Japan.
- The effectiveness of the processes used for generating, collecting and reporting significant environmental and social information in the Report to ensure the accuracy of information as required to report under the Reporting Standards.

On the basis of the above work, the Report was verified with the following opinion:

- The Report thoroughly covers items required by the Reporting Standards.
- The process (*) used for generating, collecting and reporting are functioning effectively to ensure the accuracy of information items.

* for quantitative information of Kyocera and its domestic subsidiaries



「京セラ社会・環境報告書 2004」に対する独立第三者による審査報告書

2004 年 5 月 19 日

京セラ株式会社

代表取締役社長　西口泰夫　殿

私たち、株式会社中央青山サステナビリティ認証機構は、京セラ株式会社（以下、「会社」という。）の依頼に基づいて「京セラ社会・環境報告書 2004」（以下、「同報告書」という。）に関する審査を行いました。なお、同報告書の作成責任は経営者にあり、私たちの責任は独立の立場から同報告書に対する意見を表明することにあります。

審査の目的

私たちの審査の目的は、以下の事項について独立した第三者の立場から意見を表明することにあります。

1．同報告書が、「環境報告書作成基準案（平成 16 年 4 月 8 日環境省発表）」（以下、「同作成基準案（環境省）」という。）に定める記載項目を漏れなく記載しているか

2．同報告書に記載された重要な社会・環境情報に関する生成・集計・報告の各プロセス（※）が、同作成基準案（環境省）に定める情報の正確性を確保する観点から有効に機能しているか

なお、本年度が 2 年度目の審査であるため、2001 年度以前の情報は審査の対象としていません。

意見表明の根拠

私たちは、「環境報告書審査基準案（平成 16 年 4 月 8 日環境省発表）」（以下、「同審査基準案（環境省）」という。）に準拠し、また、『環境報告書保証業務指針（中間報告）』（平成 13 年 12 月 3 日日本公認会計士協会公表）その他現在確立されつつある慣行と指針を参考にして審査を実施しました。私たちの意見は、その審査で明らかになった事実を前提に評価した結果に基づいています。

実施した審査の概要

私たちは本社を含め計 2 サイトに関して、以下の審査手続を実施しました。

1．本社において検討した事項と審査手続

1．京セラグループ全体の社会・環境マネジメント
組織の状況、運用の概況及び収集されるデータ項目を把握し検討しました。

2．京セラグループにおけるデータの測定、集計及び報告のプロセス
京セラグループにおける各データの統一的な測定方法を把握し、各データがいつ、どのように集計され報告されるかを検討しました。

3．同報告書に記載されたデータ
同報告書からサンプリングしたデータを根拠資料と照合した上で各根拠資料間の整合性についても検討しました。

これらの検討に際しては、経営管理層や同報告書の作成担当者へのヒアリング、データの分析、資料の閲覧、資料間の照合、外部証拠との照合などの具体的な手続を実施しました。

2．本社以外のサイトにおいて検討した事項と審査手続

1．社会・環境マネジメントの概要
同報告書に記載された重要な社会・環境情報に関して、サイト毎に社会・環境マネジメントの概要を把握し、検討しました。なお、以下の事項を主に検討しました。

- 社会・環境パフォーマンスデータ収集の体制と状況
- マテリアルフロー情報の全体的管理
- 環境保全プログラムと目的・目標データ
- 環境事故の有無とその把握

2．各サイトにおけるデータの測定、集計及び報告のプロセス
各サイトにおける各データの測定方法を把握し、各データがいつ、どのように集計され報告されるかを検討しました。

3．同報告書作成のために各サイトから京セラ本社に報告されたデータ
サンプリングしたデータを根拠資料と照合した上で、各根拠資料間の整合性についても検討しました。

これらの検討に際しては、サイトの管理責任者や担当者へのヒアリング、データの分析、資料の閲覧、資料間の照合、外部証拠との照合などの具体的な手続を実施しました。

私たちの意見

私たちは審査を行った結果、その実施手続きの範囲において以下の結論を得ました。

1．同報告書は、同作成基準案（環境省）に定める記載項目を漏れなく記載しています。

2．同報告書に記載された重要な社会・環境情報に関する生成・集計・報告の各プロセス（※）は、同作成基準案（環境省）に定める情報の正確性を確保する観点から有効に機能しています。

なお、会社と私たちとの間には、同審査基準案（環境省）に定める特定の利害関係はありません。

株式会社中央青山サステナビリティ認証機構
（中央青山監査法人グループ）

代表取締役社長　細野康弘

審査実施サイト

| 審査実施サイト名 | 事業内容 |
|---|---|
| 本社 | 本社機能 |
| 鹿児島川内工場 | 半導体部品、電子部品、電子工業用セラミック部品、産業機械用セラミック部品、有機材料部品、切削工具などの製造 |

（※）定量情報に関しては会社及びその国内子会社を対象

KYOCERA Corporation

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