THE NEW VALUE FRONTIER

KYOCERA

# Kyocera Sustainability Report 2005

KYOCERA Corporation

# Editorial Policy



This Report introduces activities of the Kyocera Group to establish a sustainable society with reports divided into aspects of finance, social responsibility and environmental protection with particular care taken to further extend information required by stakeholders.

To promote communications with a wider range of stakeholders, the Chinese edition (WEB) is planned in 2005 in addition to the Japanese (booklet and WEB) and English (booklet and WEB) editions published till now.

We wish to hear your opinions about this Report and activities of the Kyocera Group. Kindly send back the questionnaire to us.

**Guidelines for reference**

- Ministry of the Environment

"Environmental Reporting Guidelines 2003"

- GRI*

"Sustainability Reporting Guidelines 2002"

*: Abbreviation of Global Reporting Initiative. International organization established in 1997 to develop framework of sustainability reporting applicable all over the world.

**Scope**

Kyocera Corporation and its 165 consolidated subsidiaries unless otherwise noted

"Kyocera" on the report means Kyocera Corporation only.

**Reporting period**

April 1, 2004 through March 31, 2005

Previous and future data/report are partially included.

**Last report**

August 2004

**Next report (scheduled)**

June 2006

**Other information** (Latest issue date)

- Financial Statement (June 2005)
- Corporate Profile (July 2005)
- Annual Report (scheduled for mid July 2005)

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## Corporate Summary (as of March 31, 2005)

| | |
|---|---|
| Name | : KYOCERA Corporation |
| Established | : April 1, 1959 |
| President and CEO | : Yasuo Nishiguchi |
| Capital | : 115.7 billion yen |
| Net sales | : Consolidated... 1,180.7 billion yen |
| | Non-consolidated... 493.3 billion yen |
| Employees | : Consolidated... 58,559 |
| | (KYOCERA Corporation, 165 consolidated subsidiaries and 2 non-consolidated subsidiaries accounted for by the equity method: Total 168 companies) |
| | Non-consolidated... 12,682 |
| Main business lines : | 1. Fine ceramics group |
| | 2. Electronic device group |
| | 3. Equipment group |
| | 4. Others |

* Capital and net sales: Values less than 0.1 billion yen are rounded.
* Loaned employees are not included in the number of non-consolidated employees.
* Makoto Kawamura was appointed to president and COO on June 28, 2005.

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## 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 humankind.

## Management Philosophy

To coexist harmoniously with nature and society.
Harmonious Coexistence is the underlying foundation of all our business activities
as we work to create a world of abundance and peace.

**Kazuo Inamori**
Founder and Chairman Emeritus

**Kensuke Itoh**
Executive Advisor

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 upon 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.

# Top Management Message



**Yasuo Nishiguchi**
Chairman and CEO

**Masahiro Umemura**
Vice Chairman and CFO

**Makoto Kawamura**
President and COO

The Kyocera Group is deploying business activities, social contribution activities and environmental protection activities while aiming at creation of “The Company” that is an enterprise called “this is really a creditable enterprise,” and an ideal enterprise respected by all people. We consider that deployment of fair business activities based upon the criterion “What is right as a human being?” leads to realization of “The Company” and improvement of social sustainability.

“To be a creative company that grows continuously.” This is the Kyocera Group’s ideal. Since steady growth can be difficult to achieve in an era of rapid changes, what we consider important is “Create. Change. Grow.” Think creatively; execute logically. Innovate consistently and grow steadily. By building on creative thinking, we can create value for society. The Kyocera Group is devoted to businesses that support information exchange and communication; environmental preservation; and the quality of life by concentrating every efforts and resources. To make all these businesses attractive, we wish to promote the establishment of a strong business structure to enable continuous growth under ever-changing economic circumstances and aim for an enterprise worthy of existence worldwide.

Another important requirement 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 searching for ideal situation according to criteria based on the Kyocera Philosophy. As a corporate citizen, the Kyocera Group has further been taking actions such as culture and art advancement, international exchange, regional communications and contribution activities to the regional community.

Regarding environment protection activities, the prevention of global warming has been fully active in the world such as effectuation of the “Kyoto Protocol.” The Kyocera Group intends to exert efforts toward the reduction of environmental impact resulting from business activities themselves as well as with development and spread of environment-friendly products such as practical application of the fuel call system and further expansion of the solar power generation system.

Fiscal 2006 is the first year of the 5th Environmental Protection Promotion Plan. We intend to promote further environmental management through integration of business activities with environmental protection activities including objectives and schedules established based on middle- and long-term viewpoints.

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

## Kyocera Philosophy (Corporate Philosophy)

Kyocera Group companies are managed according to the “Kyocera Philosophy,” philosophy of life of the Founder, Kazuo Inamori, based on his experiences and empirical rule. With “What is right as a human being?” taken as the criterion, this Kyocera Philosophy describes the importance of fair management and job operations without bringing contempt from anyone, in accordance with the sense of ethics, morality and norm of society which everyone naturally has.
“Kyocera Philosophy” also includes a common ethics standard and philosophy of life as guidelines for a person to live. It is the norm of actions in all phases of daily operations and life.

## Kyocera Philosophy Pocketbook

The pocketbook was issued in April 1994.
The pocketbook describes the following four items (extract).

### The Heart of Management

**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.

### At Kyocera, Everyone is a Manager

**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.

### To Lead a Wonderful Life

**The Result of Life or Work =**
**Attitude x Effort x Ability**

The outcome of our life or work is the product of three factors: attitude, effort and ability.
Effort and ability range from 0 to +100 points. 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.

### Performing Our Daily Work

**“Shop Floor” Management**

The basis of manufacturing is the “shop” floor. The basis of sales is also the “shop” where we meet with our customers. When a problem occurs, we must at once return to the site of the problem. No matter how we theorize or rationalize away from the “shop,” we’ll never solve the problem anywhere but there.
We often say that the site of a mystery is a treasure chest of clues to the mystery. That is where pertinent information is found. Frequenting the site gives us clues not only to the solution, but also to improving productivity and quality, as well as gaining new orders. This is true of all operations, not just production or sales.

# Sustainability Deemed by Kyocera Group



Kyocera Group seriously considers management of relationship with stakeholders based on the management rationale and Kyocera Philosophy that leads to improvements of its sustainability and to further that of the society.

Kyocera Group is executing business management with higher objectives set while aiming at creation of “The Company” that is an enterprise called “this is really a creditable enterprise” and an ideal enterprise respected by all people.
We consider that realization of “The Company” ensures sustainability of the Kyocera Group, further leading to improvement of sustainability of the society.

## Sustainability Deemed by Kyocera Group

- Material and intellectual growth of employees
- Continuous increase in high profit
- Reliability and respect from society

Based on the management rationale and Kyocera Philosophy, Kyocera Group is seriously managing relationships with all stakeholders relating to Kyocera Group considered such as employees, customers, shareholders and investors, regional society, administration, NGO/NPO and international society.

### Social contribution activities

Kyocera Group considers that production of products useful for people in all fields contributes to the advancement of humankind 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.

### Business activities to attain high profit

The duty of an enterprise is to offer better products and services through activities to thereby contribute to enhancement of quality of life of people and restore gained profit to the society as taxes 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.

### Environmental protection activities

The environmental problem is one of the most important problems liable to jeopardize our existence. Kyocera Group aggressively aims at development of environmentally-conscious products and conducts environmental protection activities in line with the motto “Return materials close to natural conditions at occasion of external discharge.”

### 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 Kyocera Group’s condition may be widely understood by the whole society to gain further reliance through the timely disclosure of information.

# Kyocera Activities for Sustainability

Since its founding, Kyocera has been searching for the ideal situation as an enterprise and a human being along with employees, customers and regional societies.
Here, main activities of Kyocera are introduced from the aspects of economic, social and environmental activities.

- Economic activities
- Social activities
- Environmental activities

## 1963
- Year-end charity fund-raising started

## 1965
- Hourly efficiency system established

## 1968
- Received the 1st Medium and Small Enterprise Center Award

## 1969
- Presented Shiga Pref. Gamo-Cho Education Promotion Funds
- Presented Kagoshima University Engineering Faculty Inamori Scholarship Funds

- Kyoto Ceramic labor union formed

## 1970
- Received Commendation for Contribution to Export from Ministry of Trade and Industry
- Kyocera orphan's pension system established

## 1971
- Listed on Osaka Stock Exchange, Second Section



## 1972
- Received the 18th Okochi Memorial Production Special Award for the development of multilayered ceramic packages for large scale integrated circuits
- Listed on Tokyo Stock Exchange, Second Section

## 1973
- Entry into the cutting tools market with "CERATIP"

## 1974
- Listing on the First Section of both Tokyo and Osaka Stock Exchanges
- Shifted to complete 5-day work week system and 40 hours a week system
- Received the 16th Science and Technology, Secretary Award for the development of ceramic lamination technology for electronic circuits

## 1975
- Entry into jewelry market with recrystallized gemstones "CRESCENT VERT"
- Entry into solar energy business with Japan Solar Energy Co., Ltd. established

## 1976
- ADR (American Depositary Receipt) issued



## 1976
- Achieved free-debt management in fiscal 1976 account settlement
- The children's travel program begins

## 1978
- Entry into medical material business with dental implant "BIOCERAM"

## 1980
- Entry into information equipment business with copiers developed
- Listed on New York Stock Exchange

## 1984
- Kyocera health insurance association established
- DDI (Currently KDDI) established
- Kyocera professorship established at Massachusetts Institute of Technology, US

## 1985
- Environmental Division established

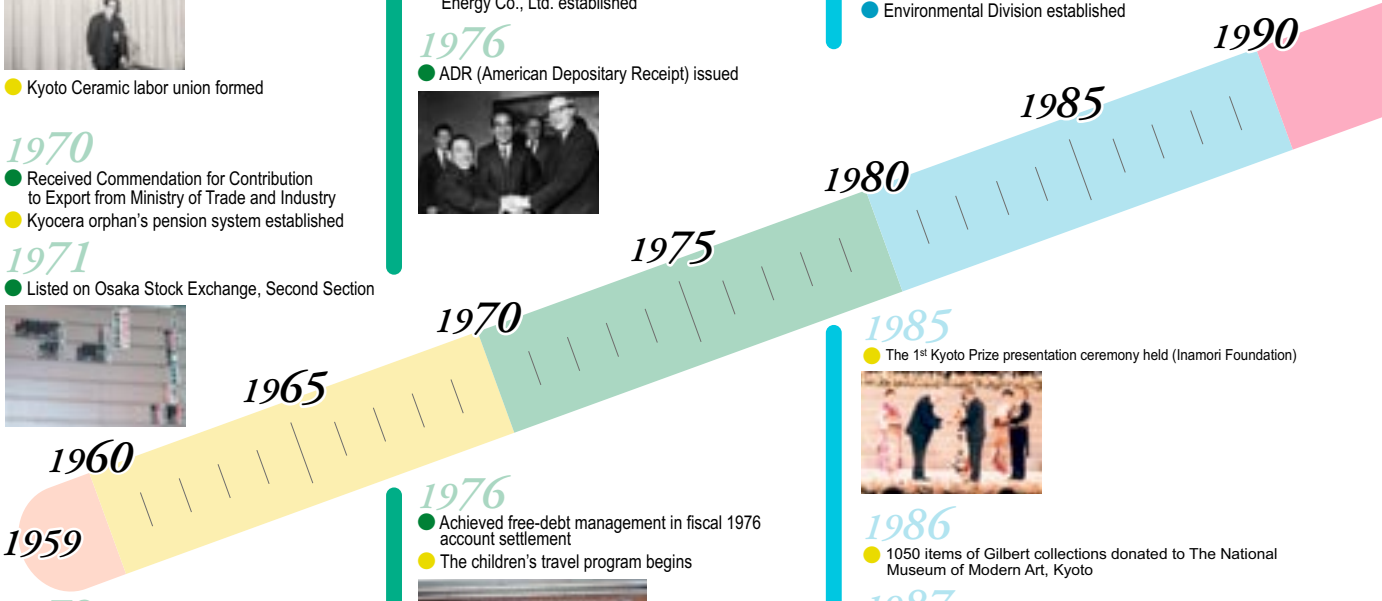
## 1985
- The 1st Kyoto Prize presentation ceremony held (Inamori Foundation)



## 1986
- 1050 items of Gilbert collections donated to The National Museum of Modern Art, Kyoto

## 1987
- "Inamori Hall" completed in the Pulse Plaza Hall, Kyoto with fund provided by Kyocera

## 1989
- Entry in cellular phone business with communications equipment division headquarters established




## History

**1959** Kyoto Ceramic Co., Ltd. founded

**1963** Shiga Plant established

**1969** Kyocera International Inc. established in US

**1969** Kagoshima Plant (currently Kagoshima Sendai Plant) established

**1971** Joint venture company (FM/KC) established in West Germany

Oversea production of fine ceramic parts started in San Diego, US

**1972** Kagoshima Kokubu Plant established

**1974** Sales subsidiary, Kyocera (Hong Kong) Ltd., established in Hong Kong
**1977** CRESCENT VERT Co., Ltd. established
**1979** Cybernet Electronics Corporation joins in Kyocera Group
Central Research Laboratory established

**1982** Renamed to Kyocera Corporation
**1983** Yashica Co., Ltd. merged
**1984** Capital participated in TAITO Corporation
**1989** ELCO Group joins Kyocera group

## 1990
- Japanese garden opened in Balboa Park, San Diego with fund provided by Kyocera and others

- Kyocera Green Committee established

## 1991
- Kyocera Environmental Charter established

## 1992
- Kyocera Quality Policy established
- 1st Environmental Protection Promotion Plan started/ Kyocera Eco Label system established
- Mie Tamaki Plant (currently Kyocera Mita Tamaki Plant) first acquired ISO09002 certification

## 1993
- Kyoto Purple Sanga Co., Ltd. established

## 1995
- Kagoshima Kokubu Plant received with the "Regional Development Contribution Award"

- Support to Japan-China Shejiang Civilization Survey started

## 1996
- 2nd Environmental Protection Promotion Plan started/Kyocera Global Environment Contribution Award established
- Mie Plant (currently Mie Ise Plant, Kyocera Mita Tamaki Plant) first acquired ISO14001 certification

- The U.S.-Japan 21st Century Committee established by Chairman Kazuo Inamori (currently Chairman Emeritus)

## 1997
- Solar-Energy Division received the "Ministry of Environment, Secretary Award"
- "Friendly Exchange Mission of Chinese Children to Japan" established
- Patent and invention incentive program established

## 1998
- "British parliamentary documents" donated to the National Museum of Anthropology

2000

2005

## 1998
- Green procurement started

## 1999
- Kyocera new headquarters building received New Energy Award of Agency of Natural Resources and Energy, and New Energy Foundation Director Award
- 3rd Environmental Protection Promotion Plan started
- The 8th Global Environment Award (Fujisankei Group Prize) received

- Stock option program introduced
- ISO14001 certification obtained with corporate integration system

## 2001
- Inamori-Kyocera Western Districts Development Scholarship Fund established in China

## 2002
- 4th Environmental Protection Promotion Plan started

## 2003
- Kagoshima Kokubu Plant received the 1st Japan Sustainable Management Award "Excellent Sustainable Management Award"

## 2005
- 5th Environmental Protection Promotion Plan started

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**1990** AVX Group, US, joins the Kyocera Group

**1991** Tomioka Optic Laboratory renamed to KYOCERA OPTEC Co., Ltd..

**1995** R&D Center, Keihanna, opened

Hotel Kyocera opened and entry into hotel business

* At end of March 2005

KYOCERA Communication Systems Co. Ltd. established

**1995** Shanghai KYOCERA Electronics Co., Ltd. established in China

**1996** Dongguan Shilong KYOCERA Optics Co., Ltd. established in China

KYOCERA Solar Corporation established

**1998** Kyocera new headquarters building completed (Fushimi-ku, Kyoto)

**2000** Mita Corporation renamed to KYOCERA MITA Corporation

**2001** KYOCERA ZHENHUA Communication Equipment Co., Ltd. established in China

**2002** Toshiba Chemical Corp. renamed to KYOCERA Chemical Corporation

**2003** KYOCERA SLC Technologies Corporation established

**2004** Kinseki, Ltd. renamed to KYOCERA KINSEKI Corporation

KYOCERA Display Institute Co. Ltd. established

Japan Medical Material Corporation established

# Advancement of Corporate Governance System

Kyocera Group considers that corporate governance should be designed to maintain sound management, a transparent management condition and to execute effective management to thereby best protect the interests of all stakeholders including shareholders.
Kyocera Group's corporate governance is based on the Kyocera Philosophy, the basis of management.

## Corporate Governance System

### Executive Officer System

Kyocera introduced the executive officer system in June 2003 to enhance management efficiency. At same time, the members of the board of directors were reduced from 26 to 13 to establish a system to enable sufficient discussions and prompt decision making in connection with important managerial issues.
To strengthen consolidated management, a CEO (Chief Executive Officer), CFO (Chief Financial Officer) and COO (Chief Operating Officer) were newly appointed in June 2005, and established a system that leaders of the main domestic and overseas group companies play the roles of executive officers of Kyocera in addition to conventional members.

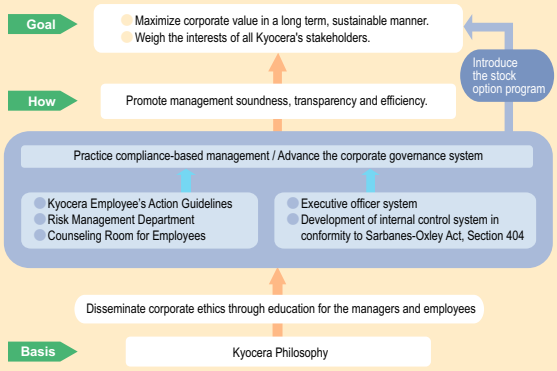
### Corporate Auditor System

Kyocera adopts a corporate auditor system. There are five auditors (three external auditors) as of the end of June 2005.

### Internal Audit System

The legal audit division is established to periodically check, followed by reporting, that all operations of Kyocera and Kyocera Group companies comply with laws and regulations.

**Initiatives for Corporate Governance**




To address with the Sarbanes-Oxley Act Section 404 to be applicable in March 2007, we established the new global audit division to independently check effectiveness of the internal control system relating to financial reporting to thereby establish a system to evaluate the effectiveness of the Kyocera Group on the consolidation basis.

# Management Administration Based on Kyocera Philosophy

Administration technique and the underlying way of thinking relating to management such as "Amoeba Management" and "Kyocera Accountancy" are penetrated into the Kyocera Group companies based on the Kyocera Philosophy.

## "Amoeba" Management

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

## Thorough Penetration of Kyocera Accountancy

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

"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

# Practice of Compliance Management

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

## Compliance System

To insure practice of compliance management, Kyocera issued the "Kyocera Employee's Action Guidelines" (enacted in June 2000) to define fundamental requirements for execution of daily operations to thereby improve compliance-awareness.
The Risk Management Department (established in September 2000) is taking initiatives to enhance compliance management of the Kyocera Group from the viewpoints of thorough penetration of legal information, execution of compliance education and establishment of audit system and self-cleaning function.

Kyocera Employee's Action Guidelines
This pocketbook describes the following nine points:

1. Basic attitude
2. Working attitude
3. Clear 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 protection activities

## Audit System

A legal audit has been conducted to evaluate legal compliance of corporate management activities. We made the original check sheets of related laws and regulations for our self-check.
It is our intention to make relationships among domestic and overseas group companies further closer to enhance the system to audit not only legal compliance but compliance in general.

## Compliance Education

"Risk Management Training" started in fiscal 2003 for management executives is now programmed into new employee training. Company-wide training was provided to related departments concerning the "Anti-Monopoly Act" in fiscal 2004 and the "Personal Information Protection Law" in fiscal 2005 to ensure dissemination of legal compliance.

## Thorough Penetration of Laws and Regulations

Intensified efforts are extended mainly by the Risk Management Division to thoroughly penetrate related laws and regulations. Domestic and overseas related laws and regulations are covered on the Intranet "Corporate Information Reading Room." Here the contents are advanced with related laws and regulations rearranged divisionally with revision information inserted in a timely manner.
Advertisements for general customers are internally checked in accordance with the Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation. The wording standard is also available in the "Kyocera Corporate Information Reading Room."

## 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 Division 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.

## Protection of Personal Information

In recognition of importance of protection of personal information as constituent data of privacy, Kyocera has been exerting intensified efforts for thorough penetration of protection of such information as social responsibility of a corporate. "Kyocera Basic Policy for Protection of Personal Information" was set in January 2005 to establish an administration system with responsible officer appointed and Risk Management Division playing the key role as responsible department. Training is provided in each department. Corporate regulations, safety management rules and training materials are inserted in the Intranet for enhancement of employee compliance awareness as well as improvement of the administration level.

## Establishment of Employee Counseling Room

The Employee Counseling Room established in April 2003 accepts consultations from employees and part-timers concerning deeds violating or likely to violate the "Kyocera Employee's Action Guidelines." Privacy protection and other topics related to information are clearly explained to the user of room. The employee counseling rooms are being established in domestic group companies as well.

# Value-added Diversification



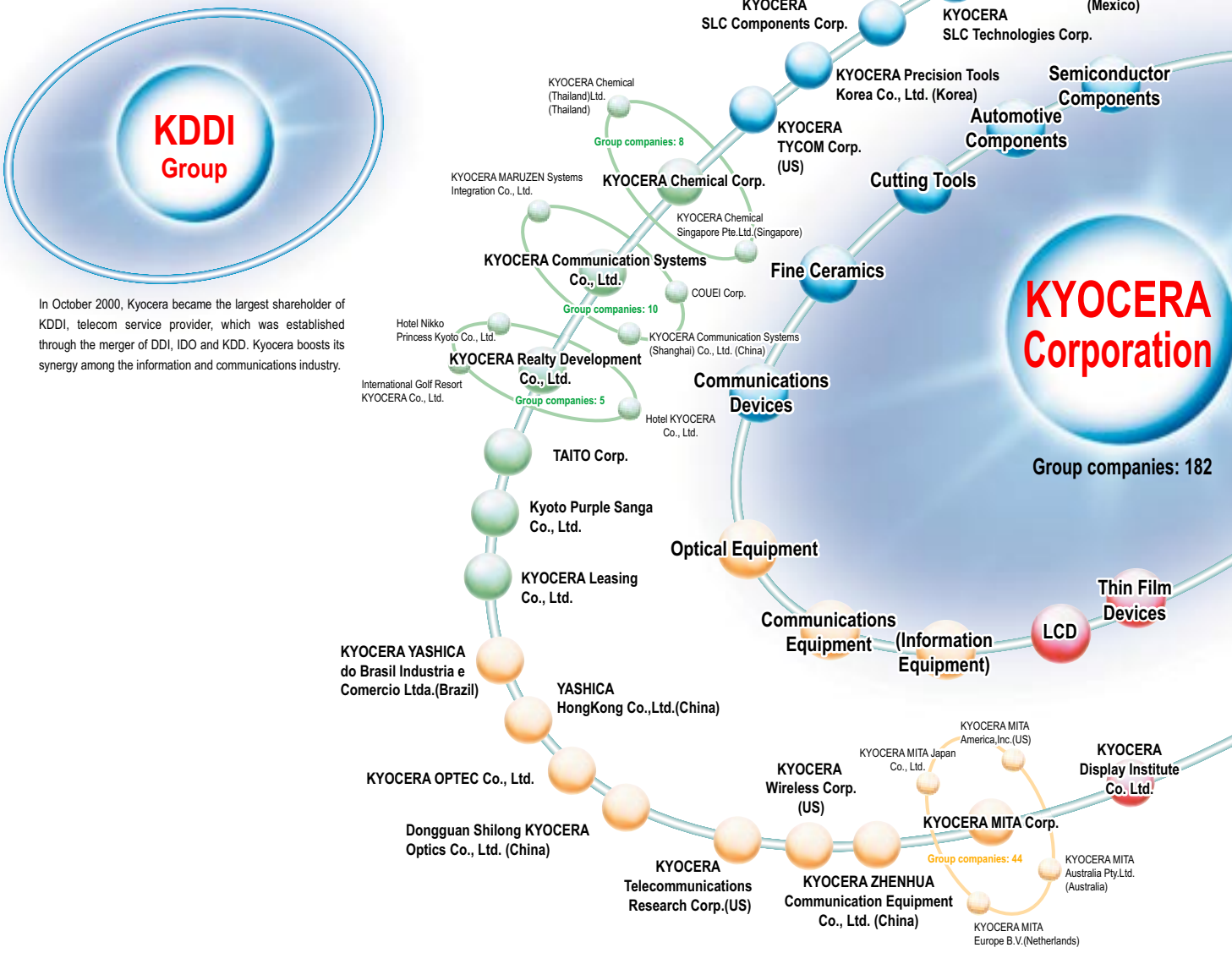
Kyocera Group strives to be a “creative company that continues to grow in the 21st century.” To achieve this goal, Kyocera Group promotes “high value-added” diversification in three high growth potential areas - information and communications, environmental preservation, and quality of life - in accordance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

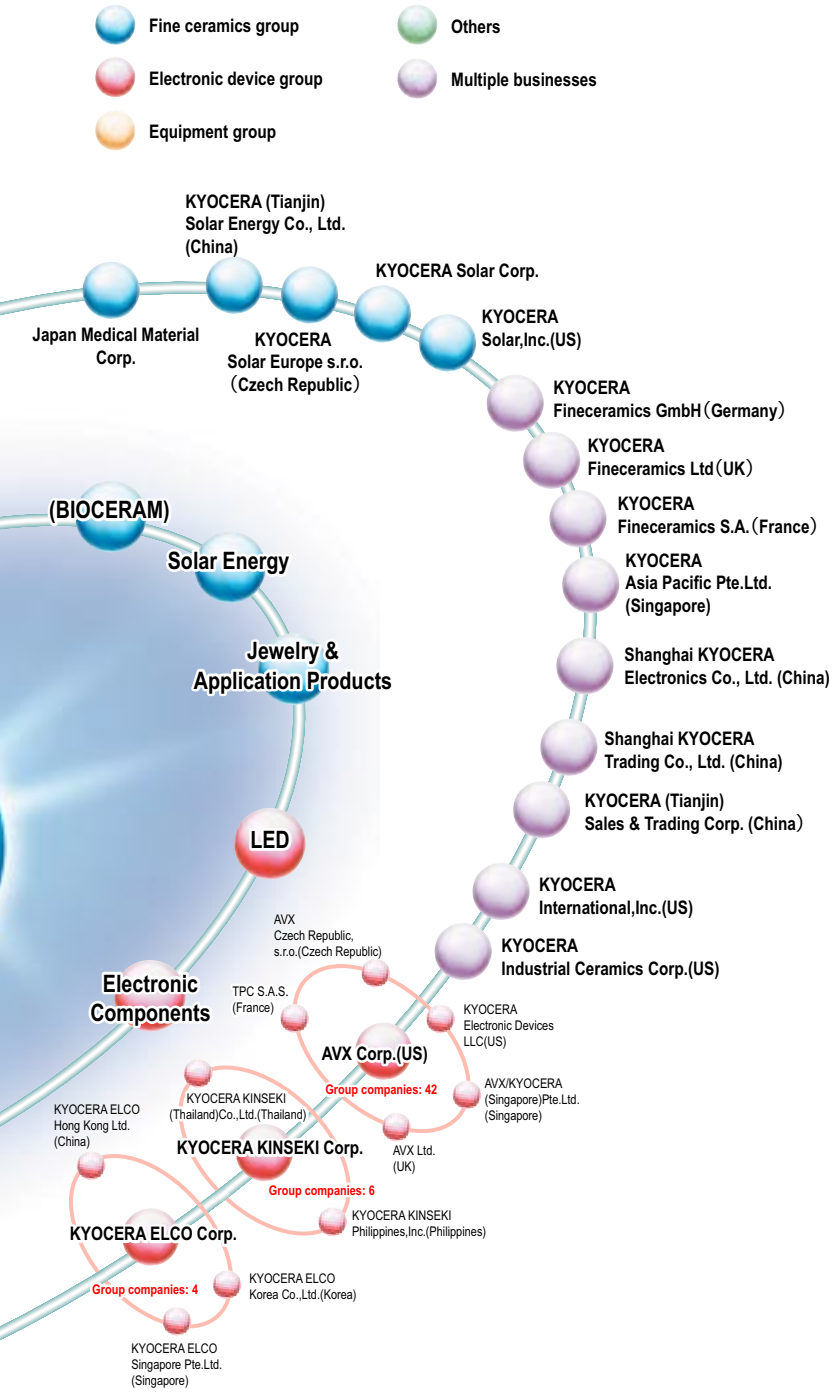
## [Criteria]

“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 thereby facilitate timely decision-making and to maximize synergies among businesses.






As of March 31, 2005

## 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 multifunction copiers

**KYOCERA Chemical Corp.**
Manufactures and markets electronic component materials, electric insulation materials and synthetic resin products

**KYOCERA SLC Technologies 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.**
Institutes and develops organic EL display

**KYOCERA Communication Systems Co., Ltd.**
Markets communication equipment and system integration devices; develops and markets software; provides management consulting services

**KYOCERA Solar Corp.**
Markets, installs and services solar products and systems

**KYOCERA Leasing Co., Ltd.**
Financier, leasing, rental and credit business

**KYOCERA Realty Development Co., Ltd.**
Manages the Hotel KYOCERA, the Hotel Nikko 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 products made both in China and elsewhere

**KYOCERA (Tianjin) Solar Energy Co., Ltd.**
Develops and manufactures 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 and related components, and cutting tools

**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 grids

**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

**KYOCERA Solar Europe s.r.o.**
Manufactures solar modules

# Kyocera Group Products



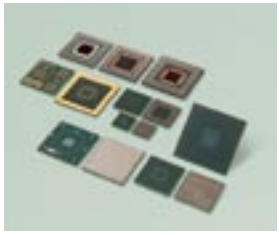
Kyocera Group intends to concentrate diversified resources of Kyocera Group in high growth potential areas - information and communications, environmental preservation, and quality of life - based on three creations of “new technologies, new products and new markets” to thereby ensure growth.

## Fine Ceramics Group

Kyocera Group is sending out diversified parts and valuable products such as solar cells into the market forefront to pursue the potential for fine ceramics.

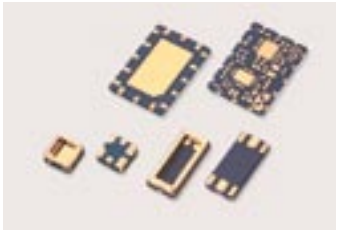


Sapphire Substrate for Blue LED



High Precision Multilayer Organic Packages
[KYOCERA SLC Technologies Corp.]

New Roof-Mounted Solar Power Generating System “SAMURAI”

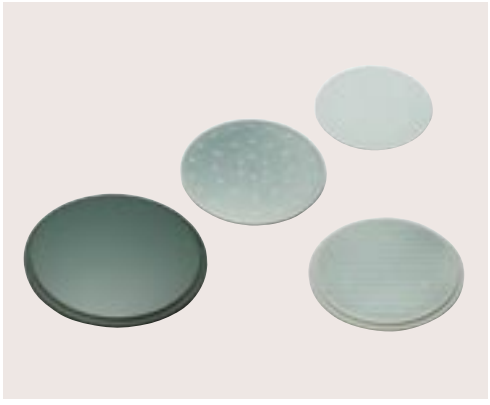


Surface-mount Device Packages

LCD process equipment components

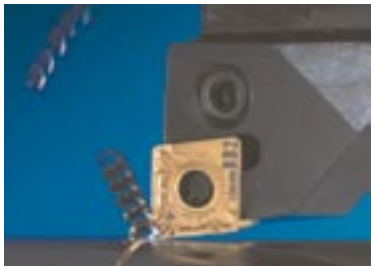
Jewelry “CRESCENT VERT”

Ceramic Kitchen Utensils



Electrostatic Chuck

Medical Materials
[Japan Medical Materials Corporation]

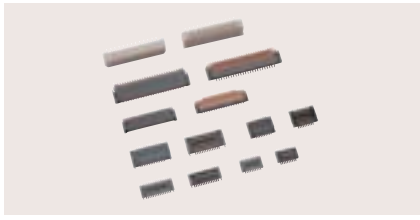


Industrial Cutting Tool Products
“CERATIP”

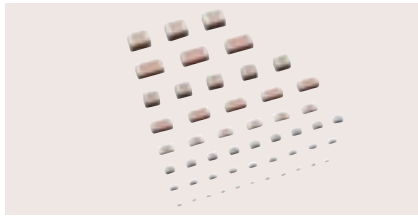
## Electronic Devices Group

Products to support the sharp advancement of days-leading electronics industry are provided such as electronic components, capacitors and I/O and display devices.

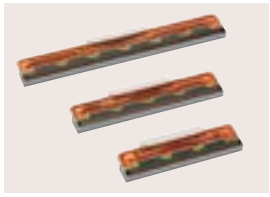
Liquid Crystal Displays



Connectors [KYOCERA ELCO Corp.]



Small-sized Large Capacity Multiplayer Ceramic Chip Capacitors



Thermal Printheads

Synthetic Crystals
[KYOCERA KINSEKI Corp.]

TCXO

Tantalum Chip Capacitors
[AVX Corp.]

## Equipment Group

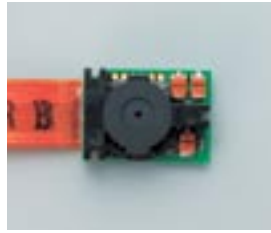
Kyocera Group is leading global markets through developing attractive products such as next-generation mobile handsets and information equipment.

Mobile Handsets

Base Station for Wireless Local Loop

PHS

ECOSYS Printer
[KYOCERA MITA Corp.]



Optical Components for Mobile Handset

## Others

Kyocera Group is continually growing into the fields of networks, fine chemicals, entertainments and hospitality.

Integrated Authentication Solution “NET BUREAU”
[KYOCERA Communication Systems Co., Ltd.]

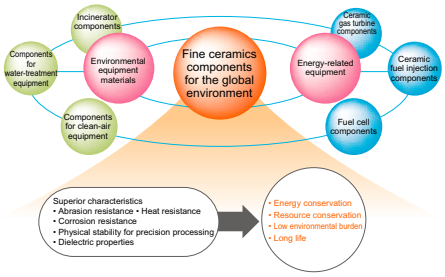
Molding Components for Semiconductor Encapsulation
[KYOCERA Chemical Corp.]

Global Entertainment Business
[TAITO Corp.]

# Kyocera Group Green Products

Fine ceramics - Kyocera's core technologies - are excellent examples of ecological materials that contribute to environmental preservation. Taking advantage of ceramic's superior resistance to abrasion, heat and corrosion, Kyocera developed a variety of environmental solutions. "Solar power generating system" is introduced this time.

## Development of Next-generation Green Products Based on Core Technologies of Fine Ceramics

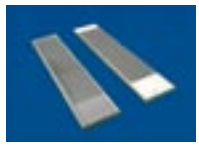



### Gas Turbine Components

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

### Sliding Components for Fuel Injection

Higher fuel injection pressure is a proven way to improve fuel efficiency of engine. Fine ceramic sliding components contribute to the development with its extreme wear resistance and anti-seizure characteristics.



### Fuel Cells

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

### 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 and also as a filter for casting.

## Solar Power Generating System

Global warming is a serious problem due to upset the total global ecosystem including humankind. To protect the global environment, development of energy to replace fossil fuels is an imminent need. Kyocera thus developed solar power generating systems making use of sunlight, clean energy source that everyone can enjoy equally.
Kyocera's solar power generating business is based on the doctrine to contribute to advancement of humankind from a long-term viewpoint beyond short-term profit search. We consider that it is the role to be played by us to continue constant efforts to realize such an objective and doctrine.

## History of Solar Power Generation System

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 the 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 cells this way in volume positively for the last 30 years now.

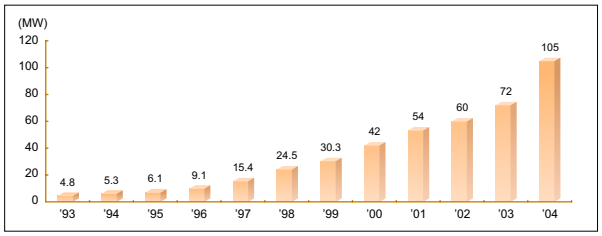
## Business Expansion

### ◎ Quadripartite Global Production Framework

Kyocera is building a production framework to ensure its ability to provide high-performance, high-quality multicrystal silicon solar products. To achieve this goal, the company will take advantage of its fully integrated production system, which involves every step of the PV manufacturing process - from casting silicon materials and producing individual solar cells, to assembling finished PV modules and integrating them into a solar electric generating system.
Currently, awareness of the usefulness and effectiveness of solar power generation has been rising, not only in Japan but also worldwide. Demand for solar energy is accelerating in Europe. In the United States, too, incentives for adopting solar electric generating systems are becoming more substantial, where in China, national energy strategies are starting to be implemented. In developing countries, solar energy has taken on increased significance as a lifeline. Kyocera Group is supplying solar electric generating systems to all parts of the world based on the "worldwide quadripartite production framework" - Japan, China, Mexico and Czech Republic.

### ◎ Production Volume

Since the start of polycrystalline silicon solar cell production in 1982, the production volume has been steadily increasing to reach 105MW in 2004. Kyocera has been producing cells in 20MW monthly production system since August 2005.



## [Solar Power Generating System - Installation Example]

### EXPO 2005 AICHI JAPAN

**Top-class Environmental Technologies to the World**

In the "EXPO 2005 AICHI JAPAN" to be held on March 25 through September 25, 2005, 1,200 sheets of Kyocera's solar modules are installed on the West Gate south side slop extending over the overall length of 150m. The modules can be viewed from the NEDO Pavilion, Terminal Zone and Global Loop near the West Gate.

Kyocera's solar modules of 150m in overall length installed at the EXPO site

This is intended to construct a future geographically-distributed energy system in use of new energy in cooperation with nine companies and bodies as "Demonstrative Project of Regional Power Grids with Various New Energies"* project entrusted by the independent administrative institute; New Energy and Industrial Technology General Development Organization (NEDO). Out of the total 330kW solar power generating systems, Kyocera bears as much as 200kW.

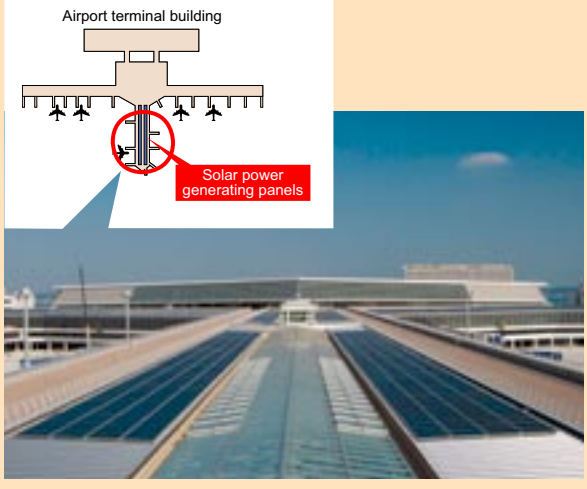
Generated electric power is integrally controlled through the demand control system along with other energies to 100% cover the energy used by the Japanese Pavilion. The Kyocera's solar modules are to be transferred to the PROTON Island Maejima Zone located opposite the Chubu International Airport for successive use after the Expo.

*Demonstrative project of regional power grids with various new energies in connection with diversification and electric power control of energy supply systems at Chubu International Airport-site city and EXPO 2005 AICHI JAPAN

### Chubu International airport

**Idling Stop of Aircrafts**

The solar power generating system consisting of 1,440 sheets of solar modules for output of 167W is mounted on the roof of the Center Pier extending from the terminal building to the landing field at the Chubu International Airport (CENTRAIR).




Normally, aircrafts operate a small gas turbine type auxiliary power unit (APU) to cover electric power for lighting and air conditioning even during parking, but this involves generation of much exhaust gas and noise. From the viewpoint of environmental preservation, the Chubu International Airport decided to set the ground power unit (GPU) to supply power from the airport building to thereby enable stop idling of aircrafts. This GPU is linked with a solar power generating system to reduce environmental impact through supply of clean electric power generated by sunlight.

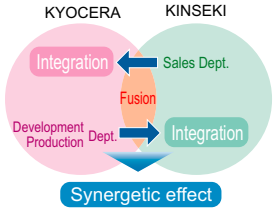
Further, anti-dazzle modules are introduced to control dazzling with sunlight irregularly reflected as a result of application of uneven surface treatment to the glass covering solar modules. Environmental cares are taken to people using the airport and daily life of regional residents with top priority given to safe operations of aircrafts.

# Topics 2004

Topics of Kyocera Group in fiscal 2005 are introduced here.

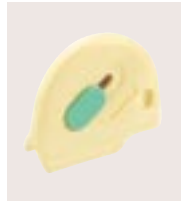

**Apr. 2004 Reorganization of Crystal Component Group Business**

Kyocera and KINSEKI, Limited, a consolidated group company, reorganized its business to improve services to customers and to expand crystal component business. As a result, KINSEKI, Limited, came to play the part of production, and was renamed to "KYOCERA KINSEKI Corp."
We intend to enhance the synergetic effect of operations of the two companies through this reorganization to further improve crystal component business.




**Apr. 2004 CERAMIC Packing Cutter Released**

Kyocera released its dedicated cutter to easily and safely cut paper packs used as containers of drinks such as milk and juice.



**Apr. 2004 Unified to "KYOCERA BRAND Symbol"**

For further recognition of the "KYOCERA" brand symbol, Kyocera Group newly unified the brand symbol of KYOCERA MITA Corp., KYOCERA KINSEKI Corp., KYOCERA TYCOM Corp. and their group companies to the "KYOCERA BRAND Symbol."

KYOCERA


**Aug. 2004 World's Best Module Conversion Efficiency Achieved**

Kyocera achieved the module conversion efficiency of 15.7%, world's best in those days, with polycrystalline silicon solar modules.
Prior to development of the modules, Kyocera achieved the cell conversion efficiency of 17.7%, world's best*, with polycrystalline silicon solar cells.

*As of March 1, 2005. polycrystalline silicon solar cells in 150x155 mm size.

**Sep. 2004 Establishment of Japan Medical Materials Corporation**

Kyocera and Kobe Steel, Ltd. integrated their medical material businesses to newly established Japan Medical Materials Corporation.
With its business foundation established as a medical material specialist, the company aims to expand its business on a global scale, targeting markets all over the world.

JMM JAPAN MEDICAL MATERIALS


**Oct. 2004 Solar Power Generating System "ECONOWAVE" Released**

Kyocera released the new solar power generation system (ECONOWAVE) for public and industrial use with improved design and ease of installation.

**Oct. 2004 Kyocera Solar Mexico Plant Put in Operation**

Kyocera Solar Mexico Plant for production of solar modules for North American market began to operate.


**Jan. 2005 Received "Mobile Handset of the Year 2004"**

Kyocera Air Edge Phone "AH-K3001V" was selected as the "Mobile Handset of the Year 2004 by Readers" on the cellular phone related information site "K-tai (Cellular Phone) Watch".

**Feb. 2005 Halogen/Antimony-free Substrate Materials for High Frequency Developed**

With original fireproofing resin technology, KYOCERA Chemical Corp. developed halogen/antimony-free substrate materials with an excellent dielectric loss tangent and can be used at GHz band first in the world.

### Apr. 2004 Consolidation of Organic Material Components Businesses

Kyocera consolidated its organic material components business with its group company, KYOCERA SLC Technologies, to expand the business by integration of resources, enhancement of synergies and strengthening of the foundations.

### Apr. 2004 Title of "China-Japan Friendship Envoy" Bestowed

Kazuo Inamori, Chairman Emeritus, was bestowed with the title of the "China-Japan Friendship Envoy" by the China-Japan Friendship Association in honor of his contribution to development of friendship between Japan and China.

### Apr. 2004 Long-Life Industrial Precision Knife Released

Kyocera released the precision knives to cut polarizing films for liquid crystal and photo sensitive films used for creation of printed wiring board circuit.

### May 2004 Construction of New Factory in Ayabe, Kyoto, Announced

It was decided to construct a cutting-edge factory featuring the industry's most advanced equipment and innovative processes with the adoption of energy saving devices and low cost energy at the factory site in Ayabe City, Kyoto, where the factory construction agreement and the land contract were signed. In this plant having realized the system to manufacture products producible in Japan only, KYOCERA SLC Components Corp., established in August 2004, has been manufacturing organic material components since June 2005.

Completed in May 2005

### Jun. 2004 New Business of PHS

Kyocera and US equity company, Carlyle Group reached an agreement to acquire the business of DDDI Pocket, a subsidiary of KDDI. A new company (renamed to WILLCOM, Inc. in Feb. 2005) succeeded the business.

### Sep. 2004 Kyocera New PHS Handset "PiPit Phone" Released

Kyocera released a handset with emergency call function linked with a crime prevention alarm and buzzer jointly with Toyota Motor corp. and DDI Pocket (currently WILLCOM, Inc.).

### Sep. 2004 RoHS Compliant LEDs Relased

Kyocera started delivery of RoHS Directive-compliant LEDs for industrial use in its LEDs business.

### Sep. 2004 Hotel Business Newly Started

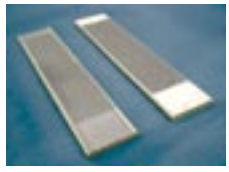
KYOCERA Realty Development Co., Ltd. and JAL Hotels Co., Ltd. reached an agreement for technical assistance at the Hotel Princess Kyoto and renamed to the Hotel Nikko Princess Kyoto. The hotel opened after remodeling in Oct. 2004.

### Oct. 2004 New Company "KYOCERA MARUZEN Systems Integration (KMSI) Co. Ltd." established

KYOCERA Communication Systems Co., Ltd. entered into capital and business partnership with Maruzen Co., Ltd. to newly start KYOCERA MARUZEN Systems Integration Co. Ltd. The company intends to deploy a more valuable solution business using IT technologies and network services of KCCS in the fields of education, medical care and private sector demand where KMSI is good.

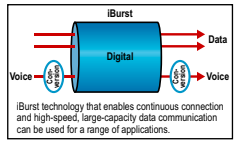
### Nov. 2004 Fuel Cell Cogeneration System for Household Use Developed

Kyocera started major joint development of a system consisting of a solid oxide fuel cell (SOFC) with town gas used as fuel and ceramics used as materials in cooperation with Osaka Gas Co., Ltd.



### Dec. 2004 Experiment of "iBurst™ System" Started

Kyocera acquired permit in Japan for experimental wireless stations for next generation wireless internet access technology "iBurst™ System" and launches Japan's inaugural experiment.




### Mar. 2005 Environment-Preserving Digital Multifunctional Product Released

KYOCERA MITA Corp. released environment-preserving model "KM-6230RM" with used a recycled digital multi-functional product and upgraded with latest the technology.

### Mar. 2005 Women's Athletics Club Challenging the World

Yumiko Hara, a member of the Kyocera Women's Athletics Club, won the Nagoya International Women's Marathon and represents Japan for the World Championships in Athletics to be held in Aug. 2005, in Helsinki. Further, Terumi Asoshina won the Japan Corporate Team Half Marathon Championship and represents Japan for the World's Half Marathon Championship to be held in Oct. 2005.

### Structural Reform of Optical Equipment Business

Kyocera is promoting thorough structural reform of optical equipment business such as drastic reduction of camera business and concentration of resources in optical components business.

# Consolidated Financial Results

## Review of Fiscal 2005

* 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.

### Sales

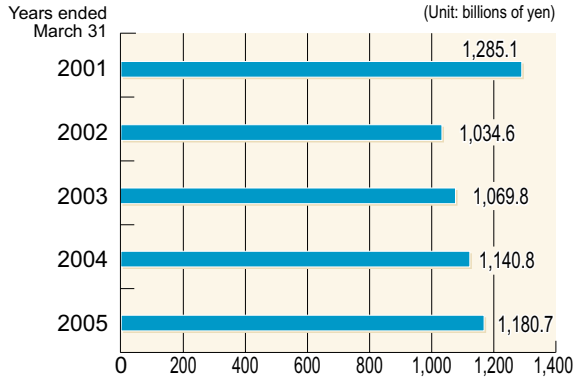
Consolidated net sales for fiscal 2005 increased by 3.5% to 1,180,655 million yen compared with fiscal 2004, as a result of increased sales in Fine Ceramics Group, Electronic Device Group and others, due to burgeoning component demand in the electronics industry in the first half. Conversely, sales in Equipment Group declined due to sluggish sales of mobile phone handsets in Kyocera's core market, the United States and Japan.

### Profits

Kyocera recorded a one-time loss of approximately 11.7 billion yen, including loss related to structural reforms in the telecommunications equipment and the optical instruments businesses aimed at boosting profitability in the future. Further, the absence of a gain of approximately 18.9 billion yen due to return of a substitutional portion of an employee benefit obligation at KYOCERA Corporation and one of the subsidiaries, and a gain of approximately 6.0 billion yen raised in connection with the withdrawal from employee benefit plans by another subsidiary, which were recorded in the previous fiscal year, caused profit from operations to decrease by 7.3% to 100,968 million yen. As a result, income before income taxes decreased by 6.5% to 107,530 million yen.

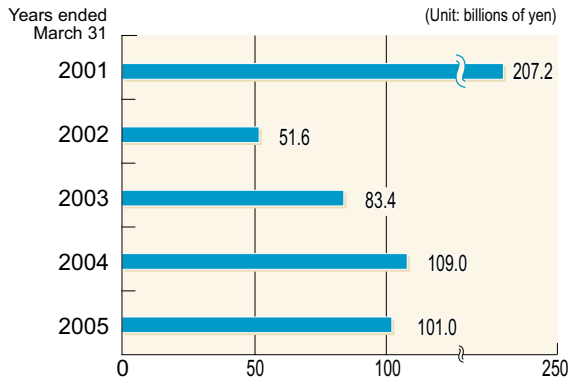
KYOCERA Corporation received a notice of tax assessment based on tax on transfer pricing adjustment from the National Tax Bureau stating that, in the Bureau's judgment, the allocation of profit earning from transfers of products between Kyocera and its overseas affiliates was less than appropriate for the five years from fiscal 1999 through fiscal 2003. The resultant additional tax was 12.7 billion yen. As a result, net income decreased by 32.6% to 45,908 million yen.

### Net Sales

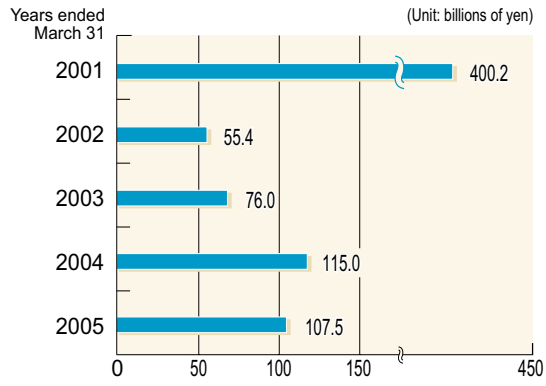



In the fiscal year ended March 31, 2001, the profit grew significantly as a result of drastic increase in demand for components. Also, in that fiscal year, DDI Corporation, which had been accounted for as an "equity method affiliate", merged with KDD Corporation and IDO Corporation and that company changed its name to KDDI Corporation "KDDI." Pursuant to Unites 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 to Kyocera. The impact from these brought about the highest record for Kyocera in both net sales and profits.
However, after the bubble burst, the business performance sharply dropped but recovered as a result of accomplishing aggressive structural reform ongoing till then. In the year ended March, 31 2004, profit of about 24.9 billion yen due to return of a substitutional portion of an employee benefit obligation is included. In the year ended March, 31 2005, additional tax of about 12.7 billion yen is included based on a notice of tax assessment. After these special factors are excluded, it can be said that profits are steadily increasing.

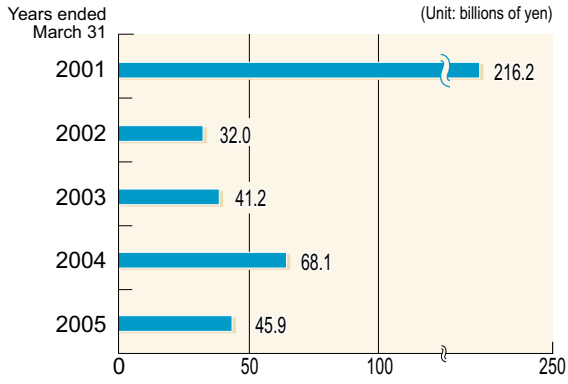
### Profit from Operations



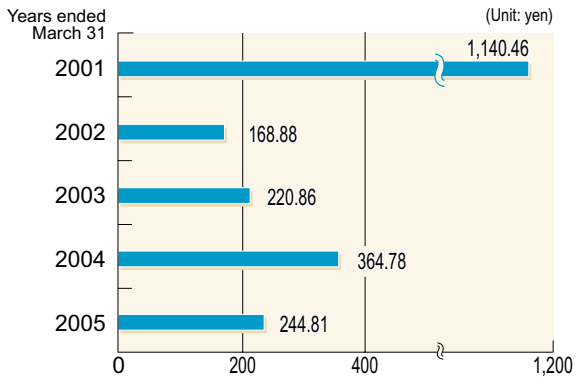

### Income before Income Taxes



## Net Income




## Diluted Earning per Share



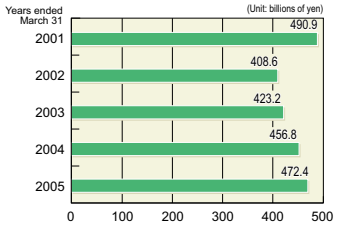

* The non-consolidated financial results of Kyocera Corporation are available on our web site. http://www.kyocera.co.jp

# Geographic Segments

Kyocera Group consisting of group companies as many as 182* (as of March 31, 2005) is deploying business activities all over the world through cooperation and tie-up among them.
We intend to contribute to employment of persons and development of regional cultures as well as contributions to regions through provision of products and services.

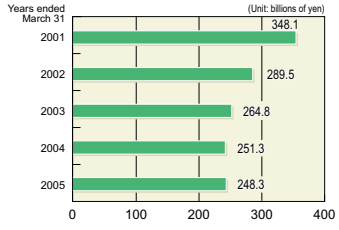
## Japan

Sales increased because sales of KYOCERA KINSEKI Corporation, which became a wholly-owned subsidiary of Kyocera in fiscal 2004, were fully added to the total sales from the start of fiscal 2005, and also due to increased sales of components business such as fine ceramic parts, organic packages, solar systems, cutting tools. In addition, sales of KCCS also increased.



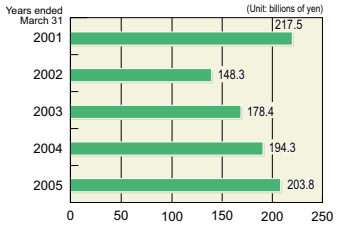

## USA

Sales dropped slightly, due mainly to decrease sales of telecommunication equipment coupled with intensified price competition, though sales of information equipment increased.



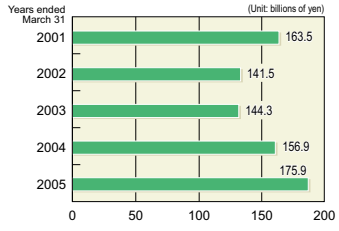

## Asia

Sales grew considerably, due mainly to increased sales of information equipment and telecommunications equipment as well as electronic devices.

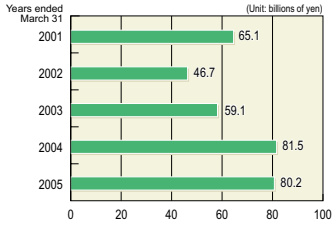



## Europe

Sales increased, due to increased sales of information equipment and also to increased sales of solar systems.



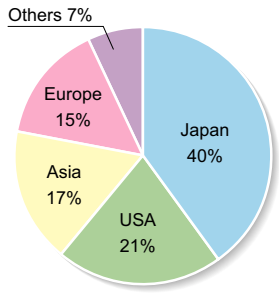

## Others




*KYOCERA Corporation, 165 consolidated subsidiaries
2 non-consolidated subsidiaries accounted for by the equity method
14 affiliated accounted. Total 182 companies (as of March 31, 2005)

### Sales Breakdown by Region

(Fiscal 2005)



# Operating Segment

## Fine Ceramic Group

| | | |
|---|---|---|
| Net sales | 295,393 million yen | 15.5% increase from fiscal 2004 |
| Operating profit | 46,214 million yen | 48.4% increase from fiscal 2004 |

**Fine ceramic parts**

- Information & telecommunication components
- Sapphire substrates
- Semiconductor processing equipment components
- LCD process equipment components
- Automotive & ITS related components
- General industrial ceramic components

**Semiconductor parts**

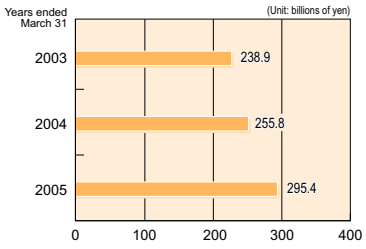
- Ceramic packages for surface mount devices
- Ceramic multilayer package/ multilayer substrate
- Metallized products
- Optical communication ceramic package/components
- Organic packages/substrates

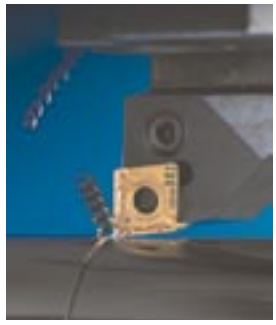
**Consumer related products**

- Cutting tools
- Micro drills
- Residential and industrial photovoltaic generating systems
- Solar cells & modules
- Jewelry
- Applied fine ceramic products
- Dental and orthopedic implants

Sales of solar cell modules and solar power generation systems increased significantly, especially in Europe and Japan, while sales of cutting tools, primarily for the automotive industry, were also strong. Demand was brisk for fine ceramic parts, notably for semiconductor and LCD fabrication equipment, and sapphire substrates for LEDs. In semiconductor parts, sales of ceramic packages for mobile phones and digital consumer products and of organic packages grew considerably.

### Net Sales



Cutting tool “CERATIP”

Better than conventional tools in high-speed machinability due to high hardness and resistance to abrasion of fine ceramics. These tools have further advantages such as beautiful workmanship and long service life. The tools are used in wide variety of fields such as automotive industry and IT-related precision machining.

## Electronic Device Group

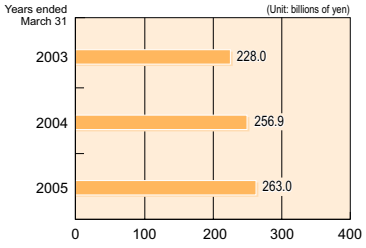
| | | |
|---|---|---|
| Net sales | 262,997 million yen | 2.4% increase from fiscal 2004 |
| Operating profit | 35,406 million yen | 601.5% increase from fiscal 2004 |

- Ceramic chip capacitors
- Tantalum capacitors
- Timing devices (TCXOs and VCOs)
- RF modules
- Ceramic resonators/filters
- Thermal printheads
- LED printheads
- Amorphous silicon drums
- LEDs
- Connectors

Kyocera achieved strong growth of thermal printheads for digital photo printers and LCDs for mobile handsets. Sales of KYOCERA KINSEKI Corporation, which became a wholly-owned subsidiary of Kyocera in fiscal 2004, were fully added to the total sales in this segment from the start of fiscal 2005.

Operating profit in this segment improved remarkably from fiscal 2004. Besides an increase in sales of key components, Kyocera also enjoyed the positive effects of structural reforms implemented to increase productivity. In addition to these factors, there were no restructuring costs at AVX Corporation, a U.S. subsidiary, as in fiscal 2004.

### Net Sales




Liquid Crystal Displays

Demands are largely expanding for liquid crystal display as monitors of mobile handsets and industrial equipment. Downsizing and low power consumption of equipment are realized. Modules with added functions are also supplied to prepare a full lineup of products.

## Equipment Group

| | | |
|---|---|---|
| Net sales | 527,379 million yen | 3.4% decrease from fiscal 2004 |
| Operating profit | 5,883 million yen | 81.2% decrease from fiscal 2004 |

**Telecommunications equipment**

CDMA mobile handsets
PDC mobile handsets
PHS related products
(PHS handsets, PHS base stations, wireless local loop (WLL) systems, high speed wireless data transfer systems)

**Information equipment**

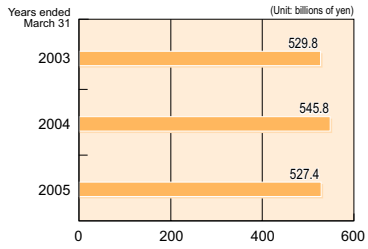
ECOSYS non-cartridge printers
Copiers
Network multifunction products

**Optical instruments**

Digital cameras
Single-lens reflex cameras
Compact cameras
Camera lenses
Optical modules

Sales of information equipment increased, due to expanded sale of mid- and high-speed digital multifunction products and the sales contribution of new models such as low- and mid-speed models. Sales of optical instruments also increased due to contributions from optical camera modules, which outweighed a substantial decline in sales of digital cameras due to the implementation of structural reforms. In contrast, sales of telecommunications equipment were forced down due to intensifying price competition for mobile phone handsets and PHS-related products in Japan and overseas, and to the negative impact of inventory adjustment for PHS-related products in China. As a result, overall sales in this segment decreased compared with fiscal 2004.

### Net Sales




Kyocera Mobile Handset “A1403K”
Form to conform to hand with antenna built in. Voice support function provided to announce arrival of mail and time as required.

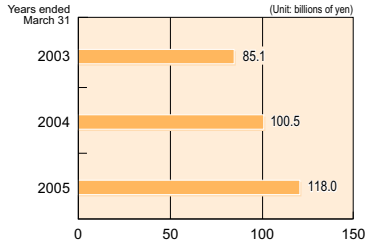
## Others

| | | |
|---|---|---|
| Net sales | 118,040 million yen | 17.4% increase from fiscal 2004 |
| Operating profit | 13,019 million yen | 34.5% increase from fiscal 2004 |

Chemical materials for electronic component
Insulators
Resin products
Telecommunications network systems business
Computer network system business
IT solutions services
Consulting business
Leasing business
Hotel business
Realty development business
Insurance agent and travel agent business

Net sales and operating profit in this segment increased due mainly to strong growth of KYOCERA Chemical Corporation, especially in its business related to flexible printed circuit boards and semiconductor epoxy molding components, and favorable growth of KYOCERA Communication System Co., Ltd., especially in its telecommunications engineering and data center businesses.

### Net Sales



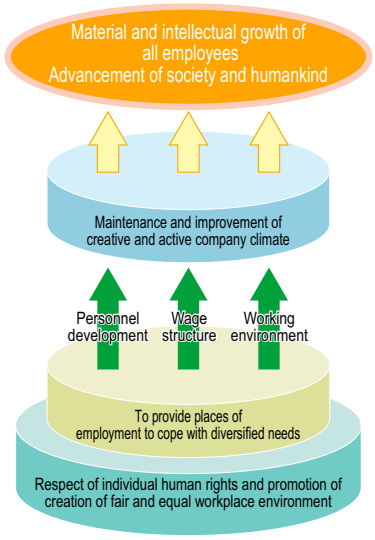

“Hotel Nikko Princess Kyoto”

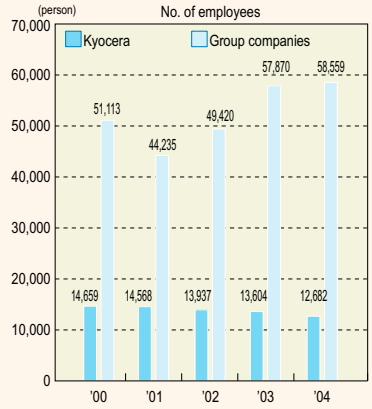
# Personnel

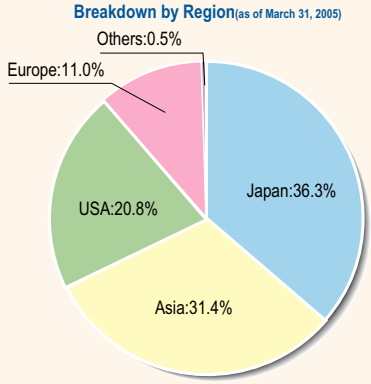
The management rationale “to provide opportunities for the material and intellectual growth of employees” does not simply mean material growth, but also the achievement of intellectual growth such as “worth working” and “worth living” through self-materialization at work. With this rationale regarded 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 workplace 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 innovation in the personnel system, a workplace climate was created to enable all employees to take pride in the company, feel “worth working” and share hardship and pleasure with each other.




## Human Right and Employment

### 1. Respect of Human Right

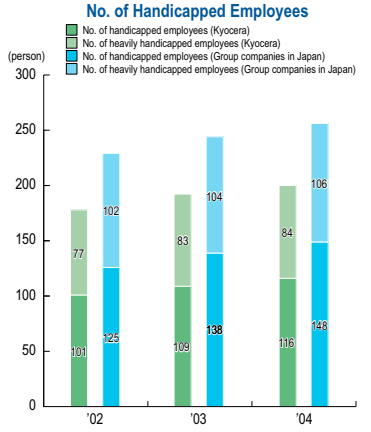
Kyocera aims at creation of workplace environments to enable max. exhibition of abilities of employees with the basic rationale “to provide opportunities for the material and intellectual growth of employees” so as to remain a company further growing in the 21st century of advancing globalization. In 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 a wide diversity of talent, thinking much of personality and capability, while prohibiting forced labor and child labor, regardless of differences in sex, age, thought, principle, nationality and physical features.

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

Kyocera is extending efforts to create comfortable workplace environments with positive support provided to persons being handicapped or requiring child care or family care. Kyocera is further providing employment opportunities toward meeting the diversified needs of lifestyles of employees.

#### ◎ Employment of Handicapped People

Kyocera promotes aggressive adoption of handicapped people and creation of easy-to-work environments with such people arranged at workplaces 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 people employment ratio at all plants and offices throughout the country. The handicapped people employment ratio is 1.93% as of March 31,2005, beyond the legal employment ratio. Kyocera Group continuously intends to aggressively employ handicapped people.



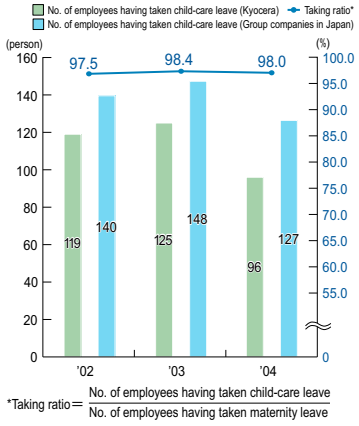

#### ◎ Program of Child-care/Family-care Leave

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 program was introduced. Needs of the program are ever enhanced, since the program 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.

In 2005, laws concerning both programs were revised. Kyocera intends to take actions such as half-year extension of the leave period and also extension of the family-care leave period conforming to the purport of the revisions. At the same time, Kyocera wishes 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**



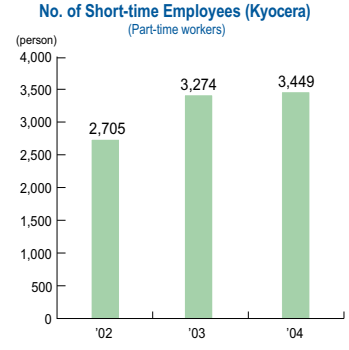

*Taking ratio = No. of employees having taken child-care leave / No. of employees having taken maternity leave

### ◎ Short-time Employment System

Manufacturing divisions of Kyocera establish the principle of direct employment, not depending on external labor force, thinking much of provision of opportunities of employment in individual regions. To cope with diversified lifestyles, Kyocera started to adopt the short-time employment system as many as 15 years ago to shorten the working hours compared with ordinary employees to enable applicable employees to conduct working while taking charge of daily housework chores and bringing up children.

With the aging population combined with the diminishing number of children in progress, this system that enables coexistence of work and household is needed more, resulting in increased number of short-time workers.

**No. of Short-time Employees (Kyocera)**
(Part-time workers)

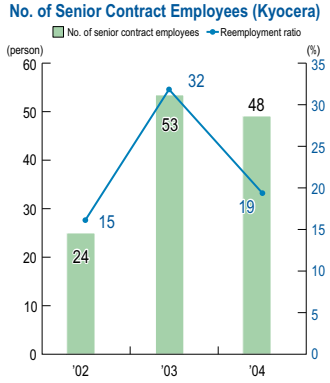



### ◎ Senior Employee System

With the knowledge of the 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.

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




## Personnel Activities

### 1. Personnel Development and Activation

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

### ◎ Challenge System

The challenge system is practiced once a year for senior general employees, occupying about 40% of total employees, to review their performances in the past one year and define work objectives for the next year through interview with their superiors to enable sharing of the objectives.

The challenge system is effectively used for:

1) Developing competent employees to establish objectives for themselves and carry out their words through active communication between superiors and subordinates.
2) Workplace creating climate to allow employees to frankly express their thinking and opinions, and to active the organization.
3) Understanding opinions of subordinates about their present work, workplace and future through direct talks and reflecting the opinions on future development and guidance of the subordinates.

### 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 performance 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.

Concretely, assessment items and weights were reviewed to adopt a system to conduct assessments based on business performance and the processes involved with importance of roles played by individual employees, capability of exhibition and attitude taken into consideration. In addition, assessment contents are disclosed to all employees in the improvement of motivation of employees.

Abolishment of seniority wage system

Disclosure of assessment process and standard

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 intensify the sense of solidarity among Kyocera group companies and enhance the value of the total group.

### ◎ Stock Option

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 1,600 persons by now throughout the world.

# Relationship with Employees

## 3. Working Environment

### ◎ Discretionary Labor System

Business environment is drastically changing. Improvement in the ability to adapt to 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 discretionary labor system* in fiscal 2004 to materialize an easy-to-work environment for employees.

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

*: Professional business type discretionary labor system

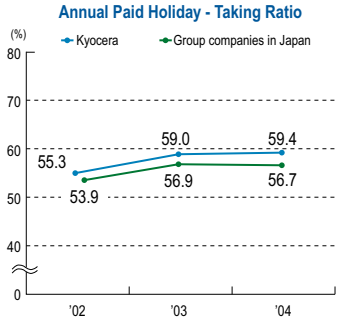
This is a deemed working hour system with more flexible time control legally admitted, since the businesses concerned such as R&D are up to discretion of workers because of different characteristics from other businesses. A more flexible working environment can be materialized according to this system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

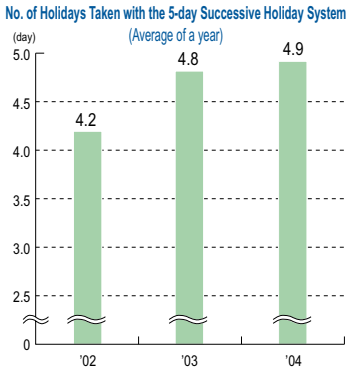
### ◎ Annual Paid Holiday

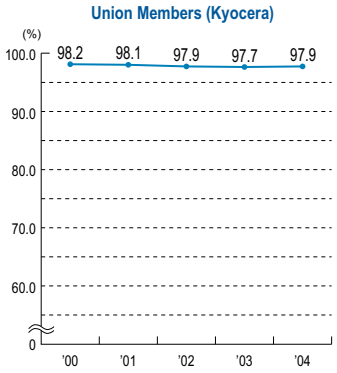
Kyocera is encouraging employees to take annual paid holidays for refreshment and effective use of leisure time.

The 5-day successive holiday system, one of encouragements, enables successive holidays of 10 days or so at longest in combination with scheduled annual holidays. This system is used by employees at ratio as high as about 80%. The multi-purpose leave system and half-day paid holiday system are also available to rearrange environment for employees to take annual paid holidays easily. Kyocera intends to continuously advance the system for promotion of health and welfare of employees

## 4. Globalization




### ◎ Local-oriented

About two-thirds of the total Kyocera Group employees are working in overseas countries, and almost all of them are employed at sites.

The fundamental principle of personnel affairs in overseas projects is called "local-oriented" to bring about sense of unity between loaned employees of Kyocera and local employees. This doctrine is consistent since first establishment of a site in an overseas country (USA). Kyocera is enjoying high evaluations as a global enterprise from all quarters for contribution to expansion of employment as well as contribution to expansion of local economy through production and sales activities in understanding the local culture and established practice.

## 5. Initiatives Based on Partnership

Kyocera has been seriously considering reliable relationship and close-knit relations of employees with each other since establishment of the company. The relation between the company and employees is not based on a vertical relationship between management and employees, but a horizontal relationship / partnership such as between like-minded people to act together to accomplish the common objective.

To maintain and advance such relation of partnership, Kyocera put emphasis on events to be participated in by all such as social gatherings and athletic meets. From this sense, the labor-management relationship of Kyocera is based on "coaxial lab-management relation" with same objective and way of thinking, far beyond the generally called "labor-management cooperation," to plan various measures and hold events jointly sponsored by labor and management.

### ◎ Kyocera Group Sports Festival

The "Kyocera Group Sports Festival," typical event jointly sponsored by labor and management, is one of the largest events to be held every year to strengthen the reliability and solidarity of the Kyocera Group through the competitions and later victory celebrations.

In 2004, the 27th festival was held in Kyoto, where Kyocera was originally founded, and extended over three days. 32 representative teams from Kyocera's plants and offices and domestic group companies, who won the preliminary games at each location, played exciting games.

We intend to continue this festival as an important event to intensify solidarity of Kyocera Group.

# 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 (Kyoto)

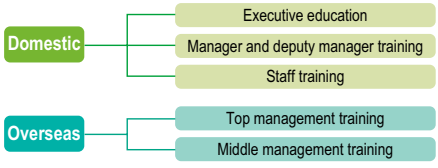
## Education System

The Kyocera education system consists of four kinds of education (philosophy training, management training, engineering and skill training and fundamental training) corresponding to the four purposes of education.
Those four education programs are implemented by function and position to achieve the purposes of education.

### 1. Philosophy Training

Philosophy training is provided to all employees with the objectives to deeply and correctly understand, practice and realize the Kyocera Philosophy.
Kyocera Philosophy is learned systematically by means of video tapes explaining Kyocera Philosophy in details, lectures by management executives and group discussions.

Philosophy training by internal lecturer




Group discussion

### 2. Management Training

This training is provided to managers being leaders and mid-level employees expected to be next-generation leaders for developing management executives who have advanced management capabilities.
In particular, the 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. In addition, "Kobe University MBA Basic Course" is also available. This is for developing competent employees to manage the companies in overseas countries.

### 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 for employees engaged in engineering-related work.

### 4. Fundamental Training

This training is offered to younger generation employees for development of creativity and problem-solving capability as well as learning the basic capability required for business activities. Language learning is also conducted as part of the fundamental training.

# Relationship with Employees

### ◎ Fiscal 2005 Philosophy Training Results

More than 54,000* employees in total received training in Japan and in overseas countries.

Philosophy training for staff started in April 2004 to share the philosophy among all employees.

Further, the "Kyocera Management Course" is encouraged for management executives of posts higher than section managers.

| Training name | | Staff | Mid-level employee | Management executive | Fiscal 2005 results*(person) |
|---|---|---|---|---|---|
| Philosophy training | Domestic | Philosophy staff training | Philosophy manager and deputy manager training | Philosophy executive training | 49,998 |
| | Overseas | | Middle class management | Top class management | 1,011 |
| Management training | | | Kyocera management course | | 1,822 |
| | | | | Kobe University MBA Degree Basic Course | 70 |
| | | | Human assessment training | | 102 |
| Engineering and skill training | | Practical business training/fundamental training | | | 1,129 |
| Fundamental training | | New employees training / Training for person coming from other company | | | 729 |

* Results cover training conducted by Kyocera education department.

## Advancement of Philosophy Training

### 1. Overseas Philosophy Training

In overseas Kyocera Group companies, philosophy training is provided to the middle class management in addition to the top class management so that the Kyocera Philosophy takes root as corporate climate.

It can be expected that employees having completed this training bear the role of guiding general staffs, so that participants of the Kyocera Philosophy increase, resulting in permeation of the Kyocera Philosophy into overseas companies faster and wider.

### 2. Part-Time Workers Philosophy Training

In Kyocera, many part-time workers, temporary employees and contract salesperson are working along with employees mainly at the production site.

To accomplish better work, it is imperative for all members to have common ideology, sense of value and action guidelines in all workplaces to adjust the vector for the specified objective.

Kyocera is thus providing philosophy study meetings to part-time workers, temporary employees and contract salespersons to realize sharing of the rationale considered important by Kyocera.

## Kobe University MBA Basic Course

In April, 2004, Kyocera opened the Kobe University MBA Basic Course as a part of internal training.

Lectures and discussions are implemented 8 times in half the year with three sites in Kyoto, Yokohama and Kagoshima connected with a TV conference system.

Though management of lectures is entrusted to professors of Kobe University Graduate School of Business Administration, lecture content is Kyocera's original curriculums to ensure attainment of Kyocera Group's strategy. The objective is to develop competent employees capable of managing business in overseas countries with a mastery of management technique common to Kyocera Group.

Lectures thus do not only cover thesis of fundamental principles, but also arguments about management strategy of Kyocera to make the lectures practical and realistic.

Lecture at "Kobe University MBA Basic Course"

## Establishment of KYOCERA China Management Research Institute

KYOCERA China Management Research Institute was established in Dongguan Shilong KYOCERA Optics Co., Ltd. in Dongguan City, China, on April 1, 2005.

To ensure stable business management in China, one of strategic bases of Kyocera Group. It is intended for thorough penetration of the Kyocera Philosophy to build up a strong company where all employees have a common sense of value.

Trainings are to be implemented based on the education and training programs practiced in Japan.

In the future, the institute aims for advancement of the education and training programs with training provided in Japan and support to education and training by Kyocera Group companies in China.

Dongguan Shilong KYOCERA Optics Co., Ltd. (Dongguan, China)

# 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.”

## Introduction of Occupational Health and Safety Management System

In view of number of labor accidents remaining nearly unchanged in these years, Kyocera Group established the “Kyocera Group Occupational Health and Safety Management System” to take drastic means to reduce such accidents. The System is to be operated in the plants one by one, beginning with Kyocera Shiga Gamo Plant and Shiga Yohkaichi Plant.

## Outline of Occupational Health and Safety Management System

The basic way of thinking and the system structure are the same as Quality ISO and Environmental ISO. The cycle of “Plan, Do, Check and Act” is repeated to ensure effective and efficient continual improvement.

## Outline of Risk Assessment

As the basis of the Occupational Health and Safety Management System, Kyocera Group practices “risk assessment” as follows:

### ◎ Assessment Division

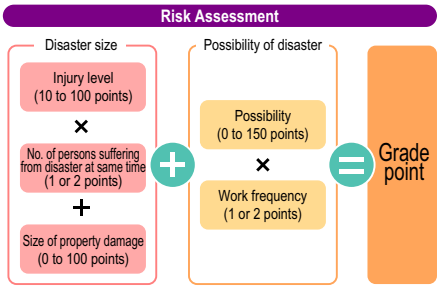
To perform detail assessment, risk assessments are practiced from many aspects including individuals in five divisions of “equipment (independent assessment of equipment),” “workplace, road in plant etc.,” “commute, business trip” and “mental health” in addition to generally checked category of “work.”

| Category / Participants | Work | Equipment | Workplace, road in plant etc. | Commute, business trip | Mental health |
|---|---|---|---|---|---|
| Employees | ○ | ○ | ○ | ○ | ○ |
| Subcontractors (stationed in-site) | ○ | ○ | ○ | – | – |
| Subcontractors (visitor) | – | * | * | – | – |
| Customers | – | – | * | – | – |

* Department in charge practices risk assessment and explains the details to participants.

### ◎ Risk Assessment (for Work)

Risk is assessed according to the formula to add “disaster size” to “possibility.” High-accuracy risk assessment with little interference of the items to each other is thus realized.




### OHSAS 18001 Standard

The Occupational Health and Safety Management System we introduced is based on OHSAS 18001 which stands for Occupational Health and Safety Assessment Series enacted by the British Standards Institution in 1999. The Standard specifies that organizations shall manage risks relating to occupation health and safety of employees to prevent danger and ensure safety.

## Occupational Health and Safety Management System Flow Chart


Operation based on occupational health and safety promotion plan and annual plan

## Kyocera Group Occupational Health and Safety Policy

[Basic Philosophy]
Since founding, Kyocera has been managing the company based on the management rationale “to provide opportunities for the material and intellectual growth of all employees, and through our joint effort, contribute to advancement of society and humankind” under the corporate motto “Respect the Divine and Love People” with the big family principle (to allow all employees to mutually have the mind of appreciation and gratitude, do in good faith, trust in each other like family members and help each other) raised as one of management techniques. This means that Kyocera heartily wishes that all employees are healthy both physically and mentally to live every day happily. Based on this principle, Kyocera shall create disaster-free “safe and healthy working environments” more aggressively and continually through comprehensive activities for occupational health and safety with higher sense of purpose than ever.

[Occupational Health and Safety Policies]

1. To maintain and improve the health and safety of employees, related national laws and regulations, ordinances in regions where plants/offices are located and requirements agreed upon shall be strictly observed for enhancement of management level.
2. To effectively promote occupational health and safety activities, the organization shall be established to define the roles and responsibilities. At the same time, required and sufficient training shall be provided to all employees relating to operation of the Occupational Health and Safety Administration System.
3. To define and assess occupational health and safety risk sources, risk assessment shall be practiced to set and review occupational health and safety objectives. At the same time, the Occupational Health and Safety Management System shall be established, implemented and continually improved.
4. To create safe and healthy working environments, actions shall be taken with priority given to the following items. Realization of execution of safe and healthy work and improvement of occupational health and safety performances, shall be conducted.
   1) Reduction of risks through improvement of “unallowable risks”
      (1) Solutions for the working method, equipment and workplace improvements
      (2) Solutions for arousing careful attention during commutes, business trips, etc.
   2) Promotion of health maintenance and improvement activities
   3) Promotion of comfortable working environment through 5S (SEIRI - organization, SEITON - neatness, SEISO - clearing, SEIKETSU - standardization, SHITSUKE - discipline/keep the rule) activities
5. Aggressively cooperate with and participate in administrative agencies and regional social activities respectively relating to occupational health and safety.

# Relationship with Employees

## Safety Results of Kyocera Group

Relating to the safety result of the total group companies in Japan including Kyocera, the lost time accident rate was 0.31 in 2004, better than that of 0.38 in fiscal 2003.

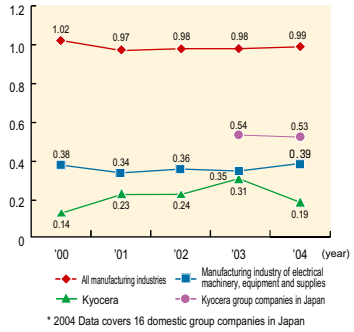
Kyocera in particular showed a reduction in the number of accidents by 34% over the prior year. In total domestic group companies, the results also improved year over year, since activities are taken in accordance with Kyocera.

Speaking of accident breakdown, the proportion of accidents caused by incomplete maintenance of equipment or production process without attention to safety is high and in an unsafe state. As to unsafe behavior, the proportion of accidents caused by dangerous actions resulting from unsafe judgment as well as accidents resulting from violation of rules is high.

From a job experience perspective, employees with less than 3 years experience occupy the largest portion. Judgment error and wrong troubleshooting due to insufficient experience lead to accidents.

Based on the safety results, Kyocera intends to realize the "Safe and healthy working environment" through introduction and operation of the Occupational Health and Safety Management System.

### Industrial Accident Record
(Lost time accident rate: person / M hours)




* 2004 Data covers 16 domestic group companies in Japan

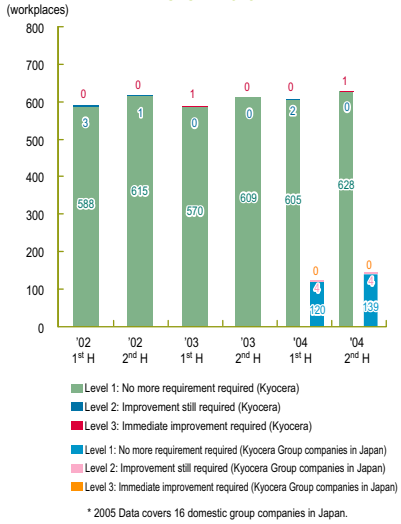
## Creation of Comfortable Working Environment

The improvement of working environment is promoted for safe, 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. 99.3% of working areas of total Kyocera group in Japan are already in the Level 1 (No more improvement required) in 2004, we would like to challenge aggressively for improvement of working place environment to achieve 100% of Level 1 in 2005.

In 2005, Kyocera intends to perform thorough management of work practices due to affect working environment measurement results according to the "Environment and Safety Work Standard." This is intended to solve problems with equipment that handles chemical substances and prevent worsening of the working environment due to scattering and leaks from chemical substances and others.

### Working Environment Measurement Result: Level Chart




* 2005 Data covers 16 domestic group companies in Japan.

## Promotion of Fire Fighting and Disaster Prevention Activities

To create fire hazard-free working place environment where employees can work safely, Kyocera is having disaster prevention activities along with the local community such as contests for fire-fighting and complex-wide fire drills to improve fire extinguishing technologies in the early stage and enhancement of fire prevention management, preparing for the worst.

General lifesaving training sessions were also held for the first time using AED (Automatic External Defibrillator) whose installation started in airports and public facilities and use was admitted to people completed with due training in July 2004. These activities contribute to society through promotion of lifesaving activities in accordance with fire stations. Appropriate actions are promptly taken with top priority given to the human life in accidents encountered in the regional society.

AED (Automatic External Defibrillator)

### 16 Kyocera Group Companies in Japan

- KYOCERA Communication Systems Co., Ltd.
- KYOCERA Solar Corp.
- KYOCERA OPTEC Co., Ltd.
- KYOCERA ELCO Corp.
- Hotel KYOCERA Co., Ltd.
- KYOCERA Building Service Co., Ltd.
- International Golf Resort KYOCERA Co., Ltd.
- KYOCERA MITA Group (3 companies)*1
- KYOCERA Chemical Corp.
- KYOCERA KINSEKI Group (4 companies)*2
- KYOCERA SLC Technologies Corp.

*1 KYOCERA MITA Group: KYOCERA MITA Corp., KYOCERA MITA Japan Co., Ltd. and DAIKEN Co., Ltd.
*2 KYOCERA KINSEKI Group: KYOCERA KINSEKI Corp., KYOCERA KINSEKI Yamagata Corp., KYOCERA KINSEKI Hokkaido Corp. and KYOCERA KINSEKI Chiba Corp.

## Enhancement of Audit System for Compliance Management

From the viewpoint of accomplishing 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 department responsible for safety and health, fire and disaster prevention
3) Local survey by division responsible for safety and health, fire and disaster prevention (scheduled and special survey)
4) Self audit by each department based on the checklist of laws and ordinances relating to safety and health, fire and disaster prevention

The system is designed to continuously maintain legal observance through implementation of audits 1) to 4) and resultant correction, where needed.

## Implementation of Safety and Disaster Prevention Education with Kyocera Group Common Textbook

As a tool to enhance safety activities of Kyocera Group, Kyocera distributed a handbook (Safety and Disaster Prevention Handbook) covering basics of safety and disaster prevention to each employee of Kyocera and its subsidiaries in Japan. It is used for education of fundamental matters of safety and fire prevention repeatedly in repetition.


## Promotion of Mental Healthcare

Kyocera systematically and comprehensively promotes mental healthcare.

In 2004, the counseling by 20 professional mental physicians and a same number of staff members of hygienists amounted to 950 cases. An increasing number of employees are freely asking for their advice.

The health insurance society is in conclusion of a telephone consultation agreement with external call clinics. Here, the telephone consultations amounted to about 400 cases (total of healthcare consultations) in one year of 2004.

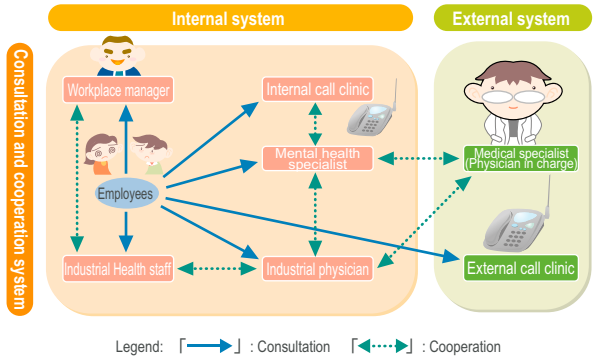
Kyocera intends to further improve the environment where employees can consult more freely.

Further, measures are also taken on the monthly basis to protect employees from excessively heavy labor in close relation with mental healthcare through health checks based on health interview sheets, interviews and health checks by industrial physicians. A system is established to promptly address and measure health problems, if any, through monthly health checks. In addition to employee working much overtime, the same health interview sheets are also entered by supervisors and discretionary laborers who are legally off the clock. Their health checks are thus practiced.

These health check results are classified by industrial physicians for control depending on the health condition of employees to establish countermeasures such as restriction of working hours.

In 2005, Kyocera intends to expand the mental healthcare system to all Kyocera Group companies in Japan.

Mental Healthcare Consultation and Cooperation System




## Earthquake and Disaster Prevention Activities in Countermeasures against Disaster

Relating to earthquake and disaster prevention activities in countermeasures against disasters, Kyocera specifies the required standards in the “Anti-earthquake Procedure Basic Manual.” Further, individual manuals are prepared to define detail activities of departments and sections to thereby intensify periodic training and anti-earthquake measures. Aggressive activities are thus taken to minimize human and property damages upon occurrence of an earthquake.

In 2004, earthquakes were experienced frequently in Japan and overseas countries. As a result, anti-earthquake measures were established conforming to actual condition of all plants and offices. Existing standards were also reviewed to take permanent measures to prevent fixtures and furniture from falling down. We intend to diagnose the quake-resistance of buildings and implement reinforcement to thereby promote countermeasures to the hardware aspect in 2005.

# Quality and Services

Kyocera Group is always promoting a high-value-added business and stated the quality policy for supplying products and services that satisfy our customers and make them happy. Furthermore, we are making efforts to provide the products with the global environment and product safety put first, and strictly managing chemical and toxic materials' content for its product safety.

## Quality Policy

1. Create and promote products that improves 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 the 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

With the key role played by the Quality Assurance Promotion Dept., 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. Integrated certification in the whole company has been acquired since fiscal 2003.
Further, each domestic subsidiary has acquired ISO9001 as the member for this integrated certification one by one.

∗ Five integrated group companies as of end of fiscal 2005

| | |
|---|---|
| KYOCERA OPTEC Co., Ltd. | KYOCERA SLC Technologies Corp. |
| KYOCERA MITA Corp. | Part of KYOCERA KINSEKI Corp. |
| KYOCERA Solar Corp. | |

In fiscal 2006, we intend to look into acquisition of independent certification of domestic and overseas group companies to understand the actual condition of quality management as Kyocera Group.
Each corporate division establishes and achieves the quality targets every year based on its management policy and quality policy, and implements the improvement plan.
Furthermore, the Quality Assurance Promotion Dept. holds the corporate quality assurance manager meetings twice a year for improvement of the quality management system through sharing of quality information and implementation of quality audits of specific divisions.

### ◎ Activities in Management Improvement Activities

Kyocera Group is taking corporate management improvement activities to change each business to a 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 departments."

### ◎ 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 levels in particular. To enhance effectiveness of the database, continual advancement of the contents is important. The efforts to increase a number of data registered is made through the following activities taken with the main role played by the Quality Assurance Promotion Dept. as the administrator. As of end of fiscal 2005, registered data increased by about 15% over the prior year.

1) Dig out examples of technology improvements in cooperation with each corporate division
2) Understand actual, useful examples and pick up requirements through questionnaires answered by customers, and implement the improvements

With the applicable user range expanded to the domestic group companies, Kyocera intends to extend the merit through information sharing by the Kyocera Group companies.

∗ Seven applicable group companies as of end of fiscal 2005

| | |
|---|---|
| KYOCERA OPTEC Co., Ltd. | KYOCERA SLC Technologies Corp. |
| KYOCERA KINSEKI Corp. | Japan Medical Material Corp. |
| KYOCERA Chemical Corp. | KYOCERA ELCO Corp. |
| KYOCERA MITA Corp. | |

## 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

We specify the Product Safety Policy based on the way of thinking that "all products produced and sold by Kyocera must be on the basis of "Safety first" and must not harm human life or body and properties in any way." Further, the "Product Safety System Guideline" is established for well understanding of the policy and as the standard of embodied behaviors at all stages of corporate activities.

## Product Safety Promotion System

Relating to product safety management, the Quality Assurance Promotion Dept. is supporting activities in cooperation with the Environmental Safety Division and other corporate divisions.
Under such a promotion system, product safety activities are implemented such as safety product examination and checking the safety marking at the design stage with objectives and plans specified based on the Product Safety Policy.

# Customer Satisfaction Improvement

Kyocera Group promotes diversification of value-added businesses ranging from materials, components, devices and finished products. As to consumer products such as telecommunications equipment, solar power generation systems, jewelry and applied ceramic products, the Customer Support Center is working on inquiries, requests for advice, complaints about the products and inquiries about personal information accurately and promptly for improvement of customer satisfaction. The service group of each division is working on repair and maintenance. Our customers can access to the Customer Support Center with a toll-free call, fax and our web site.

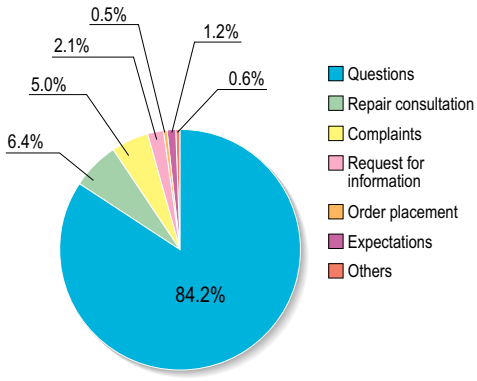
## Customer Support Center

In Kyocera, the Customer Support Center is regarded as an organization independent of divisions in charge of finished products so as to take high-quality actions to customers as a representative of the company to obtain high customer satisfaction. The Customer Support Center can thus take actions to customers from the standpoint of customers regardless of interest of corporate divisions. The information received from customers is reported to not only the business division in charge, but to top management and related departments in a timely manner, for improvement of the product and services, improvement of customer satisfaction and to ensure prompt countermeasures for complaints.

The Customer Support Center is trying to provide high quality support to customers, thanking the customers, with the understanding that "the customer is the most important asset to manufacturing," so that they can improve customers' inconvenience or dissatisfaction related to our products as soon as possible.

The Center is further trying to take actions appropriately as the counter for inquiry and request from customers relating to handling of personal information.

**Breakdown of Inquiries** (Results in fiscal 2005)




## Protection of Customer Information

To accomplish duties of a corporation specified by the Personal Information Protection Law, Kyocera is ensuring perfect security of personal data received from customers in accordance with corporate regulations and rules. The Customer Support Center uses personal data received from customers for the following purposes only:

1) Reply inquires received from customers relating to products and services
2) Reply inquiries and requests received from customers relating to personal data
3) Provide and deliver products and services ordered by customers

## Pursuit of Easy-to-Use for Customers

It is a wish of Kyocera to pursue of "easy-to-use" for customers at the phases of plan, design and development top, to thereby manufacture products accepted by customers with pleasure.

### "TU-KA S"

Received Good Design Award 2004, Universal Design Prize

Conventional mobile phones were featured in "difficult-to-use" images to elderly people.
"Wish to use a cellular phone, but it seems to be difficult"
"Understanding the manual is troublesome"
We designed the mobile phone since we would be the people to use it.


### "ECONONAVIT" (Solar power generation monitor)

This monitor displays not only power generated by residential solar power system but power consumption real time to enable ready understanding of power currently consumed. Power sales/purchase condition is also displayed to enable check of household power saving condition.


- Power saving effect is obvious through real time display of instantaneous power generated and consumed.

- Effects are easy to see through diversified display variations.

# Relationship with Shareholders and Investors

Kyocera Group considers it important to have wide communications with the society and is trying to disclose information to stakeholders including shareholders and investors appropriately and fairly as well as enhancement of transparency of corporate business activities.

## Communications with Shareholders

### 1. General Meeting of Shareholders

Kyocera considers general meeting of shareholders, supreme decision-making organization, as the place of direct communications with shareholders and is aiming at opening up the meeting.
For example, the reports to be distributed to shareholders bear much information for reference such as photos, graphs and explanation of accounts to make the reports easy to understand by shareholders.
We further send the invitation to the general meeting of shareholders earlier than legally specified. Shareholders can exercise the right to vote via internet. We thus ensure that opinions of more shareholders are reflected on management.
After the general meetings of shareholders, social gathering meeting for shareholders are held where future activities of Kyocera Group are explained for better understanding.

### 2. Information Disclosure

Kyocera Group updates information on its web site in a timely manner.
Here the latest news of Kyocera and other various contents are disclosed in addition to financial statement and other legally specified information.
These IR activities of Kyocera were ranked 5th in the electrical precision equipment section of "Disclosure Top-rated Company" selected by the Securities Analysts Association of Japan in 2004.
Web site information disclosure activities of Kyocera were awarded with the "Daiwa Investor Relations 2005 Internet IR Top-Rated Company."

### 3. New Dividend Policy

Kyocera had been deciding the dividend amount with stable dividend considered as principle. But, it has been changed to enhance dividend amounts in conjunction with performances with the attitude of serious considerations of shareholders defined.
Furthermore, Kyocera decides the dividend amounts after comprehensive judgment with the investment amount required for middle- and long-term corporate growth taken into consideration. (The dividend of fiscal 2005 was 50 yen per share, increase of 20 yen over the prior year. As a result, the annual dividend was 80 yen in total with interim dividend.)

## Communications with Investors

### 1. Corporation Financial Presentation

With the American Depositary Receipt (ADR) listed on the New York Stock Exchange in addition to listing of its shares on the Tokyo and Osaka Stock Exchanges, Kyocera is aggressively promoting publicity work (IR activities) toward domestic and overseas investors as well as disclosure of information specified.
Concretely, in recognition of importance of IR activities, the top management is practicing presentations, telephones conference calls and visits to investors domestically and overseas. Furthermore, staff members of the IR Division are complying with daily interviews and visiting overseas investors.

### 2. SRI Index

Stock investment is increasing with fulfillment of social responsibilities such as environmental protection adopted as a criterion in addition to performance and possibilities for growth. This technique is called social responsible investment (SRI). Investment trusts called "SRI fund" are increasing these days.
Kyocera Group is promoting various activities to fulfill the corporate social responsibilities. With strong attitude, Kyocera stock is selected as an object stock of investment index and built into multiple indexes and funds.

SRI Indexes and Funds with Kyocera Stock Built in (including ECO funds)
1) Overseas SRI indexes
- Ethibel Sustainability Index (162 world companies including 29 Japanese companies)
- Dow Jones Sustainability Index (317 world companies including 37 Japanese companies)

2) Japanese SRI (ECO) funds
- Green Open "Buna No Mori (Beech Forest)"
- UBS Japan Stock ECO fund "ECO Hakase (Doctor ECO)"
- Asahi Life "Asu No Hane (Tomorrow's Wing)"
- ECO Partners "Midori No Tsubasa (Green Wing)"
- Global sustainability "DC Globe"
- ECO Balance "Umi to Sora (Sea and Sky)"

As of March 2005

# Relationship with Suppliers



Based on the corporate motto “Preserve the spirit to work fairly and honorably,” The 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 work 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

Kyocera is seriously considering the relationship with suppliers as “Good partners.”
Kyocera listens to positive proposals about various improvements from our suppliers, and promotes the improvement of quality, environment, delivery and cost.
It is also Kyocera’s intent to visit suppliers to establish reliable, positive relationships through technical exchanges.
Kyocera thus aims at co-prosperity with suppliers through friendly competition.

## Supplier Selection Policy

Kyocera has the businesses with suppliers based on the following criteria.

“Way of thinking of management and the corporate rationale do not conflict with ours”
“Stable financial condition”
“Excellent in the responding ability in terms of quality, cost, delivery and service”
“Aggressive to global environmental preserving activities”

Where a new supplier wishes to have a business with us, we conduct the supplier assessment according to the “Environmental Condition Survey List” as data used for reference for selection of suppliers. The “Environmental Condition Survey List” is required for assessment of continual suppliers as well.
In fiscal 2005, 10 presentations were held at 3 places in Japan on the “Kyocera Green Procurement Guidelines.”

Green procurement presentation

## Supplier Seminars

Kyocera holds supplier seminars every year by inviting the suppliers. The seminars are held to ensure the supplier’s understanding of the management policy of the total Kyocera Group and the operating policy of each corporate division and to obtain the supplier’s further cooperation with us in the business thereafter.
In fiscal 2005, 421 persons from 262 companies in total participated in the telecommunications equipment group and components group seminars.
In the seminars, the Kyocera’s management policy, future targets and measures were explained by the President followed by explanations of detail business deployments by top managements of individual corporate divisions.
At the social meetings held then, valuable opinions were exchanged with suppliers and represented a good opportunity to establish reliable relationships.

## Cooperation with and Support to Subcontractor

Kyocera considers the subcontractors as important partners indispensable for manufacturing products.
Kyocera has continuously been providing guidance and support to them through audits and training about compliance management and safety/disaster prevention activities relating to occupational safety and health as well as fire/disaster prevention.
Kyocera intends to aggressively continue such activities to allow both Kyocera and the subcontractors to execute wonderful works at better workplace environments.

# 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.

## Kyocera Sustainability Presentation

Kyocera Group has been taking community-based actions such as disclosure of information concerning social contribution and environmental protection through the internet and the sustainability report, inviting local people to summer festivals in plants, admitting visitors for their study as well as conducting volunteer cleaning around the sites. This time, to further improve communications with the community, one of the important stakeholders to Kyocera Group, we invited regional people of different levels such as residents, an administrative agency, and suppliers to plants for the first time to hold the "Kyocera Sustainability Presentation" to make reports on activities of Kyocera Group in connection with the economy, society and environment.

In the meeting, the report was first released on the Kyocera Group in general along with the sustainability report such as the management rationale, Kyocera Philosophy, corporate citizenship and environmental protection activities.

Then, we explained activities taken by individual plants and provided the opportunities for the visitors to see actual workplaces such as a production site, waste-water treatment equipment and a waste volume reduction facility.

Later, we heard questions and requests from the participants such as "What's the key for thorough penetration of the management rationale?" and "I'd like you to hold such a presentation as this in the future as well to make Kyocera feel closer," and could have good communications through exchange of opinions.

In the future, we intend to continuously hold such meetings with the number of applicable plants increased for materialization of more complete communications.

Presentation Held in Fiscal 2005

| No. | Plant | Date | Participants (person) |
|---|---|---|---|
| 1 | Shiga Gamo and Shiga Yokkaichi Plants | Sept. 13, '04 | 35 |
| 2 | Kagoshima Kokubu Plant | Sept. 28, '04 | 34 |
| 3 | Kagoshima Sendai Plant | Dec. 2, '04 | 24 |
| 4 | Kyocera Mita Tamaki Plant | Oct. 19, '04 | 39 |
| Total | — | — | 132 |

## Measures to International Issues

Kyocera holds international forums to deepen understanding of various international issues jointly with the Think Tank CSIS* (The Center for Strategic and International Studies) in Washington, US, and Inamori Foundation.

In the "CSIS Forum" held in April 2004, a lecture was held about the role to be played by Japan in the international society under the theme "Direction of US to go; unilateralism or international cooperation."

In the "CSIS Kyoto Forum 2005" held in March 2005, we had the pleasure of participation of Sadako Ogata, President of Japan International Cooperation Agency, who made a keynote address under the theme "Internationalism in Politics, Reform of the United Nations in 21st Century."

* CSIS (The Center for Strategic and International Studies) Think Tank established in 1962 to research public policies, select policies and propose problem-solving methods beyond parties

## Friendly Exchange Mission of Chinese Children to Japan

Wishing that children of China geographically close to and historically and culturally deeply related with Japan grow to be people capable of considering things from wide points of view and leaders of the society through coming into contact with different cultures and work as intermediary for friendly relationship between Japan and China in the future, Kyocera has been inviting Chinese elementary and junior high school students to Japan every year since 1997.

In 2004, 40 children in Dongguan, Guangdong, and Guiyang, Guizhou, came to Japan on summer holidays to visit Tokyo and Kyoto and further experienced 2-night and 3-day home stay at houses of Kyocera employees in Kagoshima.


## Inamori-Kyocera Western Districts Development Scholarship Fund

Kyocera established the scholarship fund to assist needy students from the western districts of China. The goal of this fund is to cultivate human resources to develop the area's educational services and scientific technologies. Each year, this fund grants scholarships to 250 students from 12 universities.

## Support to China Economics Research Activities

Kyocera established the society in support Shanghai Center of Economic Research, Kyoto University jointly with companies in Kyoto to support China research activities.

The Shanghai Center takes analysis of information relating to Chinese economy, collection of information and establishment of database of companies advancing in China. In the future, the center intends to provide the research results to the regional society and companies.

## Solar Cell Panels Harmonize with Historical Landscapes

Kyocera donated solar cell panels to be installed on stone lanterns used as street lamps at the occasion of rearrangement of historical and cultural zones mainly consisting of Kongo Temple trace, Maizuru Castle trace and Kagoshima Shrine in Kokubu city Kagoshima in 2004, 50th anniversary year of the city and 400th anniversary year since construction of Maizuru Castle.

In addition to effective utilization of solar energy, stone lanterns with solar panels installed in front of the Maizuru Castle trace are in harmony with many historical landscapes, constructed with stone-paved road, row of cherry trees, a monument in memory of Yoshihisa Shimazu inscribed with of his poem "Iroha-poem," stone walls of the Maizuru Caste, to please the eyes of visitors.

## Support to "Global Ed Venture"

Kyocera supplied a solar power generation system to the world-famous adventurer, Mitsuro Ohba, known for independent working across both north and south poles for his 6-year challenge.

In the program, four courses are set for the longitudinal around-the-world trip, with three members for each continent reporting the results of field investigations and experiences to country elementary and junior high schools through internet and satellite phones while traveling on foot, ski, canoe and others. For transmission of the information, information communications equipment, such as personal computers and satellite phones, are indispensable. A Kyocera's solar power generation system was used to play an important part to provide the power required.

## Support to National Wheelchair "Ekiden" Road Relay

The National Wheelchair "Ekiden" Road Relay is held to enhance awareness of participation in the society of handicapped people and promote sports for them through the "Ekiden" Road Relay as well as a deepening of understanding and recognition of the society about handicapped people.

Kyocera has been supporting the "Ekiden" Road Relay since the 1st race was held back in 1990. In the 16th competition held in 2005, athletes from all over the country ran over 21.3 km in five blocks, starting from the Kyoto International Conference Hall to reach the goal, demonstrating their strength, under cheers from the sidelines.

## Industry-University Co-operation Project

To bring about occupation awareness of students, Kyocera is practicing internship to provide places of experiencing working.

In fiscal 2005, Kyocera fully advertised to students who want to serve his/her internship at Kyocera. The practices executed in many divisions of sales, production and R&D.

The practice extends over 1 to 2 weeks. Advanced practice programs are provided for experiences of sales operations such as "delivery" and "shipping" and technical operations such as "measurement" and "assessment and analysis." On the final day of the practice, opportunities are provided for students to present the results of their experiences.

The internship is proving good for students in the meaning of awareness of working, for example "Experience of working in a company proved a good stimulus to me" reported in the questionnaire by students after the practice.

In the future, Kyocera wishes to provide places of experiencing working in the fields of high interest to students to thereby achieve social contribution through development of competent persons.

## "Food Education" Project

Kyocera deploys business activities with the living culture industry regarded as one of main market.

In Japan, food culture has not been maintained and excessively fast food or unbalanced diet are regarded as questionable, resulting in a new concern about the food culture.

In Kyoto, being the center of Japanese food culture, Kyocera wishes to contribute to reviewing of food culture as a supplier relating to food culture by providing ceramic kitchen knives.

In fiscal 2005, Kyocera supported activities to develop enjoyment of food and ties to bind parent and child together through "Children cooking class" held by the Kyoto Prefectural University.

## "Shibafu (Lawn) School Project

Kyocera supports the "Lawn School Project" to make school grounds in Kyoto full of green.

To create lawns on school grounds eases the impact to the bodies of children because of soft surface of the grounds, resulting in less injury and improved safety. Further, the project is very significant to children such as cooperation in group activities of lawn mowing and weeding and creation of a community connecting the schools, children and regional people through lawn planting and care.

This project contributes to enhancement of awareness of natural environment such as air quality improvement and improvement of heat island* in urban areas by plants through photosynthesis.

In the midst of addressing educational problems surrounding children, Kyocera wishes to improve the school, the place of education for children to bear the future of Japan.

* Heat island
Phenomenon of urban areas with locally high-temperature caused by waste heat from air conditioning units, heat absorption by concrete of high specific heat and radiant heat of the reflection from windows

## 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 contributions to the peace and prosperity of mankind. 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 20th year in 2004, the prizes are awarded in the categories of "Advanced Technology," "Basic Sciences" and "Arts and Philosophy."


(20th Kyoto Prize Laureates)(from left)
Advanced Technology: Dr. Alain Curtis Kay
Basic Sciences: Dr. Alfred George Knudsen, Jr.
Arts and Philosophy: Prof. Jürgen Habermas

Award Ceremony at the National Kyoto International Conference Hall

### Memorial 20th Convention

Along with the award ceremony, a forum was held in memory of the 20th Kyoto Prize at the Kyoto University Clock Tower Centennial Hall. Prof. John McCarthy, American artificial intelligence researcher awarded with 4th Kyoto Prize laureate and Dr. Sydney Brenner, British molecular biologist awarded with 6th Kyoto Prize, addressed keynote speeches with panel discussions exchanged under the theme "Scientific Technology and Sustainable Society."

### Memorial Lecture

More than 1,300 persons participated in the lecture meeting held on the next day of the award ceremony to listen to the researcher's results and the original views of life and views of world from the three laureates of the 20th Kyoto Prize established through such research activities.

## 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 on the whole Kyocera Group basis along with Kyoto citizens.
Kyocera is also sponsoring regional activities promoted through sports exchanges such as children soccer course and events promoted by Kyoto Purple Sanga.

© KYOTO PURPLE SANGA

## Kyocera Library "British Parliamentary Documents"

Kyocera 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.

## Cooperation with Local Communities

With coexistence with the local communities considered important, Kyocera Group is trying to deepen cooperation with the local communities through various opportunities.
Plants and offices plan and hold summer festivals (events to enjoy the cool of the evening) every year. The summer festivals are looked forward to by local people as one of the annual events.
Kyocera is also participating in traditional events held regionally as a local company along with citizens.
In addition, Kyocera is participating in volunteer cleaning activities conducted regionally and cleaning around plants.

"Hatsuuma Festival"
Hayato-cho, Kagoshima

"Yamagata Hanagasa Festival"
Yamagata

## Kyocera Museums and Library as Community Contribution Activities

### [Kyocera Museum of Fine Ceramics]

Because Kyocera has more than advanced the possibilities of fine ceramics and developed technologies to benefit industry and society since its founding, 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 Kyocera Head Office in fiscal 1999 and in the Kokubu Plant in fiscal 2002. More than 113,000 persons in total have visited the museums to date and deepened their understanding that fine ceramics are up-to-date materials aimed at supporting current industries.

### [Kyocera Museum of Art]

We opened the Kyocera Museum of Art at the first floor of our Head Office Building in fiscal 1999 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 an assortment of Western-style paintings and sculpture. More than 92,000 people have visited the museum to date.

### ["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 National "Jomon" Ruins Corner, introducing characteristic ruins and shell mounds located at 12 places 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 tourists who visit the "Uenohara ruins" to come in touch with the "Jomon" cultures and its history.

* Uenohara "Jomon" ruins: Excavated in 1996 in Kokubu City, Kagoshima Pref. as the ruins of the oldest and largest colony in Japan in the early days of "Jomon" period

### "Kyocera Administration Course" at Kagoshima University

The "Kyocera Administration Course" was opened in the Faculty of Engineering at Kagoshima University in 2000 for the purpose of embodying wonderful business careers through learning important philosophies for corporate management and human life in addition to knowledge and technologies concerning engineering. With Kyocera Group company's employees lecturing using advanced education curriculums, over 20,000 students each obtained 1,200 credits.
In 2004, the two curriculums were "Venture Business Lecture/Venture Business Practical Lecture" to acquire fundamental way of thinking about business and "Practical Management Lecture/Actual Management Learning" to learn management technique required for actual management and importance of internal administration system. In 2005 and onward, Kyocera intends to expand lectures to all other faculties.

### Fiscal 2005 List of Main Donations

| Category | Subject |
|---|---|
| Historic spot, tradition, cultural preservation | Co-sponsor to Kyoto "Hanatouro" 2005 |
| Historic spot, tradition, cultural preservation | Donation to construction "Shigure Den" museum of "Ogura Anthology of One Hundred Tanka-poems by One Hundred Poets" |
| Academic research | Donation to "Science and Technology in Society form" |
| Academic research | Support to "Global Ed Venture" |
| International contribution | Donation to Beijing Japanese school |
| International contribution | Donation to EXPO 2005 AICHI JAPAN, and participation in solar energy demonstration research |
| Health, sports | Donation to national wheelchair road relay race |
| Health, sports | Donation to 2005 special Olympics World Winter Games Nagano Japan |
| Corporate citizenship | Co-sponsor to Suwa Shrine Taisha Onbashira Festival |
| Corporate citizenship | Co-sponsor to Ise Fireworks Display (dedicated to Ise Shrine) |
| Corporate citizenship | Contribution of solar panels for stone lanterns in Kokubu City, Kagoshima |
| Corporate citizenship | Donation of solar clock tower to Sendai City, Kagoshima |
| Corporate citizenship | Donation to construction of blind person welfare institution "Hitomi-En" |
| Corporate citizenship | Presentation of grand piano to Gamo Higashi Elementary School in Shiga |
| Others | Contribution of earning on charity bazaar |
| Others | Donation to year-end fund raising |

**Disaster Relief Activities**

In 2004, many calamities were experienced all over the world resulting in tremendous loss and damages. Kyocera Group supported disaster victims jointly with employees.
- Donation toward relief efforts for Typhoon No.23 in Kyoto
- Donation toward relief efforts for local downpour in Niigata and Fukui
- Donation toward relief efforts for Niigata Chuetsu earthquake
- Donation toward relief efforts for earthquake off the Sumatra Island

## Kyocera Environmental Charter

Since its founding, 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 with high standards of living. At the same time, they have led to the mass consumption of natural resources and mass discharge of chemical substances which, in turn, 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 leads 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 fourth era of rapid development: the Environmental Revolution.

In the future, new policy goals will need to be established. These should state that development and economic growth may only be pursued when proper consideration is given to the balance between nature and 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 lies with the advanced countries. In particular, business in such countries plays 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 that contribute to global environmental protection in a sustainable manner.

#### Ⅲ Environmental Management Policies

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

1. Compliance with 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, or the regulations of regions where the Company's facilities are located.
2. At all levels, Kyocera will scientifically study and evaluate the effects of business activities on the environment, and then take the necessary protective measures.
3. Kyocera will develop processing technologies and production facilities that will have maximum resource and energy efficiency in all 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 systems for wastewater and waste materials. The Company will take aggressive steps to recycle, decontaminate and reduce the volume of all 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 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 designated person.

(2) For the purpose of environmental managements, 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 at each plant facility or 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, an internal audit team and various sections reporting to the Green Committee will conduct audits on both regular and "as needed" basis.

(2) The Environmental Director, Corporate Division Manager, Facility Manager and Environmental Specialists will implement an independent auditing system regarding environmental protection at both the headquarters and each facility.

## Ⅵ Application

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

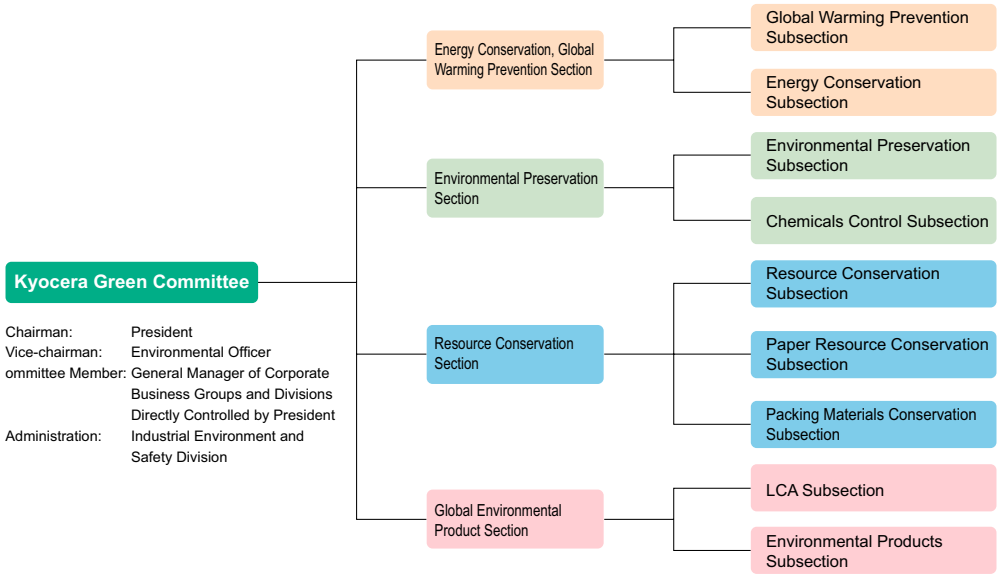
# Environmental Management System

## Promotion System

Kyocera established the “Kyocera Green Committee,” which is chaired by the president, with its subordinate sections and subcommittees in December 1990.
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.”

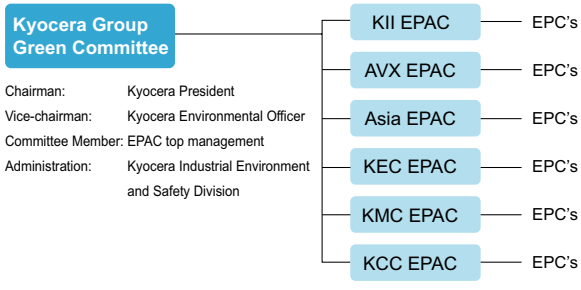
### Kyocera Green Committee: KCGC

Each subcommittee prepares detailed goals and measures. Then, each section makes further integrated 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. Sections and subsections review the organization according to the social situations relating to the environment.




### 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 group companies so that they may develop their self-activities suitable for respective regions.




* There are six group Environmental Protection Assurance Committees (EPAC);
KII group and AVX group of US
Asia group of Asia
KEC group of KYOCERA ELCO Corp.
KMC group of KYOCERA MITA Corp.
KCC group of KYOCERA Chemical Corp.

**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 protection activities of the group by conducting audit with EPC.

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

## Development of Environment Management System

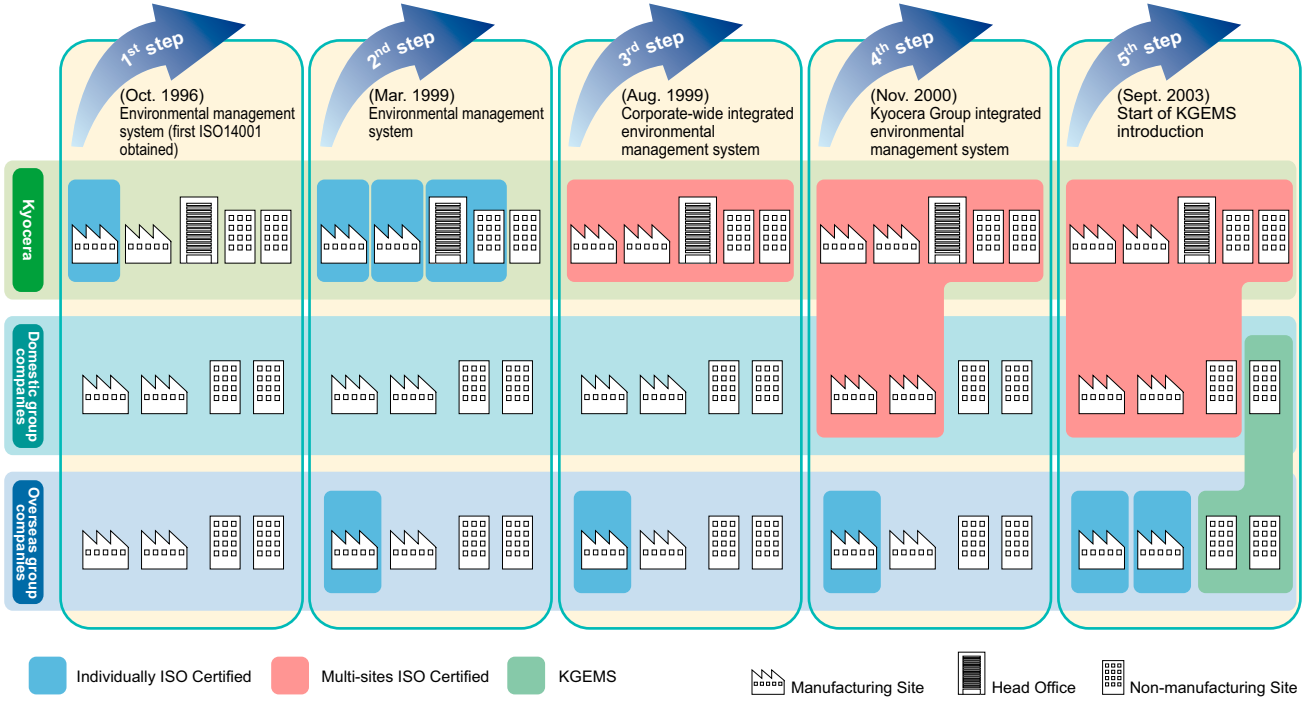
Kyocera constructed its environmental management system before enactment of the ISO Standard.

In October 1996, we obtained our first ISO14001 certification at our Mie Plant (currently Mie Ise Plant and KYOCERA MITA Tamaki 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 the Head Office, general affairs, sales 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 companies in Japan as the "Kyocera Group Integrated Environmental Management System" and the certification scope was expanded. As of March 2005, a total of 184 offices/plants in Japan have obtained the integrated certification.

Regarding overseas group companies, 25 overseas mainly production sites are already obtaining the certification. Production sites of AVX group already obtained the ISO certification or are establishing the self-certification environmental management system.

In fiscal 2004, "KGEMS" (self certification system) was introduced in many non-manufacturing sites of the group companies. Kyocera Group is thus trying to preserve the global environment in all sites with the "Kyocera Group Integrated Environmental Management System" and independent "environmental management system" (including self-certification system of AVX group) or "KGEMS" operated.




## KGEMS

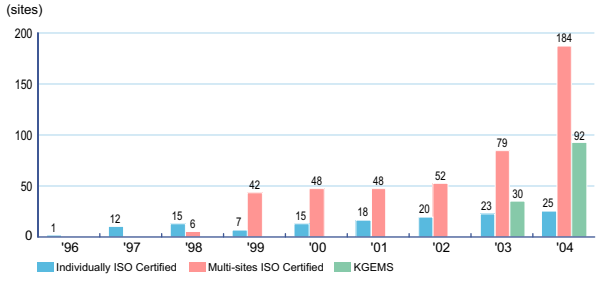
"KGEMS" stands for Kyocera Group Environmental Management System. It is a self-certification system that follows ISO14001.

This is applicable to non-manufacturing group companies that do not have ISO14001 certification and a self-certified environmental management system.

This system now enables the Kyocera Group to have a system that follows ISO14001 in all its locations.

Conformance of the environmental management manual of "KGEMS" to ISO14001 has been verified by a third party.

### Expansion of Certification Scope




*92 sites of KYOCERA MITA Japan Co., Ltd. participated in the "Kyocera Group Integrated Environmental Management System" in fiscal 2005.

## 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 audits” to verify the results of audits conducted by each office/plant, and also resulting activities of office/plant managers, as well as “Supplier environmental audits" to verify the environmental management status of our suppliers (see Page 59). “Environmental surveys” are also conducted to evaluate the status of environmental management at each office/plant. Internal audits are conducted as well at group companies that have their own environmental management system.

### Corporate Internal Environmental Audit

Corporate internal audit is implemented by auditors selected from other division according to the instruction from the corporate environmental officer. In the corporate internal environmental audit, the result of the office/plant manager’s activities is also audited as well as verifying the effectiveness of the internal environmental audit done by each office/plant.

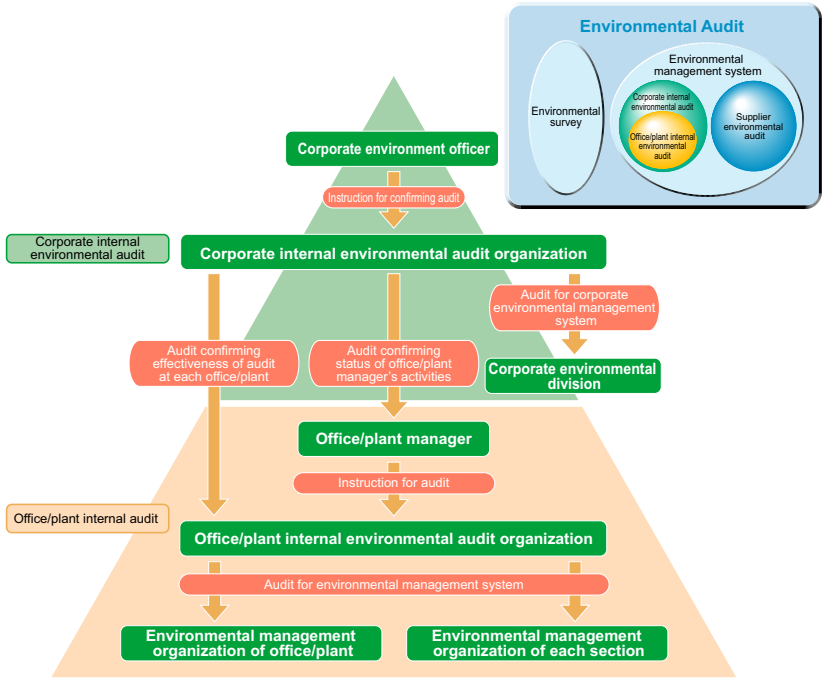
There were 5 observations at the corporate internal environmental audit in fiscal 2005 but all of them had been corrected with continual improvement.

### Office/Plant Internal Environment Audit

Office/plant internal environmental audit is implemented periodically in all offices/plants to check the operating status of the system, progress of the environmental protection promotion program and activities at each section.

The audit results are reported to the office/plant manager with timely corrective action taken and referred to when the environmental management system is reviewed.

### Internal Environmental 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 to improve the management level since fiscal 1993.

The surveyors are the environmental officer, staff members of the corporate environmental division and internal environmental auditors. The survey is conducted to evaluate the condition of environmental facilities and status of environmental protection activities.

In fiscal 2005, we surveyed the Mie Ise Plant, Kagoshima Hayato Plant, KYOCERA MITA Tamaki Plant and KYOCERA CHEMICAL Kawaguchi Plant.

### Examination by Certification Agency

Kyocera and its group companies who introduce integrated environmental management systems receive examinations by a certification agency every year to verify the effectiveness of its ISO14001 management system.

In October 2004, a surveillance audit and system change surveillance audit that included the expansion of the certification range were 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”. All these observations have been corrected.

# Environmental Education

To promote the environmental protection activities, all individual employees have to deepen their understanding about the relationship with the environment, thus environmental education is important.
Each office/plant having acquired certification of the “Kyocera Group Integrated Environmental Management System” are improving environmental awareness of employees and subcontractors through “Environmental education to employees,” “Environmental education to subcontractors,” “Internal environmental auditor training seminar” and “Kyocera Group environment month.” Additionally, domestic and overseas group companies having established their own environmental management systems are also aggressively providing environmental education to their employees.

## Environmental Education to Employees

Several environmental educational programs are implemented in each office/plant - “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 2005, environmental education programs were given to 22,300 employees to enhance their environmental awareness.

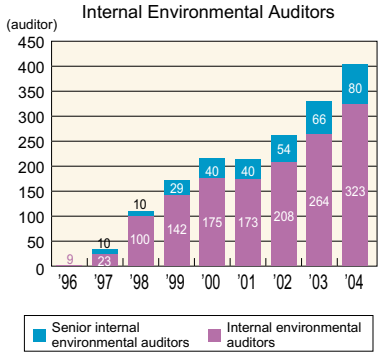
Environmental education

## Environmental Education to Subcontractors

Environmental education is provided to subcontractors who engage in operations likely to affect the environment such as delivery of chemicals and construction work.
In fiscal 2005, environmental education was provided to 1,057 people in all offices/plants.

## Internal Environmental Auditor Training Seminar

Since internal environmental auditors are important for continuous improvement of the environmental management system, internal auditor training is held periodically. Qualified auditors are “internal environmental auditors” and “senior internal environmental auditors” who manage the audit totally after obtaining enough audit experience as internal environmental auditors.
In the seminars, employees are qualified as “internal environmental auditors” or “senior internal environmental auditors” after having passed strict completion tests. They are also expected to conduct environmental audits at the group companies or suppliers.




Internal environmental auditor training seminar

## Kyocera Group Environment month

The Kyocera Group Integrated Environmental Management System has designated June of every year to be the “Kyocera Group Environment month” and has many events for improvement of environment awareness as well as advancement of environmental management systems and environmental protection activities in the office/plant.
In this month, environmental improvement activities are implemented with particular targets set relating to the environment every year.
In fiscal 2005, we had the activities with the main subjects of “Global warming prevention,” “Waste reduction” and “Promotion of recycle/reuse of waste.”
During the month, 551 “Environment posters” and 16,458 “Environment slogans” were made by our employees. Their excellent creations are posted during the year in the group companies as our enlightenment activities.

**Most Excellent Slogans (Fiscal 2005)**

Resource, if made use of,
and pollution, if castaway
Recycling with wisdom and effort
Clean environment with waste reduced

Environment Month Posters

# Environmental Communications

Kyocera Group is aiming at establishment of communications with stakeholders through disclosure of information with different media toward creation of a sustainable society. Kyocera Group is further trying to deepen mutual understanding by ensuring interactive communications between Kyocera Group and the community through cooperation for environmental learning at regional elementary and junior high schools.

## Environmental Communications with Stakeholders

### 1. Support for Environmental Learning

Kyocera is extending support for environmental learning about solar power generation system.
In fiscal 2005, Kyocera provided environmental education to 2 elementary schools in Kyoto at the request of the Kyoto Chamber of Commerce and Industry. In addition, we visited 5 elementary and junior high schools and provided environmental lesson as enlightenment education.
In the lesson, the structure of solar cells was explained in an easy to understand way, using illustration. Students were very interested in solar cells and actually felt the necessity of protecting the environment through experiencing conversion of light to energy in the experiment using solar cells.
Students further understood the importance of electricity of electricity through a case study involving the installation installation of solar cells in non-electrified mountainous area or small islands.

### 2. Communication with Employees

The latest information, product information and feature articles relating to the environment are announced on the house organ issued monthly, and used for internal environmental enlightenment activities.
The in-house intranet explains the environment-related activities such as environmental accounting and LCA in a way easy to understand, using figures and others. As to customer requirements relating to green procurement, the information is introduced in a timely manner.

(In-house internet)
Top: Environmental accounting
Bottom: LCA

### 3. Support to and Cooperation with NGO/NPO

Kyocera Group is promoting support to and cooperation with NGO/NPO and trade associations engaged in environmental protection activities.
In fiscal 2005, Kyocera Group extended support to planning the presentation of original products using solar cells by elementary school students and the "Solar Panel Introduction Seminar" sponsored by an NPO.
Kyocera Group participated in a seminar held for exchange of opinions and interchange with citizens and NPO and reported on Kyocera's sustainability activities called "CSR activities to enterprisers."

"CSR activities to enterprisers" seminar

## Information Published on Website

To more widely introduce Kyocera Group's environmental protection activities, environment related information has been published on the websites of Kyocera Group companies.

URL http://www.kyocera.co.jp

## Participation in Environmental Exhibition

To introduce our green products and environmental protection activities, Kyocera Group participated in several environmental exhibitions held under the environmental theme. In fiscal 2005, we participated in the "Shiga International Environmental Business Exhibition" and the "Eco Products Exhibition."
In the exhibitions, we opened the "environmental school" to introduce our environmental protection activities, green products such as solar power generation system, ECOSYS printers and structure of the solar power generation system.


Top: Shiga International Environmental Business Exhibition
Bottom: Eco Products Exhibition 2004

## Sustainability Report

To introduce environmental protection activities of Kyocera Group, the environmental report had been published and disclosed on our website since 2000.

In 2003, the report was published in booklet and added social responsibility report in addition to the environmental report.

The report 2004 was issued as the sustainability report with the social responsibility report further advanced and the financial report added.

In 2005, we intend to publish the Chinese edition (Web) in addition to the Japanese edition (Booklet and web) and English edition (Booklet and web).

2003 Report

2004 Report

## Environmental Advertisement

Wishing all its products to be friendly to the environment, Kyocera Group is taking environmental cares beginning with development of materials.

To more widely introduce our environment-friendly products, we are distributing environmental advertisements at exhibitions and other places and advertising environment-friendly products in magazines and elsewhere.

### Environmental Report of KYOCERA MITA Corp.

KYOCERA MITA Corp. of Kyocera Group issued its first environmental report in June, 2003. In 2005, a sustainability report is issued with the sociality responsibility report added. Original activities of KYOCERA MITA Corp. are introduced on its website.

URL http://www.kyoceramita.co.jp

## Campaign to Beautify the Regions

Kyocera Group has been focusing on being a “Regionally-oriented company” by cleaning around the site periodically.

In fiscal 2005, the Kyocera’s R&D Center, Keihanna, was awarded with the “Most Excellent Prize” at the “6th Seika-cho Beautiful Town Activities Contest” for its contribution to beautification of the regional environment.


## 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 the 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 visitors when requested.

Global environment friendly product exhibition corner

### 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 the 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 the nighttime. 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

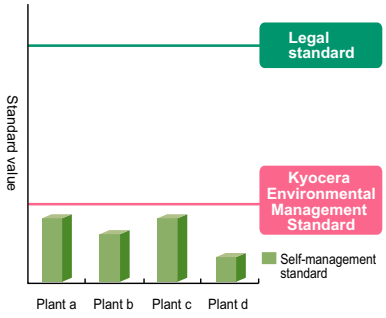
# Environmental Risk Management

With “Kyocera Environmental Management Standards” stricter than the legal and public regulations established for prevention of water, air and soil pollutions, Kyocera is promoting activities on the major premise of preventive maintenance by conducting countermeasures based on the estimation of various types of environmental risks, in addition to compliance with the laws.

## 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 management capability was steadily improved as a result of new introduction and improvement of environment-related facilities that were required to observe the “Self-management.”




## Emergency Prevention

Kyocera has been taking preventive action 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

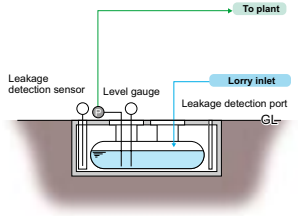
### 1. Pollution Preventive Measures

Kyocera established the “Underground Installations Management Standard” in fiscal 1997 specifying structure of the piping and storage tank of waste water containing soil contaminants, in order to enable easy visual inspection for early leak detection and prevention of further contamination.

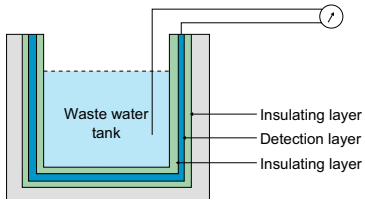
As to underground installations required from a legal or structural point of view, the “double layer structure” or “Leakage detection system” are adopted to enable taking countermeasures once a leak is known, if any, prior to permeation of contaminants into the soil.

#### ◎ Leakage detection system

With an insulating layer and conductive detection layer applied to the inside of waste water tank or others, this system detects leakage according to electric resistance change across waste water and detection layer caused by a break of the insulating layer.




Underground storage tank of double layer structure




Leakage detection system

### 2. Monitoring system

Soil and groundwater contaminated by harmful substances affect a person’s health and living environment.

For prevention of soil and groundwater pollution, periodic surveys have been conducted once yearly as a part of the Kyocera Group Integrated Environmental Management System for strict management with the internal environmental management standard relating to soil established in fiscal 1993.

As for groundwater pollution, the monitoring and measurements have also been 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 most strict environmental management.

## Soil and Groundwater Pollution Survey Results

In the Kyocera Group Integrated Environmental Management System, Kyocera has been conducting periodic surveys of 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 of one site 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 past survey. We have been monitoring the groundwater condition continuously at that place. Neither soil nor groundwater around the site has been environmentally affected.

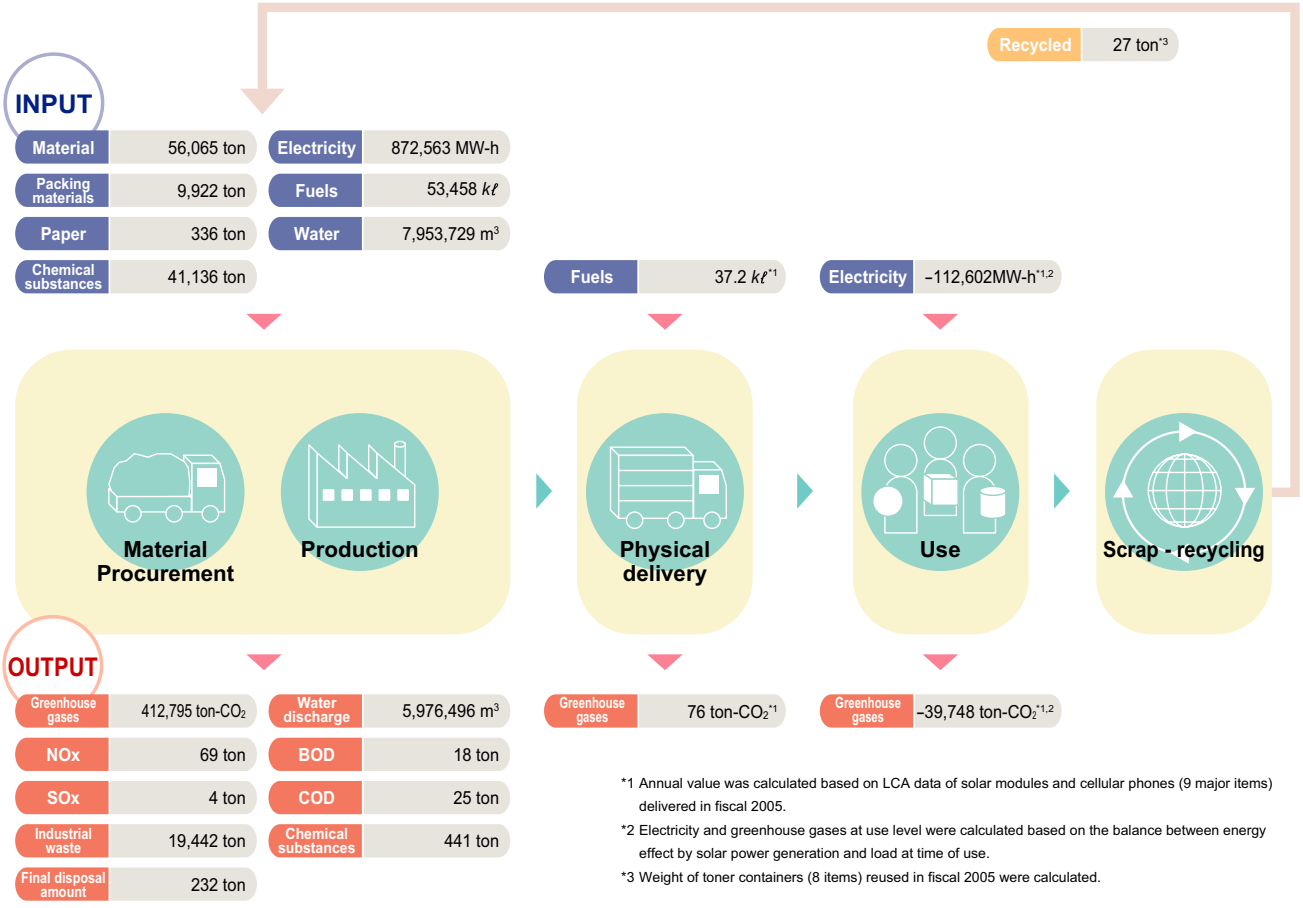
## Observance of Environment-related Laws and Regulations

As a result of self-measurement of noise levels on the site border, the measurement exceeding the standard value was detected in KYOCERA KINESKI Chiba Corp. that joined the “Kyocera Group Integrated Environmental Management System” in fiscal 2005. As a measure taken to prevent the noise, low noise type compressor and soundproof doors were introduced.

# Environmental Impact Summary



Here is the whole picture showing environmental impact of the Kyocera Group that clarifies the relationship between business activities and the environmental impact.




*1 Annual value was calculated based on LCA data of solar modules and cellular phones (9 major items) delivered in fiscal 2005.

*2 Electricity and greenhouse gases at use level were calculated based on the balance between energy effect by solar power generation and load at time of use.

*3 Weight of toner containers (8 items) reused in fiscal 2005 were calculated.

Data Collection

Scope: ISO14001 certified sites with “Kyocera Group Integrated Environmental Management System” (Ref: Page 81)

| Input Items | |
|---|---|
| Materials | Consumption amount of main raw materials and sub materials |
| Packing materials | Consumption amount of packing materials |
| Paper | Amount of copying paper and forms used in manufacturing process |
| 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) |
| 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 |

| Output Items | |
|---|---|
| Greenhouse gases | Amount of discharged 5 gases such as $CO_2$ and PFCs related consumption of electricity, gases and fuels consumption |
| NOx | Load amount of nitrogen oxides happens when gases and fuels are burned |
| SOx | Load amount of sulfur oxides happens when fuels are burned |
| Industrial waste | Amount of discharged waste generated by business activities |
| Final disposal amount | Amount of industrial waste directly sent to landfill |
| 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 (Class 1 chemical substances) |

# Environmental Accounting

## Environmental Accounting Analysis

Kyocera Group established its environmental accounting system in fiscal 2003. From its fiscal 2004 data, Kyocera Group has been preparing its internal environmental accounting report collected of data from each business segment and fed back the data to each corporate group to be used for environmental protection activities. In fiscal 2005, the scope of data collection was expanded to domestic companies that newly became Kyocera Group companies. Quarterly data collection was also made in an effort to improve collection accuracy as well as timely collection of information.
Our environmental accounting was made and reported referring to the "2005 Environmental Accounting Guideline" issued by Ministry of Environment with some adjustments based on the situation of Kyocera Group. We are considering expanding the scope for accounting furthermore and use the analysis results for our environmental preservation activities.

## Principle of Environmental Accounting

### 1. Principle of Consolidated Environmental Accounting

Kyocera Group has introduced the consolidated environmental accounting based on the "Kyocera Group Environmental Accounting System".
In fiscal 2005, Japan Medical Material Corp. and KYOCERA Display Institute Co. Ltd. were included in the scope for accounting.
Concerning internal transfers among companies within the scope of accounting, Kyocera Group is taking care to prevent duplicated collection or recording.
As to group companies whose equity ratios are other than 100%, environmental accounting data is collected with all investments, expenses and environmental conservation benefits regarded as "100%."

### 2. Principle of Environmental Conservation Cost

We are collecting the investments and running cost of environmental conservation equipment, and expenses spent on environmental conservation activities.
Depreciation expenses of environmental conservation equipment are calculated based on the depreciation periods originally set by Kyocera.
Personnel expenses are calculated based on the time spent for activities multiplied by average personnel expense (hourly rate).
When the equipment is not 100% used for environmental purposes, the cost is calculated according to appropriate differences proportionally or divided proportionally.

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

As to the environmental conservation benefits, benefits calculated from difference in gross amount between a fiscal year over its prior year are recorded in addition to cumulative collection of data only when the improvement effects relating to environmental conservation can be confirmed with numerical data, since the Environmental Accounting Guideline of the Ministry of Environment was revised in 2005.
As to the economic benefit, data from improvement effects relating to environmental conservation that can be confirmed with numerical data collected as in the past. All of the benefits that occurred during the environmental accounting period are collected without considering when the actions were taken.

## Fiscal 2005 Environmental Accounting Analysis Results

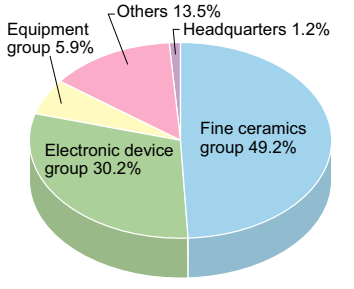
### 1. Analysis Result

Relating to the environmental conservation cost in fiscal 2005, the investments amounted to 2,464 million yen and the expenses 9,081 million yen.
On the other hand, the economical benefits were 1,437 million yen as income and 3,085 million yen as expense reduction.
As to the main investments in fiscal 2005, business costs increased over fiscal 2004 due to the waste water treatment equipment extension, fuel change to natural gas and introduction of waste recycling equipment.
For expenses, R&D cost increased over fiscal 2004 due to the KYOCERA Display Institute Co. Ltd. included in the scope for accounting in fiscal 2005.
As to environmental conservation benefits, many benefits increased over fiscal 2004 on a gross amount basis as a result of increased production. But, when we look at values per net sales, 8 items out of 13 improved. Furthermore, according to the cumulative calculation results, reductions of greenhouse gases and waste were achieved through a fuel change to natural gas and introduction of waste recycling equipment respectively.
As a result, economic benefits increased while expenses were reduced.

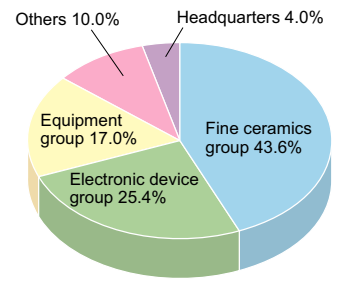
### 2. Analysis Results by Business Segment

Analysis by segment revealed that nearly 80% of the investments were occupied by the fine ceramics group (49.2%) followed by the electronic device group (30.2%).
As to the expenses, nearly 70% of the amount was occupied by the fine ceramics group (43.6%) followed by the electronic device group (25.4%)

**Investments**




**Expenses**



## Fiscal 2005 Environmental Accounting Status

Scope of data collection:

ISO14001 certified plants/offices with "Kyocera Group Integrated Environmental Management system (Ref: Page 81), Japan Medical Material Corp., KYOCERA Display Institute Co. Ltd., Dongguan Shilong KYOCERA Optics Co., Ltd. (China) and Shanghai KYOCERA Electronics Co., Ltd. (China)

Accounting period:

April 2004 to March 2005 (Data for Japan Medical Material Corp. were collected from September 2004.)

### Environmental Conservation Cost

(Unit: million yen)

| Cost category | Investments | | Expenses | | Major areas addressed | Reference page |
|---|---|---|---|---|---|---|
| | FY2005 | FY2004 | FY2005 | FY2004 | | |
| Costs within business area | 1,346 | 870 | 4,453 | 4,396 | | |
| Pollution prevention cost | 698 | 693 | 2,257 | 2,281 | Installation and maintenance of pollution preventive equipment, environment impact measurement and analysis | Page 50, 66 |
| Global environment conservation cost | 240 | 65 | 419 | 351 | Introduction of energy saving type equipment, greenhouse gas discharge reduction activities | Page 63, 64 |
| Resource recycling cost | 408 | 112 | 1,777 | 1,764 | Resource saving activities, installation and maintenance of waste recycling facilities | Page 65, 68 to 70 |
| Upstream, downstream cost | 26 | 7 | 356 | 311 | Green procurement, collecting and recycling of end-of-life products | Page 58, 59, 61 |
| Administration cost | 1 | 1 | 917 | 707 | Development and implementation of environmental management system, PRTR related | Page 44 to 49, 67 |
| R&D cost | 1,091 | 968 | 3,345 | 3,186 | Development of products contributing to environmental preservation | Page 56, 57, 60 |
| Social activity cost | − | − | 7 | 16 | Donation to environmental affiliate organization, support for environmental education at primary schools | Page 38, 48 |
| Environmental remediation cost | − | − | 3 | 3 | Purification and monitoring of groundwater | Page 50 |
| **Total** | **2,464** | **1,846** | **9,081** | **8,619** | | |

(Note) R&D costs were for the purpose of environmental conservation in fundamental R&D.

### Environmental Conservation Benefits

| | | | Unit | FY2005 | FY2004 | Gross benefit | Benefit per net sales* |
|---|---|---|---|---|---|---|---|
| Environmental conservation benefits relating to resources put into business activities | Total energy input volume | | GJ | 11,452,628 | 10,577,591 | △ 875,037 | △ 26 |
| | Energy input volume | Electricity | MWh | 959,606 | 880,070 | △ 79,536 | △ 2.8 |
| | | Fuel | kℓ(Converted to crude oil) | 52,189 | 49,780 | △ 2,409 | 0.06 |
| | Input volume of PRTR substances | | ton | 6,178 | 6,386 | 208 | 0.06 |
| | Input volume of water | | $m^3$ | 8,880,552 | 8,439,340 | △ 441,212 | 6 |
| Environmental conservation benefits relating to waste or environmental impact originating from business activities | Volume of greenhouse gas emissions | | ton-$CO_2$ | 485,975 | 463,796 | △ 22,179 | 0.5 |
| | Volume of greenhouse gas emissions by type | $CO_2$ | ton-$CO_2$ | 474,390 | 449,599 | △ 24,791 | 0.2 |
| | | PFC | ton-$CO_2$ | 11,585 | 14,197 | 2,612 | 0.4 |
| | Volume of PRTR substances released and transfer | | ton | 441 | 479 | 38 | 0.007 |
| | Total of industrial waste and others emissions volume | | ton | 21,811 | 20,235 | △ 1,576 | △ 0.04 |
| | Total waste water volume | | $m^3$ | 6,669,241 | 6,134,597 | △ 534,644 | △ 18 |
| | NOx emission amount | | ton | 69.4 | 63.7 | △ 5.7 | △ 0.0002 |
| | SOx emission amount | | ton | 4.3 | 9.7 | 5.4 | 0.0006 |

(Note) Total values of each indicator for environmental conservation benefits are different from those on other pages, since the scope of collection of environmental conservation benefit (gross amount) data was adjusted based on the scope of collection of environmental conservation cost.
* The table shows differences between fiscal 2005 and fiscal 2004 with benefits per 100 million yen net sales.

### Environmental Conservation Benefits (Cumulative Calculation)

| Benefits | Annual benefit amounts | | |
|---|---|---|---|
| | FY2005 | FY2004 | Unit |
| Electricity saving | 59,732 | 42,083 | MWh |
| Fuel saving | 3,710 | 1,107 | Converted to crude oil (kℓ) |
| PFC and other greenhouse gases reduction | 12,348 | 10,759 | ton-$CO_2$ |
| Water consumption reduction | 36,249 | 33,806 | K $m^3$ |
| Chemical substance reduction | 9,430 | 6,155 | ton |
| Waste reduction | 27,446 | 21,446 | ton |

$CO_2$ conversion

| | Reduction amount | | Converted to yen | |
|---|---|---|---|---|
| | FY2005 | FY2004 | FY2005 | FY2004 |
| $CO_2$ emission reduction | 42,740 ton-$CO_2$ | 28,780 ton-$CO_2$ | 85 million yen | 57 million yen |

(Note) The price of 1,984 yen / ton-$CO_2$ is used for conversion of $CO_2$ emission reduction amount to yen. (As to $CO_2$ cost, the EU emissions trading prices as of March end, 2005, was used. $CO_2$ price: 14.29 Euro/ton-$CO_2$)

### Economical Benefits by Environmental Conservation Actions

(unit: million yen)

| | Amount | | Major areas addressed |
|---|---|---|---|
| | FY2005 | FY2004 | |
| Income | 1,437 | 1,151 | Sales of products with value |
| Expense saving | 3,085 | 2,295 | Reduction of electricity charges, waste treatment expenses |
| **Total** | **4,522** | **3,446** | |

# Environmental Accounting

## Environmental Accounting - Major Environmental Impact Reduction Activities

### 1. Global Warming Prevention Activities

Kyocera Group considers the global warming problem as one of the most important issues. In fiscal 2005, for the global environmental conservation cost, the investment amount was 240 million yen and the expense amount was 419 million yen. As to the environmental conservation benefits (cumulative calculation), we achieved a reduction of 59,732MHw in electricity, 3,710kℓ (crude oil conversion) in fuels, 12,348 ton-$CO_2$ in PFC and other greenhouse gases which materialize saving of a total 42,740 ton-$CO_2$ in $CO_2$ conversion.
Main actions were as follows.

**Major Greenhouse Gas Prevention Activities**

| Plant | Item | Outline | Investment amount | Benefit estimated (annual) | |
|---|---|---|---|---|---|
| | | | | Reduction | Economic benefit |
| Shiga Gamo Plant<br>Shiga Yohkaichi Plant | Fuel changeover | Reducing greenhouse gases with fuels for gas consumption equipment such as boilers, refrigerators and gas furnaces changed from LPG to LNG | 39 million yen | 2,448 ton-$CO_2$ | 54 million yen |
| Kagoshima Kokubu Plant | Efficient operation of furnace | Efficient operation of furnace through change of firing conditions of ceramics | — | 296 ton-$CO_2$ | 9 million yen |
| Kagoshima Hayato Plant | Introduction of turbo refrigerator | Introduction of high efficiency turbo refrigerator to meet increased production and reducing $CO_2$ with its constant operation | 45 million yen | 1,799 ton-$CO_2$ | 26 million yen |

### 2. Waste Prevention Activities

Kyocera Group is trying to reduce the amount of waste generated itself through internal treatment to reduce the discharged amount and yield improvement activities. In fiscal 2005, investments amount was 408 million yen and the expenses amount was 1,777 million yen as the resources recycling cost. As to the environmental conservation benefits (cumulative calculation), we achieved the savings of reduction of waste amounting to 27,446 ton.
Main actions were as follows.

**Major Waste Prevention Activities**

| Plant | Item | Outline | Investment amount | Running cost* | Benefit estimated (annual) | |
|---|---|---|---|---|---|---|
| | | | | | Reduction | Economic benefit |
| Shiga Gamo Plant | Introduction of waste liquid concentration equipment | Reduction of industrial waste by introducing waste liquid concentration equipment to dewater waste liquid | 20 million yen | 0.7 million yen | 78 ton | 2 million yen |
| Kagoshima Kokubu Plant | Installation of thermal treatment facility for green sheet waste | Reduction of industrial waste through installation of unit to thermally treat green sheet waste (industrial waste) | 171 million yen | 25 million yen | 1,113 ton (after fiscal 2006) | 59 million yen (after fiscal 2006) |
| Kagoshima Hayato Plant | Installation of waste alkali neutralization equipment | Reduction of industrial waste through waste water treatment after neutralization of waste alkali (BOD reduction) | 11 million yen | 0.4 million yen | 780 ton | 12 million yen |

* The depreciation expense is not included in the running cost.

### 3. Water Quality Preservation Activities

As to the waste quality problem, Kyocera Group is controlling it with stricter limits than the legally specified control values. Costs relating to water quality preservation are included in the pollution prevention cost. In fiscal 2005, the investments amount was 698 million yen and expenses amount was 2,257 million yen.
Main actions were as follows.

**Major Water Quality Prevention Activities**

| Plant | Item | Outline | Investment amount | Running cost* | Benefit estimated (annual) | |
|---|---|---|---|---|---|---|
| | | | | | Reduction | Economic benefit |
| Shiga Yohkaichi Plant | Introduction of high efficiency waste water treatment equipment | Reductions of chemicals and sludge are targeted with high efficiency system installed at the time of introduction of waste water treatment unit resulting from extension of production | 152 million yen | 30 million yen | Sludge: 225 ton<br>Chemicals: 368 ton | 46 million yen |

* The depreciation expense is not included in the running cost.

# Investment Plan for Environmental Equipment

Kyocera Group evaluate both the cost and benefit of each piece of environmental equipment when it is introduced in order to find the best equipment from both an environmental and economic standpoint.
We are planning various investments for environmental equipment in fiscal 2006. The following are our major plans.

**Major Investment Plans**

| Plant | Item | Outline | Investment amount | Running cost* | Estimated benefits (annual) | | |
|---|---|---|---|---|---|---|---|
| | | | | | Benefit item | Amount | Economic effect |
| Shiga Yohkaichi Plant | Integration of waste water treatment facilities | Intensification of administration and running cost savings with integration of waste water treatment plants | 11 million yen | 1 million yen | Chemicals saving | 23 ton | 8 million yen |
| Shiga Yohkaichi Plant | Introduction of high-efficiency waste water treatment equipment | Reduction of chemicals and sludge with continual introduction of high-efficiency waste water treatment equipment, together with increased production | 158 million yen | 18 million yen | Waste reduction<br>Chemicals saving | 69 ton<br>113 ton | 14 million yen |
| KYOCERA SLC Components Corp. | Installation of waste volume reduction equipment | Waste reduction with introduction of waste volume reduction equipment such as waste liquid concentration and sludge drying, together with construction of new plant | 115 million yen | 21 million yen | Waste reduction | 2,289 ton | 55 million yen |
| KYOCERA SLC Components Corp. | Installation of waste water treatment equipment | Reduction of environmental impact with partial recycling of waste water in addition to reductions of chemicals and sludge at the installation of waste water treatment equipment, together with construction of new plant | 546 million yen | — | — | — | — |

* The depreciation expense is not included in the running cost.

In addition, investments in facilities such as renewal of air conditioning refrigerator to high efficiency type, introduction of solar power generation system and introduction of waste vaporization volume reduction equipment are scheduled.

# Environmental Accounting in Products

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 pollution prevention, prevention of global warning and promotion of a recycling based society. We have been introducing the effects of products on the environment quantitatively with the solar power generating system included as an example since fiscal 2004. Fiscal 2005 is the year of official effectuation of the Kyoto Protocol. In view of the importance of the Protocol, we would like to continuously introduce effects of the solar power generating system.

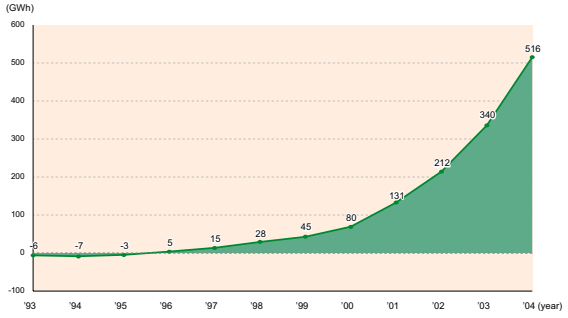
## Solar Power Generating System

### 1. Principle

Once installed, the solar power generating systems continuously generate clean electric power. This means that all of the 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 the cumulative amount generated by the systems. The benefit has been positive since 1996 and the cumulative benefit as of 2004 was 516GW-h.
516GW-h creating energy benefit can be considered as 4.4 billion yen economic benefit when it is converted to monetary terms[*4] by using electric charge rate.
It is expected that the systems delivered by Kyocera before 2003 inclusive will continue power generation for another 20 years during their lifetime. The cumulative creative benefit is expected to reach 6,036GW-h and it is equivalent to 51.3 billion yen in monetary terms (converted using electric charge rate).
It is also considered as 4,426 thousand ton $CO_2$ reduction[*5] when it is converted to $CO_2$ emission.



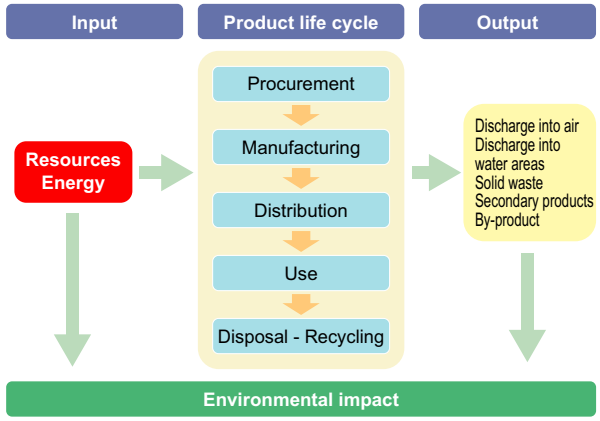

<Conditions for calculation>
*1: Calculated from estimated average value of generated power that is simulated by Kyocera Corporation at 16 locations in Japan
*2: Calculated estimated electricity consumption for manufacturing based on 2.2 years energy payback time (System size: 30MW/year, Roof installation 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 solar power generation systems we supplied from 1992 to 2003. The amount was counted the year when the systems started power generation. (Example: Electricity used for manufacturing in 1992 is counted in the value in 1993.)
*4: Calculated based on high voltage power supply rate BL (other seasons) 8.5 yen/KW-h of Kansai Electric Power Co., Inc., assuming large user
*5: 733g-CO2 per 1 KW-h

## Products Development

Kyocera wishes all its products to be global environment-friendly products. Kyocera made the “LCA Subcommittee”, started research of LCA techniques in fiscal 2000 and completely introduced the techniques to products from all corporate divisions in fiscal 2004. Kyocera will continue the assessment of environmental impact throughout the life cycles and use the results for our development of environmentally friendly products.

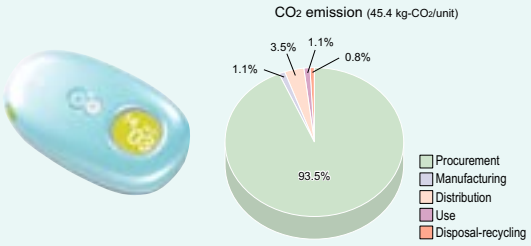
### 1. LCA (Life Cycle Assessment)

LCA is a technique to quantitatively assess the influence of products / services on the environment by knowing the volume of energy / resource input and emissions on total life of “Material procurement,” “Manufacturing,” “Distribution,” “Use” and “Disposal and Recycling.”
The results quantitatively evaluated and used for making decisions objectively for any environmental improvement.
Kyocera developed the products and continued LCA evaluation in fiscal 2005 based on our LCA result conducted in fiscal 2004.



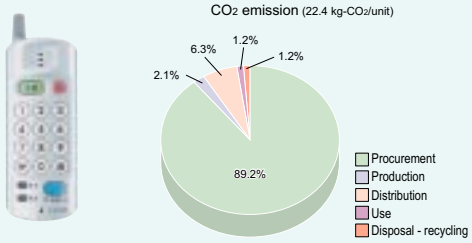

### Examples of LCA Evaluation

#### Camera-equipped Mobile Phone (A1403K)



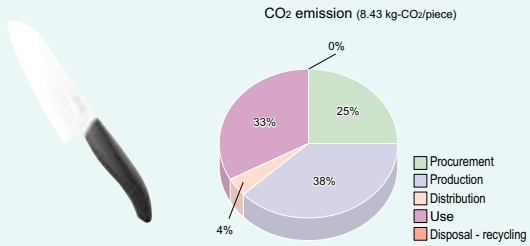

* We would like to design more resource-saving type products to reduce environmental impact at the procurement stage.

#### Mobile Phone (TK50: TU-KA S)

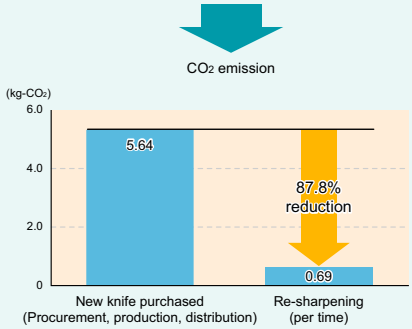



* $CO_2$ emission is reduced by reducing number of components with minimized product functions.

#### Ceramic Kitchen Knife (FKR Series)




* Amount at the use stage includes $CO_2$ emission from re-sharpening service (4 times). Re-sharpening service: Re-sharpening of cutting edge to cutting quality of new product level when the quality becomes poor.



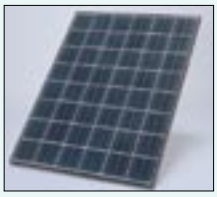

Re-sharpening enables reduction of $CO_2$ emission impact by about 88% compared with purchasing new knife.

(Note) Total values may not be the same because values were rounded.

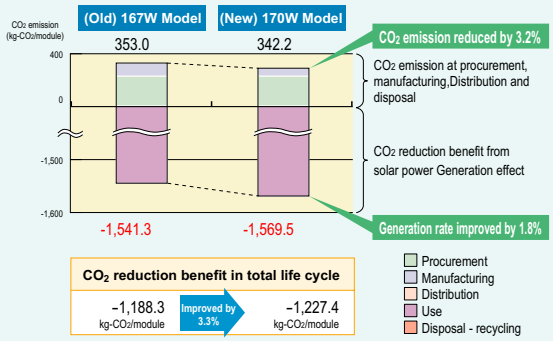
## Improvement Examples on LCA

### Solar Power Modules

In addition to the environmental impact at the production stage that was reduced as a result of solder-free design and production process cut down, the amount generated ($CO_2$ emission amount) was decreased through the enhancement of efficiency generation in order to improve the impact ($CO_2$ emission) in the total life cycle.



- Graph shows impact on one module.
- $CO_2$ emission (reduction) at use stage assumes a product life of 25 years.

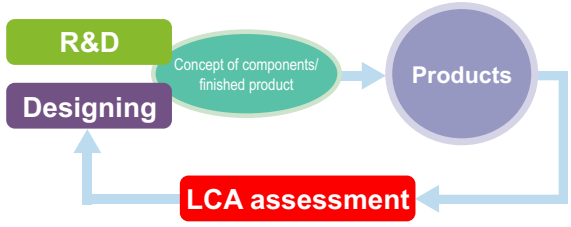



(Note) Total values may not be the same because values were rounded.

## 2. R&D of Global Environment-friendly Products

Kyocera is collecting environmental impact data quantitatively at each stage of life cycle, using LCA technique.
Kyocera is promoting development and design of products, considering procurement of raw materials and materials of low environmental impact, reduction of environmental impact during manufacturing, energy saving and minimized discharge of environmental impact substances during use, influence on environment and recyclables in disposal, and using the quantitative data

### Concept of Product Research, Development and Design




### Concept of Environment-friendly Products - Components

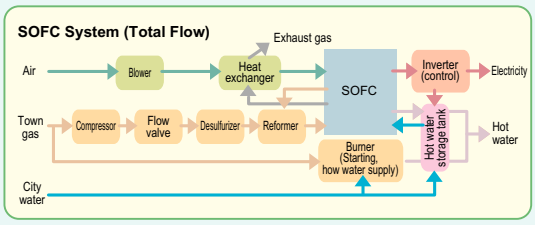
- **Environmental Preservation and safety**
  (Reduction of environmental impact substances in manufacturing process and products)
- **Energy saving**
  (Energy saving in manufacturing process and use of products)
- **Resource saving**
  (Smaller size, lighter weight and recycling)
- **Positive contribution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

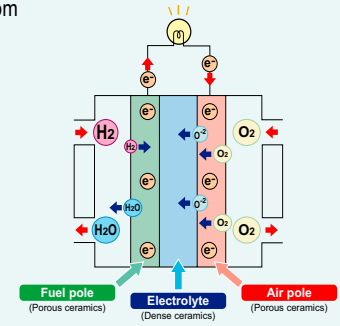
### Concept of Environment-friendly Products - Finished Products

- **Reusing, recycling** (Recyclable materials, easy disassembly)
- **Environmental Preservation and safety**
  (Reduction of environmental impact substances)
- **Energy saving** (Energy saving design)
- **Resource conservation**
  (Smaller size, lighter weight and use of recycled resources)
- **Long product life** (Grade-up and durability)
- **Packing materials**
  (Reduction of volume, environmental preservation at disposal)
- **Operating environment**
  (Reduction of environmental impact when products are used)
- **Positive contribution to environment**
  (Environment improvement effect and effective use of energy)

### Development of Global Environment-friendly Products - Fuel Cells -

Fuel cells have good energy efficiency and 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 noise. In addition, in view of their high power generation efficiency, fuel cells are expected to be used widely as decentralized power sources in the future.
Fuel cells developed by Kyocera are solid oxide fuel cells (SOFC) that 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%.
Ionic ceramic conductors are used for the electrolyte in the fuel cell developed by Kyocera. We are targeting the establishment of the SOFC system, making maximum use of the advanage of our integral production from cells to the system.



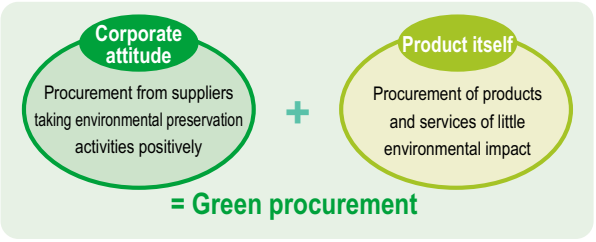

Structure of Fuel Cell

## Raw Materials Procurement

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

### 1. Principle of Green Procurement

Kyocera considers green procurement “to procure products and services of less environmental impact from suppliers who are in positive environmental preservation activities.”
Accordingly, Kyocera is purchasing materials with priority given to suppliers who are taking global environment-preservation activities more positively through our investigations into environmental conservation activities of suppliers and environment-preserving condition of products to be purchased.




### 2. Actions for Chemical Substances Contained in Products

Recently, environmental activities are executed more strictly as dictated by legal controls or social requirements such as the European RoHS Directive.
In the past, each corporate division responded to the environmental requirement from outside parties and customers. In 2004, our internal administration system was newly established with the revised “Green Procurement Guideline.”
We implemented guidance 10 times throughout the country for our suppliers, explained the points of the revised guideline, including our principle of green procurement and asked the suppliers for their cooperation in filling out our survey about chemical substances contained in products.

Green Procurement Guideline

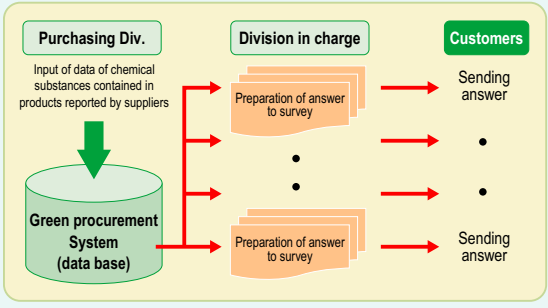
In surveying chemical substances contained in products, it may cause an increased workload to survey and a possible reduction in accuracy depending on the substances used by companies. Kyocera intends to both reduce the workload and improve reply accuracy through management of substances considered minimum required with total 34 substance groups (29 substances specified by the Japan Green Procurement Survey Standardization Initiative (JGPSSI)* and substances Kyocera has already stopped using.

Pledge on the disuse

List of prohibited chemical substances

### Response to Inquiries from Customer

To quickly respond to inquires from outside parties and customers, we have a database of suppliers’ information about their product’s chemical substances that allows the division in charge to obtain necessary information.




* 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 created this committee. The committee is working to standardize the substances that should be investigated and the format of the questionnaire.

## 3. Supplier Environmental Management Survey and Audit

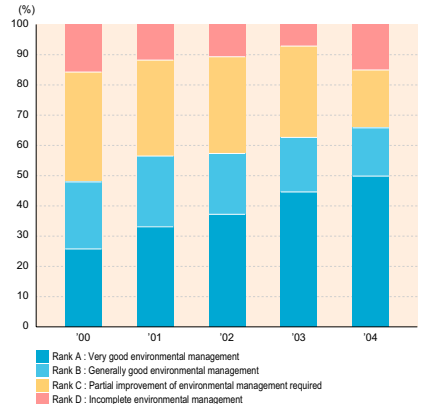
Kyocera is conducting a periodic survey on environmental management status and environmental prevention actions of suppliers. The survey results from 2,061 companies in fiscal 2005 are shown at the right. The number of Rank A suppliers increased. It suggests to us that environmental management of our suppliers has been improved.

In fiscal 2005 surveys, Rank D suppliers increased because score distributions were partly changed with the survey items "Implementation of green procurement/purchasing" and "Disclosure of Environmental Information" added.

As to Rank C and D suppliers, Kyocera provides suppliers with requirements relating to the environment for their better understanding about our environmental policy.

In fiscal 2005, to address the environmental audit, Kyocera promoted preparations for implementation of the audit about the management condition of chemical substances contained in products in addition to the audits of the legal compliance status and environmental management status of suppliers.

**Environmental Status Survey Result**




Supplier on-site audit

## 4. Green Purchasing Activities of Office Appliance

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

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

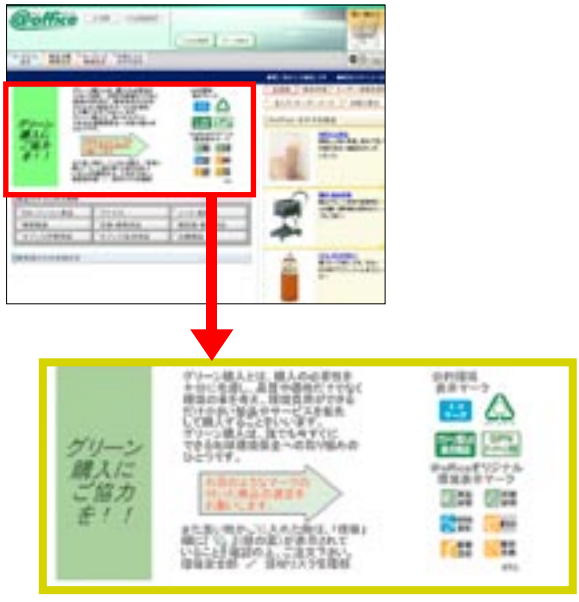
The top page of its website requests purchasers to cooperate for green purchasing.

The green purchasing ratios of notebooks, stationery, office appliances and office equipment in fiscal 2005 were as follows. We will continue executing green purchasing.

### ◎ Green purchasing results

Green purchasing results in fiscal 2005 were as follows.

| Item | Purchasing amount ratio |
|---|---|
| Notebooks, stationery, office appliances | 68% |
| Office equipment | 61% |




"@office" top website

* 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

# Global Environmental-friendly Products

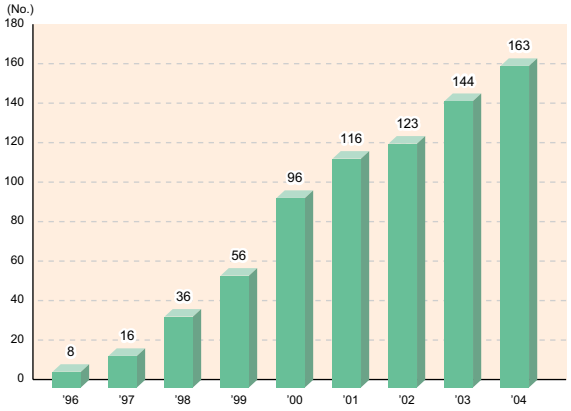
Kyocera wishes all our products to be global environmental-friendly products. Thus, we regard the manufacturing of products considering environment preservation as important from its R&D stage. At the same stage, we are trying to activate the internal certification system to continuously supply top-class environmental-friendly products to the world.

## 1. Certification Standard of Kyocera Global Environment Preserving Products

Kyocera is positively promoting the research and development of "environment preserving products" (e.g. Solar modules) that contribute to improvement of the global environment, and "environmental impact reduction products" with minimized impact at all stages of manufacturing, 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. 19 products were certified in fiscal 2005.

The "Kyocera Eco Product Label" global environment preserving products certification program was established for the purposes of corporate-wide acknowledgement of the products that contribute to global environment and promotion of the development of such products.




Accumulated No. of Kyocera Global Environment Preserving Products

## Kyocera Global Environment Preserving Products Certified in Fiscal 2005

**[Flat roof tile type solar modules "HEYBAN"]**

Solar modules with solar cells functioning as roofing materials are introduced to meet the requirement in newly built house market.

**[Power Conditioners ECONOLINE EX (PVN-551)]**

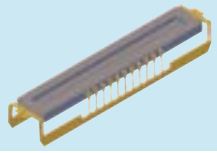
With power conditioner to convert DC power generated with solar modules to AC power for home use, the top-class power conversion efficiency of 94.5% was achieved as well as the lightest weight of 19 kg in this class.

**[Cellular Handset TU-KA S for TU-KA]**

Pursuit of easy-to-use with no manual required resulted in a drastic reduction of materials and paper resources

**[LCD's for Industrial use]**

It is limited to use the environmental impact substances through conformance to the RoHS Directive with mercury-free LED backlight developed.



**[CERDIP Packages]**

In the past, lead glass had been used as low-melting point glass on the package. Exclusive epoxy resin was developed to materialize lead-free.

**[Bluetooth RF Modules for CDMA Cellular Handset]**

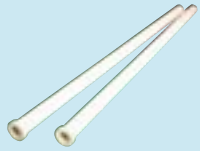
Resources were reduced through conformance to RoHS Directive and adoption of a small design as common for dual, triple and quad types.

**[Antenna Switch Modules for GSM Mobile Handset]**

Saving of resources was achieved through conformance to RoHS Directive, downsizing and low consumption current design.

**[Small-sized High Volume Capacity Capacitors]**

Consumption materials, energy and packaging materials were drastically reduced in the process, in addition to resource saving (reduce the volume of raw materials in half) of the product itself.



**[Gas Filters]**

Used as exhaust gas filters in refuse incinerators to contribute to inhibition of dioxin and improvement of power generation efficiency (Under test for demonstration)

# Disposal and Recycling

Toward establishment of a recycling-based society, Kyocera Group considers the importance of ensuring collection and recycling of products used by customers.
Kyocera is expanding aggressive activities to recycle the consumer products with a recycling system established.

## Principle of Recycling

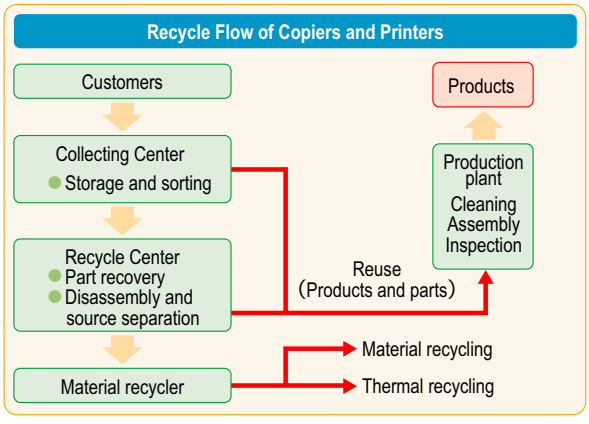
Kyocera Group is conducting recycling activities of products with priority given as follows:

1. **Reuse of used products as products or parts (Reuse)**
2. **Recycling as materials of used products not good for reuse (Material recycling)**
3. **Thermal recycling of used products not good for reuse and material recycling (thermal recycling)**

Here, recycling activities of KYOCERA MITA Corp. are introduced.

## 1. Recycling of Copiers and Printers

KYOCERA MITA Corp. is recycling copiers and printers with top priority given to reuse of products, followed by collection of usable parts for reuse as repair parts. The portions that cannot be reused are disassembled and sorted for material recycling or thermal recycling as heat source.
As to recycling of parts that cannot be reused, it is considered to use them as raw materials for of new products.




### ◎ Remanufactured Copies

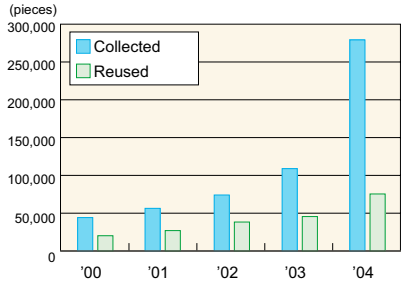
Used copiers collected from customers are not directly disposed of, but thoroughly checked for its condition and how it was used. The one judged acceptable becomes a remanufactured copier with quality assured to be the same as newly built production. After disassembly, it is cleaned, re-inspected, and with its expendable parts exchanged on the regular manufacturing line.

Remanufactured machine

Reuse ratio
78.7% (number of parts)
81.8%(Weight)

## 2. Recycling of Toner Containers

Used toner containers are brought together to the Collecting Centers located at 7 places in Japan. Recovered toner containers are divided into reusable ones and non-reusable ones. Reusable containers are sent to the toner container recycling plant where they are cleaned and re-inspected and then used for manufacturing the products.
Non-reusable toner containers are also 100% recycled in total with material recycling priority-given or thermal recycling.




Toner Containers Collected and Reused

## 3. Recycling of Parts

KYOCERA MITA Corp. is taking out reusable parts of collected copiers and printers after a careful check and supplying them as repair parts after thorough inspection.

Parts Reused from Used Copies and Printers (pieces)

| Plastic parts | Printed circuit board | Electrical parts | Others | Total |
|---|---|---|---|---|
| 60 | 827 | 129 | 91 | 1107 |

(April 2004 through March 2005)

### Collection and Recycling of Used Copiers

KYOCERA MITA Corp. and its sales company, KYOCERA MITA Co., Ltd. were certified by Ministry of Environment for certification in Dec. 2004 as company applicable to the "Wide area recycling certification system" conforming to the Law for Waste Management Law. It allows the companies to expand further activities for recycling of used products, since it can accelerate recycling activities beyond the jurisdiction of one local government with manifests not required any more.

* The services started in 2005.

## 4th Environmental Protection Promotion Plan Results

Kyocera has been promoting positive environmental protection activities with a 3 year plan starting in 1992 specified at sections and subsections the Kyocera green committee to clarify the environmental policy, and define the action plans and middle-term goals. The fiscal 2005 results of the 4th Environmental Protection Promotion Program ended in March 2005 are shown below. The plants/offices integrally certified as the "Kyocera Group Integrated Environmental Management System (Page 81) also expanded activities for the same goals.

(Ratio: Compared with basic year)

| Item | | 4th Environmental Protection Promotion Plan | |
|---|---|---|---|
| | | Goal | FY2005 result |
| Global warming prevention promotion plan | | 1 Reduce $CO_2$ emission by 6% by FY2005 from FY1991 level | 30.8% increase |
| | | 2 Minimize PFC and other gases ($CH_4$, $N_2O$, HFC, PFC, $SF_6$) emission by the end of FY2005 | 83.1% reduction |
| | | 3 Reduce greenhouse gases emission by 6% by FY2005 from FY1991 level | 9.8% increase |
| Energy saving promotion plan | | 1 Reduce electricity consumption per net sales by 26% by FY2005 from FY2002 level | 9.9% increase |
| | | 2 Reduce fuel consumption per net sales by 26% by FY2005 from FY2002 level | 7.8% increase |
| Industrial waste reduction plan | | 1 Plant<br>Reduce industrial waste per net sales by 70% by FY2005 from FY2002 level | 7.7% reduction |
| | | 2 Office<br>Reduce industrial waste per net sales by 50% by FY2005 from FY2002 level | 68.3% increase |
| | | 3 Achieve zero emission (100% recycling) of industrial waste by March 2003 | Achieved in Sept. 2004 |
| | | 4 Reduce waste (industrial waste and valuables) generation per net sales by 20% by FY2005 from FY2003 level at manufacturing sites | 11.2% increase |
| Chemical substances management promotion plan | | 1 Reduce specified chemical substances amount used for wastewater treatment per wastewater amount by 10% by FY2005 from FY2002 level | 27.0% reduction |
| | | 2 Reduce release and transfer amounts of specified class 1 designated chemical substances specified by PRTR Law per net sales by 5% by FY2005 from the first half of FY2003 level | Release: 1.5% increase |
| | | | Transfer: 7.0% increase |
| Saving resources promotion plan | Vehicle fuel | 1 Reduce fuel for automobiles per net sales by 30% by FY2005 from FY2002 level | 4.4% reduction |
| | Water consumption | 2 Plant<br>Reduce water consumption per net sales by 30% by FY2005 from FY2002 level | 7.6% increase |
| | | 3 Office<br>Reduce water consumption per net sales by 15% by FY2005 from FY2002 level | 21.4% increase |
| | Gas expenses | 4 Reduce gas ($N_2$, $H_2$ and argon) expenses per net sales by 15% by FY2005 from FY2002 level | 8.6% increase |
| | Travel expenses | 5 Reduce travel expenses per net sales by 10% by FY2005 from FY2002 level | 16.0% increase |
| Saving paper promotion plan | | 1 Reduce weight of office paper purchased per net sales by 15% by FY2005 from FY2002 level | 4.2% reduction |
| | | 2 Reduce weight of paper used in manufacturing process per net sales by 15% by FY2005 from FY2002 level | 14.7% reduction |
| | | 3 Continue 100% recycling of paper and reduce amount of recycled paper per net sales by 15% by FY2005 from FY2002 level | 45.7% increase |
| Packing materials improvement promotion plan | | 1 Reduce packing material purchasing cost per net sales by 15% by FY2005 from FY2002 level | 7.4% reduction |
| | | 2 Completely stop using PVC packing materials (outer packing materials, bags and cushioning materials) by FY2004 | Completely stopped in FY2004 |
| Environment-friendly product promotion plan | | 1 Develop at least new 5 environment-preserving products at each division | 19 products certified |
| Life Cycle Assessment introduction plan | | 1 Introduce the system for the equipment business and prepare its implementation for the component business | LCA of 2 items implemented in equipment business group |

* Results: Kyocera Corporation only
* The values per net sales are basically used.
* Office means non-manufacturing sites other than plants.

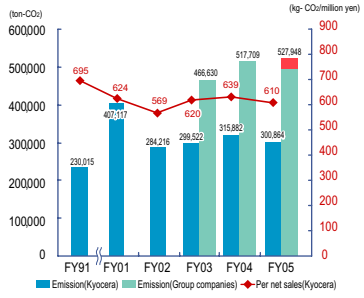
# Global Warming Prevention

In February 2005, the Kyoto Protocol entered into force, so that the reduction of emission of greenhouse gases was required for advanced nations. Kyocera had the 1st Global Warming Prevention Subcommittee in fiscal 1999 and started the activities for greenhouse gases reduction in the next year and have been trying to reduce emission of greenhouse gases. Kyocera intends to continuously expand further activities for prevention of global warming.

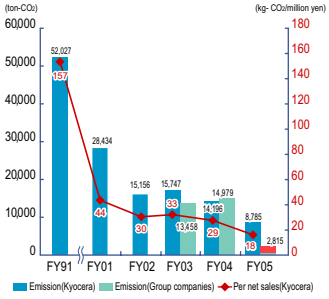
## Fiscal 2005 Result

Kyocera's emission of greenhouse gases amounted to 309,649 ton-$CO_2$ in fiscal 2005, an increase of 9.8% over fiscal 1991. Of which, $CO_2$ emission from energy consumption was 300,864 ton-$CO_2$, an increase of 30.8% over fiscal 1991.
On the other hand, emission of PFCs and other gases amounted to 8,785 ton-$CO_2$, a reduction of 83.1% over fiscal 1991.
When we evaluate amount per net sales, emission of greenhouse gases reduced by 26.4% over fiscal 1991, emission of $CO_2$ from energy consumption reduced by 12.3% over fiscal 1991, and emission of PFC and other gases drastically reduced by 88.7% over fiscal 1991.

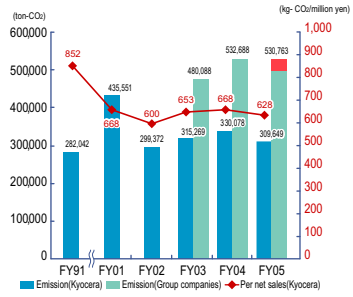
### $CO_2$ Emission




### PFC and Others Emission



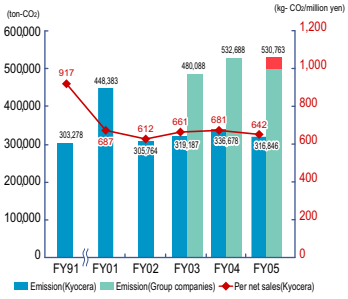

### Emission of Greenhouse Gases




### Greenhouse Gases Emission Data

In addition to $CO_2$ from energy consumption, PFC and other gases ($CH_4$, $N_2O$, PFC, HFC, $SF_6$) specified by the Kyoto Protocol, Kyocera has been expanding activities to reduce liquid PFCs (such as FC-40) of high GWP and describing the results in its sustainability report from fiscal 2005. Kyocera shows the results of both gases separately specified by the Kyoto Protocol and those not specified (liquid PFC).

### Emission of Greenhouse Gases (Including Liquid PFC)




* ■ Amount of group companies newly included in the scope of data collection from fiscal 2005
* As to emissions in fiscal 1991, emissions from divisions made into separate companies after fiscal 1991 are excluded, instead of considering those amounts as reduction, so as to evaluate the reduction from our efforts.
* $CO_2$ emission from electricity consumption in fiscal 2001 and 2002 is calculated with the $CO_2$ conversion rate published from electric power companies in 1996. The emission in fiscal 2003 to 2005 is calculated with the conversion rate published in 2000.

### Main Activities in Fiscal 2005

1. Change of fuel from LP gas to natural gas with little generation of $CO_2$ (Kagoshima Kokubu Plant, Shiga Yohkaichi Plant, Shiga Gamo Plant)
2. Renewal of air conditioning refrigerator to energy-saving and high-efficiency type equipment
3. Introduction of multi-energy operation system with cogeneration, turbo refrigerator and absorption type refrigerator
4. Reduction of $SF_6$ of high greenhouse effects through review of process condition

### Main Plans for Fiscal 2006

1. Change fuel from LP gas to natural gas in Kagoshima Sendai Plant
2. Renewal of air conditioning refrigerator to high-efficiency equipment
3. Introduction of solar power generation system

### Introduction of Natural Energy: Solar Power Generating System into Mie Ise Plant

Kyocera installed solar power generating systems at Chiba Sakura Office (43kW) in 1984 and the headquarters building (214kW) in 1998. Kyocera furthermore installed a solar power generation system of about 80kW at Mie Ise Plant in March 2005.
We intend to introduce the solar power generating system into other plants and offices for prevention of global warming.

Solar Power Generating System at Mie Ise Plant

**Mie Ise Plant solar power generating system (estimated value)**

[Annual power generation: About 86,223kWh]
[Annual $CO_2$ emission reduction: About 63.2 ton-$CO_2$]

# Energy Saving

Increasing energy consumption has an influence on the environmental issues such as global warming. It is a common issue for people in the world to utilize limited energy effectively for industrial activities. Kyocera started company-wide energy saving promotion activities in fiscal 1993.

## Fiscal 2005 Result

Kyocera's fiscal 2005 energy-saving activities showed a 7.2% increase over the basic fiscal year 2002 at the electricity consumption per net sales in the electronic device group, resulting in 9.9% increase in total segments, and a 3.4% increase at the fuel consumption per net sales in the fine ceramics group per net sales over the fiscal year 2002, resulting in 7.8% increase in total segments. These results are due to the fact that the increase in energy consumption resulting from increased production could not be covered by the energy-saving activities.

## Promotion of Energy Saving

In fiscal 2005, Kyocera's 6 domestic plants specified as type 1 designated energy management factories received audits by the Ministry of Economy, Trade and Industry for compliance to the Law concerning the Rational Use of Energy. As a result, all the plants were highly evaluated.

We realized energy savings with a compressed air supply system, introduction of inverters for pumps of air conditioning cold water and efficient operation with cooling water pumps, and efficient operation with furnace condition change.

A new plant in Ayabe City, Kyoto was designated as a model factory for energy-saving and constructed with a project team organized to fully introduce energy-saving techniques.

## Main Activities in Fiscal 2005

1. Introduction of inverter air compressor
2. Introduction of demand controller
3. Introduction of inverter on air conditioning cold water and cooling water pumps
4. Reduction of furnaces in operation with adjustment of firing conditions
5. Quality improvement of air conditioning cold water and cooling water
6. Compressor's power control
7. Optimization of air compressor pressure
8. Looping of boiler steam pipe
9. Changeover to shortest air piping route

The results of energy saving activities including the above items are shown below.

[Reduction Benefits] (Annual)
Electricity reduction: 11,210MWh
Fuel reduction: 407kℓ (Crude oil conversion)
$CO_2$ reduction: 4,560 ton-$CO_2$

## Main Plan for Fiscal 2006

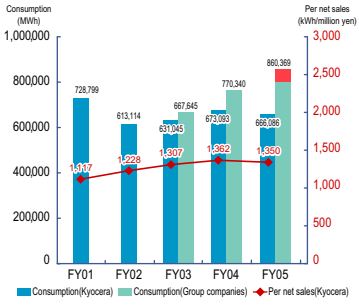
For fiscal 2006, Kyocera intends to achieve goals of annual improvement by 2% per net sales over fiscal 2005.

Kyocera intends to conduct positive energy-saving activities mainly with greenhouse gases reduction, recognizing that reduction of greenhouse gases is a social responsibility of corporate. With the positive examination of measurements, Kyocera expands effective activities to achieve the goals with more measures adopted.

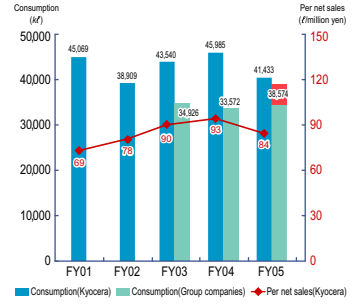
### Main Activities

1. Promotion of higher efficiency of utility and production equipment
2. Promotion of large-scale energy-saving projects
3. Improvement of production equipment, introduction of new technologies
4. Promotion of energy-saving with thorough penetration of the Law concerning the Rational Use of Energy

### Electricity Consumption




### Fuel Consumption




## Construction of Model Factory for Energy-Saving

### New Plant of KYOCERA SLC Components Corp.

The largest feature of the new factory of KYOCERA SLC Components Corp. is not simple rationalization and automation of production equipment but many energy-saving technologies fully made use of such drastic reduction of process numbers through super-rationalization, introduction of high-efficiency equipment including air conditioning facilities, and establishment of systems to operate such equipment organically.

Typical measures taken by the model factory are:

#### Air conditioning equipment

Refrigerator
- Adoption of high-efficiency turbo refrigerator
- Effective use of waste heat with double-bundle turbo refrigerator

Free cooling
- Effective use of outside cold heat for air conditioning in winter

Air conditioner
- Reduction of fan energy consumption with large effective temperature difference equipment
- Reduction of fuel with adoption of water dropping type humidifier

Air compressor
- Reduction of purge air with adoption of chemical regenerative heat-free dryer using waste heat

Scrubber (Waste gas treating unit)
- Reduction of fan energy consumption with adoption of a scrubber that minimizes pressure loss

Pump, fan
- Reduction of electricity consumption with inverter control

#### Establishment of total management system

Intensified energy management through introduction of total management system covering power receiving and transforming, power and light, air conditioning heat source, compressed air, pure water and wastewater

#### Introduction of high-efficiency operation control system of turbo refrigerator

Introduction of automatic control system for number of units according to air conditioning load and optimization of setting temperatures for cold water, hot water and cooling water setting temperatures depending on the season

#### Electrical facilities

Receiving and transforming facilities
- Reduction of power loss with use of high-efficiency transformer
- Appropriate power factor management with automatic power factor adjusting unit

Lighting equipment
- Reduction of power consumption with use of high-efficiency lighting equipment

*: ■ Amount of group companies newly included in the scope of data collection from fiscal 2005

# Waste Reduction

Concerning final disposition sites in Japan, direct land filling of industrial waste is getting more difficult because of limited available space and difficulty finding 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.

## Fiscal 2005 Result

**Basic Policy for Industrial Waste Reduction**

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

### 1. Reduction of Industrial Waste Discharge

Kyocera has been setting targets for waste reduction since fiscal 1993 in accordance with the Basic Policy for Industrial Waste Reduction. The plant activities resulted in a reduction of 7.7% per net sales in spite of the target of 70% reduction from the fiscal 2002 level. It was due to an increase in manufacturing of products in the fine ceramic group and the electronic device group that generate much waste.

The office activities resulted in a 68.3% increase per net sales in spite of the target of 50% reduction from fiscal 2002 level. It was due to additional waste discharge arising from the transfer of new group companies.

#### ◎ Green Sheet Waste Recycling Facility (Kagoshima Kokubu Plant)

This facility is designed to sinter green sheet (including alumina) generated from the plant for reuse as refractory materials. Treating water filtered from grinding coolant is spray vaporized with this waste heat from sintering. Furthermore, this equipment is for the effective use of energy such as changing of excess waste heat to steam with an economizer and supplying the steam to the production side. As a result of use of this equipment, reduction benefits of 617 tons of green sheet waste are expected as well as 496 tons of grinding coolant.

#### ◎ Waste Alkali Neutralizer (Kagoshima Hayato Plant)

This device has enabled an annual reduction of 780 ton of waste alkali solution through internal treatment.

### 2. Zero Emission of Industrial Waste

Kyocera achieved the zero emission of industrial waste in September, 2004.

As the "KYOCERA Group Integral Environmental Management system", the zero emission was achieved in May, 2005.

The definition of zero emission adopted by Kyocera is "100% recycling ratio (ratio of material recycling and thermal recycling to discharge) of industrial waste".

### 3. Minimization of Waste Generation

Kyocera has been working to reduce generation of industrial waste since fiscal 2003. In fiscal 2005, the activities resulted in a 11.2% increase per net sales in spite of a 20% reduction target from the fiscal 2003 level. It was due to an increase in manufacturing of products in the fine ceramics group and electronic device grow up that generate much waste.

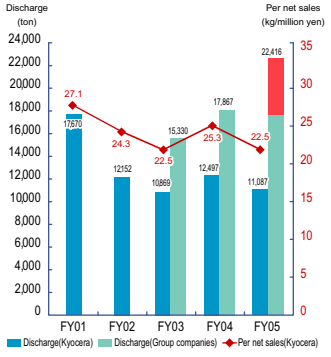
**Waste Generation (Plants)**

| Item | FY2003 result | FY2005 result |
|---|---|---|
| Amount (ton) | 20,057 | 22,776 |
| Amount per net sales (kg/million yen) | 41.5 | 46.2 |

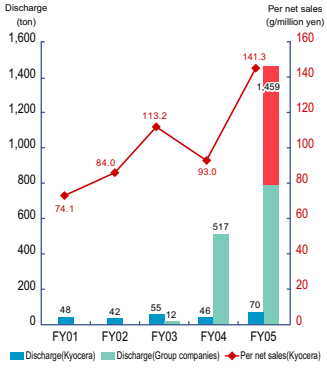
### 4. Right Disposal of Waste

In accordance with the Waste Disposal Regulation established in fiscal 1995, Kyocera contracts with companies for waste disposal after through investigations such as on-site checks. Kyocera is trying to ensure appropriate disposition of waste through the establishment of reliable relationships with the waste disposal companies by exchanging information and conducting on-site checks periodically (2 times a year) thereafter.

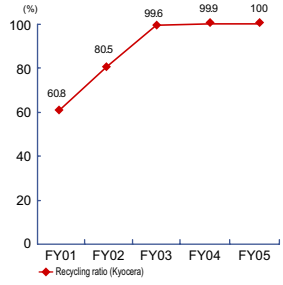
**Industrial Waste Discharge (Plants)**




**Industrial Waste Discharge (Offices)**




**Industrial Waste Recycling Ratio**




*: ■ Amount of group companies newly included in the scope of data collection from fiscal 2005

## Main Activities for Fiscal 2006

Kyocera has been expanding activities to reduce industrial waste up to fiscal 2005. In fiscal 2006, Kyocera intends to take actions to reduce general waste arising from business activities as well.

### 1. Reduction of Waste Discharge

Introduction of dehydrator, dryers and concentrator is intended to reduce the volume of sludge and waste liquids that are much discharged.

### 2. Zero emission

Activities will be conducted to achieve zero emission of general waste (waste paper and wood chip) as well.

### 3. Reduction of Waste Generation

Relating to highly-generated waste, a company-wide generation reduction project teams will be organized for horizontal deployment to all plants.

# Water and Air Pollution Prevention

Kyocera has been involved in activities to reduce pollutants since the discharge of pollutants into water, atmosphere and soils causes 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 the environmental impact into water areas, 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.

## Kyocera Environmental Management Standard

The "Kyocera Environmental Management Standard" requires us the management, to have 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 a total of 44 water related substances)

| Item | Unit | Water Pollution Control Law | Kyocera Environmental Management Standard | Self-management standard (Shiga Gamo Plant) |
|---|---|---|---|---|
| Biochemical oxygen demand (BOD) | mg/ℓ | 160 Max | 10 Max | 7.2 Max |
| Chemical oxygen demand (COD) | mg/ℓ | 160 Max | 10 Max | 9.5 Max |
| Suspended solid amount (SS) | mg/ℓ | 200 Max | 5 Max | 4.75 Max |
| Normalhexane extract substance (Mineral oil) | mg/ℓ | 5 Max | 1 Max | 0.95 Max |
| Normalhexane extract substance (Animal and plant oils) | mg/ℓ | 30 Max | 1 Max | 0.95 Max |
| Coliform group number | pieces/mℓ | 3,000 Max | 350 Max | 9 Max |

## Control by Gross Amount Weight of Water Pollutants

As new activity, Kyocera intends to promote gross amount control of substances specified as "Items related to human hearth protection" by the Water Pollution Control Law in waste water. Kyocera plans to put the 4 substances mercury, cadmium, lead and hexavalent chromium under gross amount control in fiscal 2005 and achieve "Closed design" of waste water containing these substances in fiscal 2008.

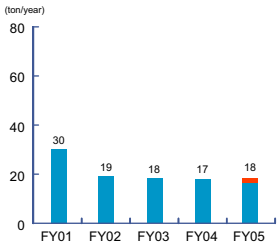
## Reduction of BOD Load

Kyocera is taking actions to reduce the environmental impact on rivers with the management of waste water discharged from plants. In fiscal 2005, the discharge increased as a result of the inclusion of new group companies in the scope of data collection.

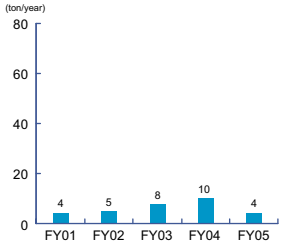
## Reduction of SOx and NOx Loads

For prevention of air pollution and global warming, SOx and NOx discharge concentrations are strictly observed in accordance with the Kyocera Environmental Management Standard and Self-management standard that are tighter than the legal standard. In fiscal 2005, fuels used in plants were changed over to low-sulfur fuel or natural gas to reduce the SOx load. As for NOx, the discharged amount increased due to inclusion of the new group companies in the scope of data collection.

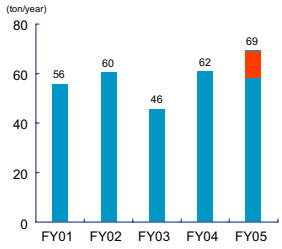
### Total Amount of BOD Discharged




### Total Amount of SOx Discharged



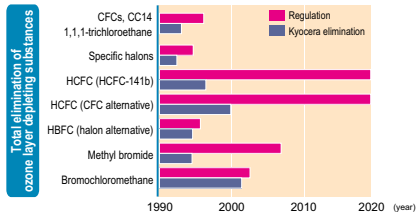

### Total Amount of NOx Discharged




*: ■ Amount of group companies newly included in the scope of data collection from fiscal 2005

## 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. The new specified control substances of "methyl bromide" and "bromochloromethane" were also totally eliminated.
For chlorine solvents other than specified control substances such as "trichloroethylene," "tetrachloroethylene" and "dichloromethane" were voluntarily eliminated by 2000.



# Chemical Substances Management

Some types of chemical substances may cause environmental pollution and affect 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.

## Fiscal 2005 Result

### 1. Activities for PRTR Law

On Kyocera's fiscal 2005 report, total amount of target chemical substances handled was 1,385 ton, of which the release amount was 163.7 ton and the transfer amount was 95.4 ton.

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

Kyocera is extending efforts toward reducing their release and transfer amounts per net sales set as the goal. In fiscal 2005, the release amount per net sales increased by 1.5% compared with fiscal 2003 and the transfer amount per net sales increased by 7.0%.

**Activity Results for Specified Class 1 Designated Chemical Substances Specified by PRTR Law.**

| Item | FY03 1st half | FY04 | FY05 |
|---|---|---|---|
| Release amount per net sales (g/million yen) | 0.84 | 0.74 | 0.85 |
| Transfer amount per net sales (g/million yen) | 7.97 | 9.74 | 8.52 |

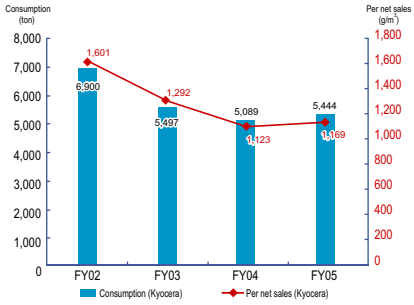
### 3. Reduction of Specified Chemical Substances Used for Waste Water Treatment

We selected 11 items with newly specified chemical substances from the chemical substances used for waste water treatment, and started our activity to reduce their use with the target set in fiscal 2003.

Not only has the treatment efficiency by the waste water treatment division improved, but the strict control and minimization of waste water generation at production was positively promoted. We are thus proceeding with stable treatment of waste water and reduction of environmental impact through their measures.

We could reduce the use of specified chemical substances by 27% per net sales against the target of 10% reduction.

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




### 4. Management of PCB Waste

PCB (polychlorinated biphenyl) waste is strictly controlled and managed at specified places with control sheets prepared in accordance with the Kyocera Group Integral Environmental Management System.

Kyocera Group Integral Environmental Management System strictly stores and controls 1,803 units of used transformers, power capacitors, lighting equipment stabilizers and others as of March 2005.

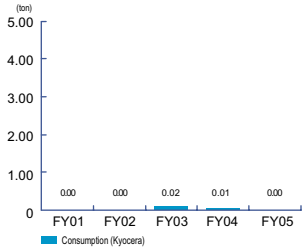
Kyocera intends to dispose of them as scheduled by the disposition limit year of fiscal 2017 as specified by the PCB Waste Treatment Law.

PCB waste storage condition

### 5. Reduction of Toxic Air Pollutants Discharge

In fiscal 1998, the "Self-management plan for hazardous air pollutants" was created by 4 electrical and electronic affiliated organizations. Kyocera is investigating the status of use and discharge, and promoting reduction of their discharge based on the self-management plan.

**Discharge of Toxic Air Pollutants**




### 6. Preventing Generation of Dioxins

We decided on the policy to abolish small incinerators in April 1999 for preventing generation of dioxins, resulting in all small incinerators were abolished by December 2000.

Currently, there are 3 units of complex intermediate waste processing facilities that have the integral functions of incineration and drying sludge, with the 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

## Main Plans for Fiscal 2006

### 1. Reduction of Chemical Substance Impact

In fiscal 2005, we conducted the reduction of release amount and transfer amount of specified class 1 designated chemical substances (12 substances) specified by the PRTR Law. For fiscal 2006, the substances we aim to reduce are expanded to "class 1 designated chemical substances (354 substances)", of which reduction activities will be made to 18 substances that account for more than 90% of use and discharge by Kyocera.

### 2. Reduction of Volatile Organic Compound (VOC) Emission into Air

Emission controls of volatile organic compounds (VOC) were enacted into laws in advanced nations in Europe and others, resulting in various activities now taken such as changes to substances, and the introduction of the solvent control and facility approval system. In Japan, activities for the prevention of VOC emission were also enhanced such as laws enacted in 2004, with the policy established to reduce VOC emission into air by 30% (compared with 2000) in 2010.

Kyocera is promoting reduction activities of 4 substances (toluene, IPA (isopropyl alcohol), acetone and methanol) accounting for more than 90% of emission into air through introduction of collection units, improvement of treating processes and cleaning devices, and introduction of VCO combustion.

# Saving Resources

For the effective utilization of limited resources as much as possible and the contribution to global environmental protection, Kyocera has been promoting its activities for saving resources based on the specific reduction targets with vehicle fuel, water, travel expenses, gases, paper and packing materials.

## Fiscal 2005 Result

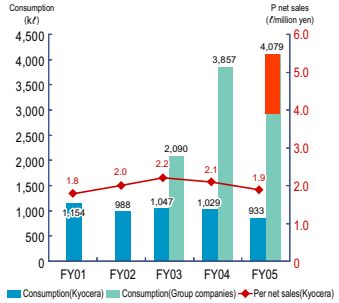
### 1. Reduction of Vehicle Fuel Consumption

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. However, the ratio increased to 32.8% in fiscal 2004 and 43.7% in fiscal 2005 as a result of positive activities in all offices and plants.

The vehicle fuel consumption reduced by 4.4% per net sales in fiscal 2005 against the targeted 30% reduction from fiscal 2002 level partly as the result of the introduction of low fuel consumption vehicles.

**Vehicle Fuel Consumption**



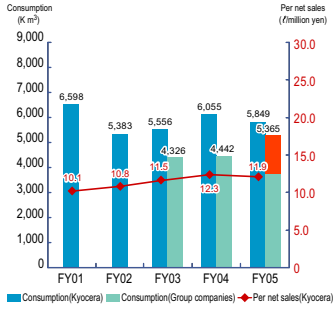

### 2. Reduction of Water Consumption

Reduction of water consumption greatly contributes to reduction of environmental impact since it protects water resources and allows reduction of wastewater. 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.

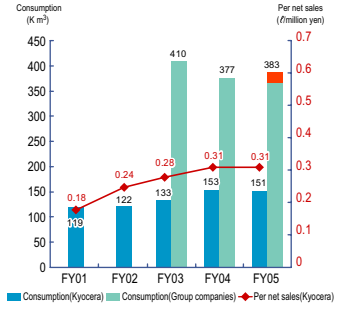
In fiscal 2005, however, the consumption increased at plants because of increased production of the Fine Ceramics Group and Electronic Device Group. As a result, there was a 7.6% increase per net sales against the target of 30% reduction from the fiscal 2002 level.

The office activities resulted in a 21.4% increase per net sales against the target of 15% reduction from the fiscal 2002 level. That's mainly because water consumption at the head office and the Yokohama Office increased resulting from increased personnel at both offices.

**Water Consumption (Plant)**




**Water Consumption (Office)**




### 3. Reduction of Gas Expenses

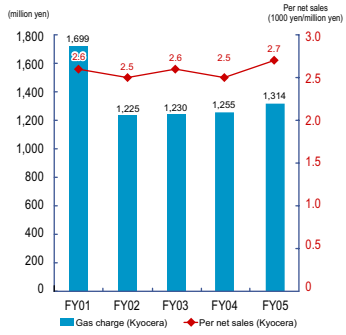
Since the reduction of gas consumption contributes to lower environmental impacts such as the reduction of chemical substances and energy required for producing gases as well as the reduction of expenses, Kyocera has been continuing activities for its reduction since fiscal 2000 based on specific activities with "nitrogen gas", "hydrogen gas" and "argon gas" considered as the target for reduction.

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

In fiscal 2005, the expenses increased by 86% per net sales against the target of 15% reduction from the fiscal 2002 level.

That's mainly because of increased production of the Fine Ceramics Groups and Electronic Device Group that much use nitrogen gas and argon gas.

**Gas Charge**




*: Amount of group companies newly included in the scope of data collection from fiscal 2005

## Fiscal 2005 Result

### 4. Reduction of Travel Expenses

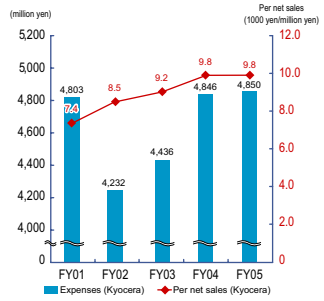
Reducing the number of business trips contributes to saving the expenses as well as saving of many resources such as fuels used by public transportation, water, detergents and towels used by accommodations.

In the past, various meetings were held at the head office or other offices/plants with the participation of the staff.

Under the circumstances, the TV conference system has been introduced sequentially into all plants and main sales offices to reduce travel expenses since fiscal 1992. Furthermore, the multi-media conference system was adopted to be used for those in attendance to utilize images projected on a large screen in use of the internal LAN line since fiscal 2003.

In fiscal 2005, overseas traveling expenses increased due to a shift of manufacturing systems to China. As a result, there was a 16.0% increase per net sales against the target of 10% reduction fiscal 2002 level.

**Travel expenses**

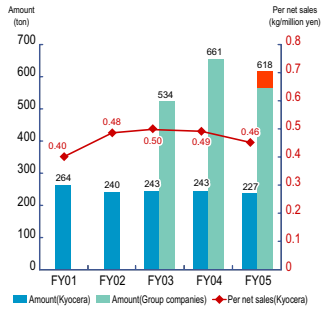



### 5. Reduction of Paper Consumption

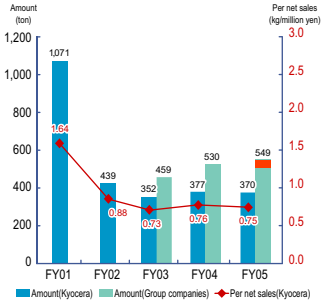
In addition to the reduction of office paper by electronic means and using paper already printed on oneside, we are reducing the paper used in the manufacturing process as well. Furthermore, we are promoting reduction activities of paper discharged as well.

As a result, Kyocera activities resulted in a 4.2% reduction per net sales against the target of 15% reduction in terms of the amount of office paper purchased from the fiscal 2002 level. As to the amount of production paper purchased, there was a 14.7% reduction per net sales against the target of 15% reduction from the fiscal year 2002. On the other hand, the amount of paper discharged resulted in a 45.7% increase per net sales against the target of 15% reduction from the fiscal 2002 level. That's because of a discharged of increased packing materials of raw/sub materials, and discharged of paper resulting from the reduction of the camera business.

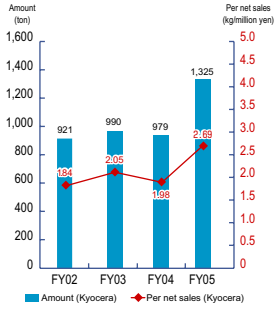
**Amount of Office Paper Purchased**



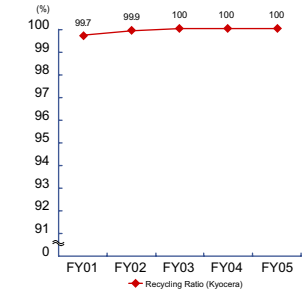

**Amount of Production Paper Purchased**




**Amount of Paper Discharged**




**Paper Recycling Ratio**




*: ■ Amount of group companies newly included in the scope of data collection from fiscal 2005

## Main Plans for Fiscal 2006

### 1. Reduction of Vehicle Fuel Consumption

Kyocera intends to positively change to low fuel consumption vehicles considered fuel efficient in addition to limits on the use of vehicles and enhancement of awareness of eco-driving.

- Thorough penetration of introduction of low fuel consumption vehicles at the time of a new contract or lease renewal.
- Further examination of introducing hybrid cars and low displacement car
- Continuous reduction of vehicle use and enhancement of awareness of eco-driving

### 2. Reduction of Water Consumption

Kyocera intends to achieve effective reduction of water consumption referring good examples of past water consumption reduction activities in combination of the business division with the management division after detail analysis of actual condition of water use in major plants.

### 3. Reduction of Gas Expenses

Kyocera intends to optimize facilities and implement suitable consumption of gases at the production level, mainly for reducing nitrogen gas, which is the majority of gases that we use.

- Use of furnaces fit to the production level
- Examination of substitutes to clean products
- Improvement of throat, appropriate management of emission rate, and adjustment to optimize feed pressure of furnaces
- Improvement and renewal of old facilities

### 4. Reduction of Travel Expenses

- Promotion of use of TV conferences by monitoring how often the system is used per division
- Examination of additional introduction of TV conference systems
- Continuous promotion for reducing business trips

### 5. Reduction of Paper Consumption

[Reduction of office paper purchased]

- Promotion of electronic means for clerical work
- Promotion of the use of projectors at meetings
- Thorough use of paper already printed on one side
- Integration and abolishment of reports

[Reduction of production paper purchased]

- Promotion of reuse of paper through improvement of process and facilities
- Optimization of lot size

[Reduction of paper discharged]

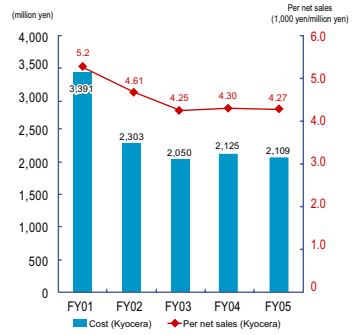
- Rejection and return of unnecessary catalogs and others
- Return cardboard cartons to suppliers for reuse

# Saving Resources Activities

## Packing Materials Improvement

Kyocera created a basic policy for packing materials improvement and have been working toward improving the packing method and materials, and adopting reusable packing container positively.
In fiscal 2005, there was a 7.4% reduction per net sales against the target of 15% reduction from the fiscal 2002 level.

### Packing Material Cost




## Basic Policy for Packing Materials Improvement

1. Reduction of environmental impact related packing materials
2. Observance of purchased packing materials standard specified by the Green Procurement Standards
3. Reduction of use of the specified items (vinyl chloride, styrene foam)

## Major Implementation Items

### 1. Reduction of environmental impact related packing materials

(1) Use of easy-to-recycle packing materials
(2) Use of recycled packing materials
(3) Promotion of the use of reusable packing container
(4) Reduction of packing materials weight
(5) Switching to packing materials of low environmental impact

### 2. Establish management system of packing method improvement activity management system

(1) Target established and reporting the status per each division
(2) Introduction of improvement examples on website and their horizontal expansion (Internal and external examples)

### 3. Reduction of packing materials purchasing amount per net sales

# Environmental Impact Reduction in Transportation

## Promotion of Modal-Shift

Environmental impacts from transportation have many influences such as global warming, air pollution, traffic jam and noises.
Kyocera Group is promoting activities for reduction of environmental impact caused by transportation of products.
As an example of modal shift, transportation of cellular phones produced in Hokkaido Kitami Plant was changed from air freight to sea freight.

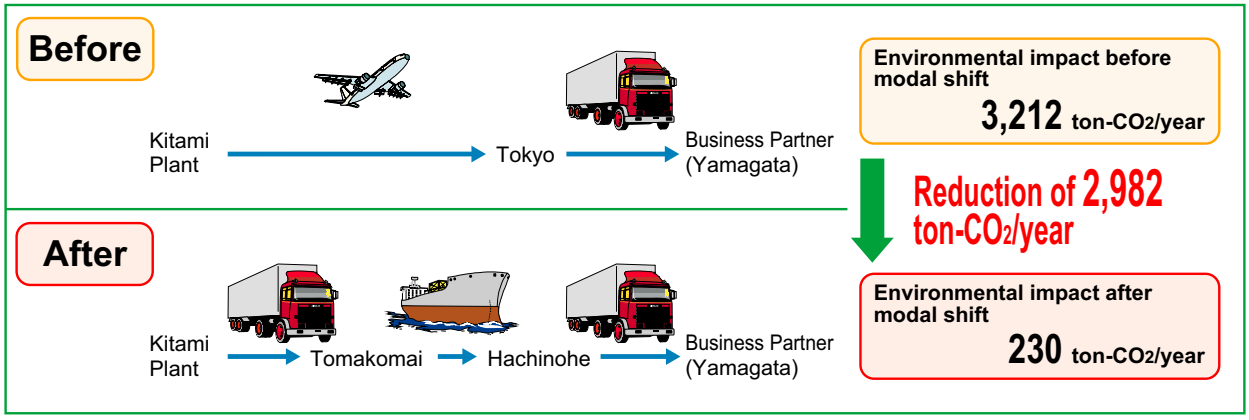
**$CO_2$ Emission Factors Depending on Transportation Means***

Truck : 0.178kg-$CO_2$/ton-km
Sea : 0.04kg-$CO_2$/ton-km
Air : 1.48kg-$CO_2$/ton-km

* "2002 White paper on Land, Infrastructure and Transport in Japan," Ministry of Land, Infrastructure and Transport

**Transportation conditions**

Products : Mobile phones and semi-finished products
Weight : 4000 kg/time
Times : 23 times/month



# Commendation Program

## Kyocera Global Environment Contribution Award (9th: FY2006)

Grand Award Category "Development of Global Environmental Preserving Products"

### Environmental Preserving LCDs for industrial use "V Series"

While RoHS Directive is attracting wide attention in Europe, Kyocera developed the first LCDs for industrial use conforming to the RoHS Directive in the market.

As a result of selection of components with higher heat resistance and review of soldering conditions for electronic components assembly; (1) lead-free solder is used for electronic components assembly and (2) components not containing lead at all are used. Completely lead-free is thus achieved.

LED backlight is adopted instead of compact fluorescent lamp, though not controlled on RoHS, becomes completely mercury free.


LCDs for industrial use "V Series"

Grand Award Category "Energy Conservation"

### Multi-Energy Operation System

The multi-energy operation system is a system to operate a cogeneration system, absorption type refrigerator and turbo refrigerator in combination.

When a cogeneration system is operated, the absorption-type refrigerator is operated under steam generated from waste heat boiler, simultaneously with power generation. When the cogeneration system is stopped, the turbo refrigerator is operated in priority to supply cold heat.

Energy conservation and energy cost savings are aimed at through continuously optimizing operation of the system depending on season, time zone and plant operating condition.

Excellent Award Category "Development of Global Environmental Preserving Products"

### Flat Roof Tile Type Solar Modules "HEYBAN" and Power Conditioners "ECONOLINE EX"

"HEYBAN" is the module with solar cells functioning as roofing materials to meet the needs in the newly built housing market. For roofing with flat tiles and 2 kinds of long and short modules, the "stylish and powerful" concept is realized.

"ECONOLINE EX" is the new power conditioner that has achieved a top-class power conversion efficiency of 94.5% as well as improved design with thinner form.

Excellent Award Category "Development of Global Environmental Preserving Products"

### Mobile Handset TU-KA S

Extremely simple mobile handset features in voice communication comply with a simple product line of TU-KA.

As a result of excluding functions, these products contribute to energy conservation such as reducing power consumption and longer battery life in addition to resource saving such as materials reduction with no manual required.

Excellent Award Category "Waste Reduction"

### Waste Reduction through Introduction of Green Sheet Heat Treatment Facility

Green sheet waste is the waste raw material generated during manufacturing of multi-layer ceramic packages. We introduced a facility that can heat this green color sheet shape waste at high temperature (about 1,350°C) in a rotary kiln for recycling as refractory materials. The facility thus enables effective use of energy through vaporization of waste grinding fluid, using waste heat from the rotary kiln, and supply of steam converted from excess waste heat to a production process.

### Kyocera Global Environment Contribution Award

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

Excellent Award Category "Global Warming Prevention Activities"

### Elimination of $SF_6$ Gas through Change of Polarization Method

Since piezoelectric ceramic is polarized at high voltage, $SF_6$ gas had to be filled in the polarization tank for insulation. As a result of special processing of piezoelectric ceramic, $SF_6$ gas could be eliminated.

While Kyocera is promoting company-wide global warming prevention activities, a very large amount of 7,442 ton-$CO_2$/year (about 2% of total Kyocera emission) has been reduced as a result of this elimination.

Excellent Award Category "Global Warming Prevention Activities"

### Reduction of Greenhouse Gases through of Change of Fuels

In major plants, fuels used by gas consumption facilities such as boilers, refrigerators, gas furnaces and deodorizing furnaces were changed from LPG to LNG that is featured in small $CO_2$ emission, resulting in the reduction of 2,394 ton-$CO_2$/year of greenhouse gases.

We intend to expand changing fuels in other plants as well for promoting the further reduction of greenhouse gases emission.

### Others

Excellent Award Category "Resources Conservation"

Reduction of Raw Materials of Thermal Print Heads for Digital Photo Printers

Excellent Award Category "Resources Conservation"

Reduction of Green Sheet used through Introduction of Cleaning Device for Printer Units

## 5th Environmental Protection Promotion Plan

Kyocera has been promoting positive environmental protection activities with a 3 year plan starting in 1992 specified at sections and subsections of the Kyocera green committee to clarify the environmental policy, and define the action plans and middle-term goals.
Kyocera is further promoting the activities with the 5th Environmental Protection Promotion Plan started in April 2005.

| Item | | | 5th Environmental Protection Promotion Program | | | | |
|---|---|---|---|---|---|---|---|
| | | | Base year | FY2006 Goal | FY2007 Goal | FY2008 Goal | FY2016 Goal |
| Reduction of greenhouse gas emission | | | FY1991 emission (Absolute amount) | ±0% | 3% reduction | 6% reduction | 10% reduction maintained (10% reduction in FY2010) |
| Reduction of energy consumption | Electricity | | FY2005 consumption per net sales | 2% reduction | 4% reduction | 6% reduction | 20% reduction |
| | Fuel | | FY2005 consumption per net sales | 2% reduction | 4% reduction | 6% reduction | 20% reduction |
| Reduction of waste discharged | Industrial waste | Plant | FY2005 weight per net sales | 6% reduction | 12% reduction | 18% reduction | 50% reduction |
| | | Office | | | | | 30% reduction |
| | General waste | Plant | FY2006 1st half weight per net sales | 6% reduction | 12% reduction | 18% reduction | 50% reduction |
| | | Office | | | | | 30% reduction |
| Zero emission | General waste (Zero emission of industrial waste already achieved) | | – | Promotion of zero emission | Promotion of zero emission | Zero emission achieved | Zero emission maintained |
| Reduction of waste generated | Industrial waste and valuables | Plant | FY2005 weight per net sales | 3% reduction | 6% reduction | 10% reduction | 30% reduction |
| | | Office | FY2006 1st half weight per net sales | 3% reduction | 6% reduction | 10% reduction | 30% reduction |
| | General waste | | FY2006 1st half weight per net sales | 3% reduction | 6% reduction | 10% reduction | 30% reduction |
| Control by gross amount in wastewater | Mercury, cadmium, lead and hexavalent chromium discharge | | FY2005 discharge (Absolute amount) | 20% reduction achieved | 50% reduction achieved | 100% reduction achieved (Closed system) | — |
| Specified class 1 designated chemical substances specified by PRTR Law (18 substances) | Amount handled | | FY2005 consumption per net sales | 6% reduction | 12% reduction | 15% reduction | — |
| | Release amount | | FY2005 release amount per net sales | 16% reduction | 27% reduction | 30% reduction | — |
| | Transfer amount | | FY2005 transfer amount per net sales | 9% reduction | 13% reduction | 20% reduction | — |
| Reduction of volatile organic compound (VOC) | Emission into air | | FY2006 1st half emission (Absolute amount) | 6% reduction | 18% reduction | 30% reduction | 50% reduction |

Kyocera is promoting the 5th environmental protection promotion plan toward materialization of environmental management with clear and aggressive goals set as follows in addition to the activities we made in the past:

1. Establishment of long-term goals by fiscal 2016 when long term vision is required;
2. Goals directly connected to clarification of responsibilities and business activities through setting of goals on the divisional basis;
3. Setting of new plans and goals such as gross amount control of hazardous substances in wastewater, reduction of volatile organic compound (VOC) emissions and sales expansion of certified global environment-preserving products.

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

| Item | | 5th Environmental Protection Promotion Plan | | | | |
|---|---|---|---|---|---|---|
| | | Base year | FY2006 Goal | FY2007 Goal | FY2008 Goal | FY2016 Goal |
| Saving of packing materials expenses | | FY2005 amount per net sales | 3% reduction | 6% reduction | 9% reduction | 30% reduction |
| Reduction of using PVC (inner packing materials) (Outer packing materials, bags and cushioning materials already completely stopped using) | | FY2005 amount per net sales | 10% reduction | 20% reduction | 30% reduction | Totally stopped using |
| Reduction of vehicle fuel consumption (Company cars and private cars used for business purpose) | | FY2005 consumption per net sales | 2.5% reduction | 5% reduction | 7.5% reduction | 30% reduction |
| Reduction of water consumption (Well water and city water) | Plant | FY2005 consumption per net sales | 5% reduction | 10% reduction | 15% reduction | 20% reduction |
| | Office | FY2005 consumption per net sales | 2.5% reduction | 5% reduction | 7.5% reduction | 10% reduction |
| Reduction of gas expenses (Nitrogen, hydrogen and argon) | | FY2005 amount per net sales | 7.5% reduction | 15% reduction | 17.5% reduction | 30% reduction |
| Reduction of travel expenses (Domestic and overseas travel expenses) | | FY2005 amount per net sales | 2% reduction | 4% reduction | 6% reduction | 10% reduction |
| Reduction of office paper purchased | | FY2005 weight per net sales | 3% reduction | 6% reduction | 9% reduction | 20% reduction |
| Reduction of production paper purchased | | FY2005 weight per net sales | 3% reduction | 6% reduction | 9% reduction | 20% reduction |
| Reduction of paper discharged | | FY2005 paper discharged per net sales | 3% reduction | 6% reduction | 9% reduction | 20% reduction |
| Expanded certification of environment-preserving products | | Number of developed and manufactured products in each fiscal year Transfer theme | 50% certified | 60% certified | 70% certified | 100% certified (FY2011) |
| Total stopping the use of 6 substances specified by RoHS Directive | | — | Totally stopped using in July | Continuation | | |
| Sales expansion of environment-preserving products | | FY2005 certified product net sales | 10% improvement | 20% improvement | 35% improvement | — |
| Reestablishment of LCA System | | — | Establishment of rules per component and product | Promotion of LCA implementation | Promotion of LCA implementation | — |
| Introduction of environmental efficiency factors | | — | Establishment of concept of factor | Trial and evaluation | Introduction | — |

* Scope: Kyocera Corporation only
Group companies certified with "Kyocera Group Integrated Environmental Management System" (Ref: Page 81) are promoting activities based on similar goals.
* Values per net sales are calculated with the net sales taken as the denominator.
* Office means non-manufacturing sites other than plants.

# History of Environmental Activities



| Major Domestic and Overseas Environmental Movements | Year | Kyocera Environmental Activities |
|---|---|---|
| | 1984 | 43kW solar power generating system installed at Chiba Sakura Plant |
| | 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<br>Paper recycling started<br>Kyocera Group Green Committee (KGGC) established |
| United Nations Framework Convention on Climate Change (UNFCCC)<br>United Nations Conference on Environment and Development (The Earth Summit) | 1992 | First environmental protection promotion plan started, "Kyocera Environmental Management Standard" established<br>Specified CFC and others completely eliminated<br>Kyocera Eco Product Label established<br>World's 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" from Industry Structure Council | 1994 | Methyl bromide and trichloroethylene completely eliminated |
| | 1995 | Tetrachloroethylene and HCFC-141b completely eliminated |
| Environmental Management System, International Organization for Standardization ISO14001 issued<br>Environmental Basis Plan<br>Containers and Package Recycling Law | 1996 | Second environmental protection promotion plan started, Kyocera Global Environment Contribution Award established<br>ISO14001 certified at Mie Plant (Currently Mie Ise Plant, KYOCERA MITA Tamaki Plant) |
| 3rd Framework Convention on Climate Change (COP3) | 1997 | ISO14001 certified (9 plants) |
| Designated Household Appliance Recycling Law (The Household Appliances Recycling Law) | 1998 | Green procurement started<br>Ecologically sound Headquarters building completed (214kW solar power generating system installed) |
| Revised Energy Saving Law<br>PRTR Law<br>Law Concerning Special Measures against Dioxins | 1999 | ISO14001 integrated certification obtained at 6 non-manufacturing sites (March)<br>Third environmental protection promotion plan started<br>ISO14001 integrated certification obtained at company-wide 42 sites (August)<br>Global Environment Award (Fujisankei Group Prize) received<br>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)<br>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)<br>Sustainability Report released<br>Introduction of KGEMS (Kyocera Group Environmental Management System) started |
| Law of Environmental Preservation Activities and Promotion of Environmental Education<br>ISO14001:2004 validated | 2004 | KYOCERA MITA Tamaki Plant awarded with second Japan Sustainable Management Award (Excellent Environmental Management Award)<br>Energy Saving Promotion Office and Environment Preserving Products Promotion Section established<br>Sustainability Report released<br>Sustainability presentation held |
| Effectuation of the Kyoto Protocol | 2005 | Fifth environmental protection promotion plan started<br>Approximately 80kW solar power generating system installed at Mie Ise Plant |

# Major Plants Information

## KYOCERA Corporation Hokkaido Kitami Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Steam boiler #1 | 0.3 | 0.0015 | 0.002 | Twice/year |
| | Steam boiler #2 | 0.3 | 0.001 | 0.001 | Twice/year |
| | Vacuum water heater #1 | 0.3 | 0.021 | 0.036 | Twice/year |
| NOx (ppm) | Steam boiler #1 | 180 | 43 | 68 | Twice/year |
| | Steam boiler #2 | 180 | 36.5 | 62 | Twice/year |
| | Vacuum water heater #1 | 180 | 25 | 33 | Twice/year |
| SOx ($Nm^3/h$) | Steam boiler #1 | 7.57 | 0.065 | 0.13 | Twice/year |
| | Steam boiler #2 | 7.25 | 0.045 | 0.051 | Twice/year |
| | Vacuum water heater #1 | 3.16 | 0.18 | 0.21 | Twice/year |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8 ~ 8.6 | 6.8 | 6.8 | 11 times/month |
| Biochemical oxygen demand (BOD) | 120 | 2.3 | 2.3 | 8 times/month |
| Chemical oxygen demand (COD) | 120 | 4.1 | 4.1 | 11 times/month |
| Suspended solid (SS) | 200 | < 1 | < 1 | 11 times/month |
| Normal hexane extract weight | 5 | < 1 | < 1 | Once/year |
| Phenols content | 5 | < 0.05 | < 0.05 | Once/year |
| Copper content | 3 | < 0.01 | < 0.01 | Once/year |
| Zinc content | 5 | 0.02 | 0.02 | Once/year |
| Soluble iron content | 10 | < 0.03 | < 0.03 | Once/year |
| Soluble manganese content | 10 | < 0.01 | < 0.01 | Once/year |
| Coliform group number (pieces/mℓ) | 3,000 | < 100 | < 100 | Once/year |
| Nitrogen content | 60 | 0.86 | 0.86 | Once/year |
| Phosphorus content | 8 | < 0.06 | < 0.06 | Once/year |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.26 |
| SOx | 1.19 |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 0.068 |
| Biochemical oxygen demand (BOD) | 0.038 |
| Nitrogen | 0.014 |
| Phosphorus | — |

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 10,204,800 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 464 |
| Water | $m^3$ | 43,486 |
| Industrial waste discharge | kg | 198,457 |
| General waste discharge | kg | 13,986 |
| Water discharge | $m^3$ | 16,536 |

### [Noise and vibration]

Control limit not exceeded

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| | NA | — | | | | | | | | |

### [Profile]

Plant name : KYOCERA Corporation Hokkaido Kitami Plant
Location : 30 Hoji, Kitami, Hokkaido
Production items : Mobile handsets
Area : 40,404 $m^2$

## KYOCERA Corporation Fukushima Tanakura Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | New heavy oil boiler | 0.3 | ＜0.005 | ＜0.005 | Once/year |
| NOx (ppm) | New heavy oil boiler | 260 | 78 | 96 | Once/year |
| SOx ($Nm^3/h$) | New heavy oil boiler | 1.418 | 0.03 | 0.03 | Once/year |

### [Water quality management]

NA

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.073 |
| SOx | 0.047 |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | — |
| Biochemical oxygen demand (BOD) | — |
| Nitrogen | — |
| Phosphorus | — |

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 3,774,590 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 22 |
| Water | $m^3$ | 8,305 |
| Industrial waste discharge | kg | 30,698 |
| General waste discharge | kg | 32,059 |
| Water discharge | $m^3$ | — |

### [Noise and vibration]

Control limit not exceeded

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| | NA | — | | | | | | | | |

### [Profile]

Plant name : KYOCERA Corporation Fukushima Tanakura Plant
Location : 88 Nakatoyo, Nagare, Tanakura-cho, Higashishirakwa-gun, Fukushima
Production items : Information and telecommunications equipment
Area : 19,787 $m^2$

# Major Plants Information

## KYOCERA Corporation Nagano Okaya Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm³) | Boiler (Central) | 0.3 | 0.005 | 0.005 | Twice/year |
| | Boiler (C2) | 0.3 | 0.008 | 0.011 | Twice/year |
| | Boiler (B6) | 0.3 | 0.015 | 0.015 | Once/year |
| NOx (ppm) | Boiler (Central) | 180 | 77 | 88 | Twice/year |
| | Boiler (C2) | 180 | 80 | 93 | Twice/year |
| | Boiler (B6) | 180 | 77 | 77 | Once/year |
| SOx (Nm³/h) | Boiler (Central) | 5.2 | 0.29 | 0.3 | Twice/year |
| | Boiler (C2) | 4.8 | 0.1 | 0.1 | Twice/year |
| | Boiler (B6) | 1.3 | 0.27 | 0.27 | Once/year |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8 ~ 8.6 | 7.2 | 7.6 | Twice/month |
| Biochemical oxygen demand (BOD) | 30 | 1.39 | 3.9 | Twice/month |
| Chemical oxygen demand (COD) | 30 | 1.87 | 4.3 | Twice/month |
| Suspended solid (SS) | 50 | 1.29 | 2.5 | Twice/month |
| Normal hexane extract weight | 5 | 1.0 | 1.8 | Twice/month |
| Phenols content | 5 | ＜0.1 | ＜0.1 | Once/month |
| Copper content | 3 | 0.01 | 0.02 | Twice/month |
| Zinc content | 5 | 0.032 | 0.032 | Once/year |
| Soluble iron content | 10 | 0.13 | 0.28 | Twice/month |
| Soluble manganese content | 10 | ＜0.05 | ＜0.05 | Once/month |
| Coliform group number (pieces/mℓ) | 3,000 | 0 | 0 | Once/month |
| Nitrogen content | 40 | 6.76 | 8.1 | Twice/month |
| Phosphorus content | 5 | 0.031 | 0.713 | Once/month |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.94 |
| SOx | 2.45 |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 0.02 |
| Biochemical oxygen demand (BOD) | 0.01 |
| Nitrogen | 0.07 |
| Phosphorus | 0.0003 |

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 34,230,768 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 649 |
| Water | m³ | 101,833 |
| Industrial waste discharge | kg | 177,278 |
| General waste discharge | kg | 123,275 |
| Water discharge | m³ | 10,302 |

### [Noise and vibration]

Control limit not exceeded

### [Profile]

Plant name : KYOCERA Corporation Nagano Okaya Plant
Location : 3-11-1, Kohagi, Osachi, Nagaike, Okaya, Nagano
Production items : Thermal heads, LED heads, single-crystal products, optical equipment
Area : 80,068 m²

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 346 | Molybdenum and its compounds | 20.7 | 0 | 0 | 0 | 0.3 | 0 | 20.4 | 0 | 0 |
| Target chemical substances total | | 20.7 | 0 | 0 | 0 | 0.3 | 0 | 20.4 | 0 | 0 |

## KYOCERA Corporation Mie Ise Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot (g/Nm³) | NA | — | | | |
| NOx (ppm) | NA | — | | | |
| SOx (Nm³/h) | NA | — | | | |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8 ~ 8.6 | 6.6 | 7.3 | Once/week |
| Biochemical oxygen demand (BOD) | 20 | 2.5 | 6.0 | Once/3 months |
| Chemical oxygen demand (COD) | 15 | 5.5 | 9 | Once/3 months |
| Suspended solid (SS) | 10 | 2 | 2 | Once/3 months |
| Normal hexane extract weight | 1 | 0.5 | 0.5 | Once/3 months |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | — |
| SOx | — |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | — |
| Biochemical oxygen demand (BOD) | — |
| Nitrogen | — |
| Phosphorus | — |

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 7,239,633 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 2 |
| Water | m³ | 5,817 |
| Industrial waste discharge | kg | 39,855 |
| General waste discharge | kg | 10,065 |
| Water discharge | m³ | — |

### [Noise and vibration]

Control limit not exceeded

### [Profile]

Plant name : KYOCERA Corporation Mie Ise Plant
Location : 600-10 Shimono-cho, Ise, Mie
Production items : Solar panels
Area : 14,839 m²

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 64 | Silver and its water-soluble compounds | 18.1 | 0 | 0 | 0 | 0 | 0 | 0.1 | 18.0 | 0 |
| 230 | Lead and its compounds | 45.5 | 0 | 0 | 0 | 0 | 0 | 0.3 | 45.2 | 0 |
| Target chemical substances total | | 63.6 | 0 | 0 | 0 | 0 | 0 | 0.4 | 63.2 | 0 |

## KYOCERA Corporation Shiga Yohkaichi Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | "Keiai" Dormitory boiler | 0.3 | 0.009 | 0.011 | Twice/year |
| | Complex intermediate waste processing facility | 0.3 | 0.0257 | 0.037 | Twice/year |
| | 1-1 plant electric furnace | 0.25 | 0.003 | 0.005 | Twice/year |
| NOx (ppm) | "Keiai" Dormitory boiler | 260 | 62 | 65 | Twice/year |
| | Complex intermediate waste processing facility | 250 | 33.3 | 40 | Twice/year |
| SOx ($Nm^3/h$) | "Keiai" Dormitory boiler | 2.6 | 0.0136 | 0.018 | Twice/year |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.11 |
| SOx | 0.06 |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 1.30 |
| Biochemical oxygen demand (BOD) | 0.10 |
| Nitrogen | 0.45 |
| Phosphorus | 0.03 |

### [Noise and vibration]

Control limit not exceeded

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 113,793,487 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 5,260 |
| Water | $m^3$ | 694,930 |
| Industrial waste discharge | kg | 3,109,506 |
| General waste discharge | kg | 191,998 |
| Water discharge | $m^3$ | 538,390 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 6.0 ~ 8.5 | 7.2 | 7.5 | 3 times/day |
| Biochemical oxygen demand (BOD) | 20 | 0.194 | 2.0 | Once/week |
| Chemical oxygen demand (COD) | 20 | 2.42 | 5.8 | Once/day |
| Suspended solid (SS) | 20 | 1.29 | 4.2 | 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 | ＜0.02 | 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/mℓ) | 3,000 | 0 | 0 | Once/month |
| Nitrogen content | 8 | 0.83 | 3.3 | Once/week |
| Phosphorus content | 0.5 | 0.057 | 0.3 | Once/week |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 64 | Silver and its water-soluble compounds | 33.8 | 0 | 0 | 0 | 0 | 0 | 0.8 | 33.0 | 0 |
| 100 | Cobalt and its compounds | 3.9 | 0 | 0 | 0 | 0.2 | 0 | 0.1 | 3.5 | 0.1 |
| 179 | Dioxins (Unit: ng-TEQ) | 0.021 | 0 | 0 | 0 | 0.021 | 0 | 0 | 0 | 0 |
| 227 | Toluene | 1.3 | 1.0 | 0 | 0 | 0.3 | 0 | 0 | 0 | 0 |
| 230 | Lead and its compounds | 9.7 | 0 | 0 | 0 | 0.6 | 0 | 2.7 | 6.4 | 0 |
| 231 | Nickel | 2.9 | 0 | 0 | 0 | 0.2 | 0 | 0.3 | 2.4 | 0 |
| 232 | Nickel compounds | 5.6 | 0 | 0 | 0 | 1.6 | 0 | 0 | 4.0 | 0 |
| 283 | Hydrogen fluoride and its water-soluble salts | 68.6 | 0 | 0.5 | 0 | 0 | 0 | 0 | 68.1 | 0 |
| 311 | Manganese and its compounds | 1.0 | 0 | 0 | 0 | 0.2 | 0 | 0 | 0.8 | 0 |
| 346 | Molybdenum and its compounds | 1.1 | 0 | 0 | 0 | 0.1 | 0 | 0 | 1.0 | 0 |
| Target chemical substances total | | 127.9 | 1.0 | 0.5 | 0 | 3.2 | 0 | 3.9 | 119.2 | 0.1 |

### [Profile]

Plant name : KYOCERA Corporation Shiga Yohkaichi Plant
Location : 1166-6 Nagatanino, Hebimizo-cho, Higashiomi, Shiga
Production items : Fine ceramics components, solar energy equipment, printer drums, thin-film devices, cutting tools, LEDs, etc.
Area : 279,435 $m^2$

## KYOCERA Corporation R&D Center, Keihanna

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Absorption type cold and hot water supply unit | 0.1 | ＜0.001 | 0.001 | Twice/year |
| NOx (ppm) | Absorption type cold and hot water supply unit | 150 | 21 | 24 | Twice/year |
| SOx ($Nm^3/h$) | NA | — | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.46 |
| SOx | — |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | — |
| Biochemical oxygen demand (BOD) | — |
| Nitrogen | — |
| Phosphorus | — |

### [Noise and vibration]

Control limit not exceeded

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 2,945,945 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 446 |
| Water | $m^3$ | 15,073 |
| Industrial waste discharge | kg | 8,898 |
| General waste discharge | kg | 260 |
| Water discharge | $m^3$ | 3,674 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5 ~ 9 | 7.3 | 7.8 | Once/day |
| Biochemical oxygen demand (BOD) | 600 | 36.2 | 203.0 | Once/week |
| Suspended solid (SS) | 600 | 31.2 | 113.0 | Once/week |
| Normal hexane extract weight | 5 | ＜5 | ＜5 | Once/year |
| Phenols content | 5 | ＜0.5 | ＜0.5 | Once/year |
| Copper content | 3 | 0 | 0.1 | Once/week |
| Zinc content | 5 | 0 | 1.3 | Once/week |
| Soluble iron content | 10 | 0 | 0.5 | Once/week |
| Soluble manganese content | 10 | 0 | 0 | Once/week |
| Nitrogen content | 240 | 2.5 | 8.3 | Once/week |
| Phosphorus content | 32 | ＜0.01 | ＜0.01 | Once/year |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| | NA | — | | | | | | | | |

### [Profile]

Plant name : KYOCERA Corporation R&D Center, Keihanna
Location : 3-5-3, Hikaridai, Seika-cho, Soraku-gun, Kyoto
Production items : Fundamental research and applied development of optical and electronic devices using thin-film technologies
Area : 26,686 $m^2$

# Major Plants Information

## KYOCERA Corporation Kagoshima Sendai Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Furnace (GF furnace #2) | 0.25 | 0.005 | 0.006 | Twice/year |
| | Shuttle furnace (#1) | 0.25 | ＜0.005 | ＜0.005 | Twice/year |
| | Waste incinerator | 0.15 | 0.0055 | 0.007 | Twice/year |
| NOx (ppm) | Furnace (Shuttle #1) | 180 | 31 | 43 | Twice/year |
| | Boiler (Plant #13, R-1) | 150 | 89 | 97 | Twice/year |
| | Boiler (Energy plant R-2) | 150 | 61 | 61 | Twice/year |
| SOx ($Nm^3/h$) | NA | — | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 24.92 |
| SOx | — |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 6.18 |
| Biochemical oxygen demand (BOD) | 5.38 |
| Nitrogen | 11.76 |
| Phosphorus | 0.30 |

### [Noise and vibration]

Control limit not exceeded

### [Offensive odor]

Control limit not exceeded

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 206,096,000 |
| Fuel (LPG, A-heavy oil) | $k\ell$ (Conversion to crude oil) | 16,588 |
| Water | $m^3$ | 1,998,363 |
| Industrial waste discharge | kg | 2,949,930 |
| General waste discharge | kg | 520,025 |
| Water discharge | $m^3$ | 1,993,096 |

### [Water quality management]

(Unit: mg/$\ell$)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 6.2 ~ 8.2 | 7.2 | 7.5 | 13 times/year |
| Biochemical oxygen demand (BOD) | 20 | 2.7 | 4.9 | 13 times/year |
| Chemical oxygen demand (COD) | — | 3.1 | 4.2 | 13 times/year |
| Suspended solid (SS) | 20 | 1.9 | 4.6 | 13 times/year |
| Normal hexane extract weight | 5 | ＜0.5 | ＜0.5 | 13 times/year |
| Phenols content | 5 | ＜0.01 | ＜0.01 | Once/year |
| Copper content | 3 | 0.04 | 0.1 | 13 times/year |
| Zinc content | 5 | 0.02 | 0.07 | 13 times/year |
| Soluble iron content | 10 | 0.03 | 0.07 | 13 times/year |
| Soluble manganese content | 10 | 0.07 | 0.1 | 13 times/year |
| Coliform group number (pieces/m$\ell$) | 1000 | 13 | 49 | 13 times/year |
| Nitrogen content | 60 | 5.9 | 12 | 13 times/year |
| Phosphorus content | 8 | 0.15 | 0.35 | 13 times/year |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 16 | 2-aminoethanol | 4.6 | 4.5 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0 |
| 43 | Ethylene glycol | 1.8 | 0 | 0 | 0 | 0.1 | 0 | 0 | 1.7 | 0 |
| 63 | Xylene | 1.9 | 0.2 | 0 | 0 | 1.7 | 0 | 0 | 0 | 0 |
| 64 | Silver and its water-soluble compounds | 2.2 | 0 | 0 | 0 | 0 | 0 | 0.1 | 2.1 | 0 |
| 68 | Chromium and chromium (III) compounds | 33.6 | 0 | 0 | 0 | 0.9 | 0 | 8.3 | 24.4 | 0 |
| 100 | Cobalt and its compounds | 20.5 | 0 | 0.3 | 0 | 1.8 | 0 | 0.5 | 17.9 | 0 |
| 101 | 2-etoxylethyl acetate | 3.9 | 0 | 0 | 0 | 3.8 | 0 | 0 | 0.1 | 0 |
| 108 | Inorganic cyanogen compounds (except for complex salt and cyanates) | 5.9 | 0 | 0 | 0 | 0 | 0 | 0 | 5.9 | 0 |
| 179 | Dioxins (Unit: mg-TEQ) | 0.7 | 0 | 0 | 0 | 0.2 | 0 | 0.5 | 0 | 0 |
| 207 | Copper (Water-soluble, except complex salts) | 1.3 | 0 | 0 | 0 | 0 | 0 | 1.3 | 0 | 0 |
| 227 | Toluene | 381.2 | 96.9 | 0 | 0 | 19.2 | 0 | 0 | 265.0 | 0.1 |
| 231 | Nickel | 55.2 | 0 | 0.5 | 0 | 4.5 | 0 | 0.7 | 49.5 | 0 |
| 232 | Nickel compounds | 5.1 | 0 | 0 | 0 | 0 | 0 | 0.4 | 4.7 | 0 |
| 243 | Barium and its water-soluble compounds | 2.4 | 0 | 0 | 0 | 0 | 0 | 0.5 | 1.9 | 0 |
| 270 | D-n-butyl phthalate | 24.1 | 0 | 0 | 0 | 1.2 | 0 | 4.9 | 17.8 | 0.2 |
| 272 | Bis (2-ethylhexyl ) phthalate | 20.2 | 0 | 0 | 0 | 1.8 | 0 | 4.9 | 13.5 | 0 |
| 304 | Boron and its compounds | 1.6 | 0 | 0.4 | 0 | 0.1 | 0 | 0.8 | 0.3 | 0 |
| 311 | Manganese and its compounds | 7.1 | 0 | 0 | 0 | 1.0 | 0 | 0.5 | 5.6 | 0 |
| 346 | Molybdenum and its compounds | 11.5 | 0 | 0.2 | 0 | 0.5 | 0 | 2.0 | 8.8 | 0 |
| Target chemical substances total | | 584.1 | 101.6 | 1.4 | 0 | 36.6 | 0 | 24.9 | 419.3 | 0.3 |

### [Profile]

Plant name : KYOCERA Corporation Kagoshima Sendai Plant
Location : 1810, Taki-cho, Satumasendai, Kagoshima
Production items : Ceramics components, electronic components, semiconductor components, cutting tools, etc.
Area : 180,652 $m^2$

## KYOCERA Corporation Kagoshima Kokubu Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Energy plant small boiler #1 | 0.1 | ＜0.005 | ＜0.005 | Once/5 years |
| | Large gas furnace #1 | 0.25 | ＜0.005 | ＜0.005 | Twice/year |
| | Toluene deodorization boiler | 0.1 | ＜0.005 | ＜0.005 | Once/5 years |
| NOx (ppm) | Energy plant small boiler #1 | 150 | 62 | 67 | Twice/year |
| | Large gas furnace #1 | 180 | 18 | 21 | Twice/year |
| | Toluene deodorization boiler | 150 | 34 | 41 | Twice/year |
| SOx ($Nm^3/h$) | NA | — | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 18.16 |
| SOx | — |

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 9.05 |
| Biochemical oxygen demand (BOD) | 5.82 |
| Nitrogen | 8.95 |
| Phosphorus | 0.65 |

### [Noise and vibration]

Control limit not exceeded

### [Offensive odor]

Control limit not exceeded

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 202,743,578 |
| Fuel (LPG, A-heavy oil) | $k\ell$ (Conversion to crude oil) | 12,676 |
| Water | $m^3$ | 2,005,419 |
| Industrial waste discharge | kg | 3,370,221 |
| General waste discharge | kg | 756,320 |
| Water discharge | $m^3$ | 1,957,011 |

### [Water quality management]

(Unit: mg/$\ell$)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8~8.5 | 7.2 | 7.9 | Once/week |
| Biochemical oxygen demand (BOD) | 30 | 2.8 | 5.6 | Once/week |
| Chemical oxygen demand (COD) | 120 | 4.7 | 7.7 | Once/day |
| Suspended solid (SS) | 30 | 1.7 | 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 | 0.01 | 0.03 | Once/month |
| Zinc content | 5 | 0.04 | 0.07 | Once/month |
| Soluble iron content | 10 | 0.04 | 0.1 | Once/month |
| Soluble manganese content | 10 | 0.02 | 0.05 | Once/month |
| Coliform group number (pieces/m$\ell$) | 3,000 | 51 | 110 | Once/month |
| Nitrogen content | 60 | 3 | 4.9 | Once/month |
| Phosphorus content | 8 | 0.04 | 0.07 | Once/month |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 30 | Bisphenol A epoxy resin (liquid) | 1.1 | 0 | 0 | 0 | 0.3 | 0 | 0 | 0.5 | 0.3 |
| 40 | Ethylbenzene | 14.0 | 2.9 | 0 | 0 | 0.1 | 0 | 11.0 | 0 | 0 |
| 45 | Ethylene glycol monomethyl ether | 1.4 | 1.2 | 0 | 0 | 0.2 | 0 | 0 | 0 | 0 |
| 63 | Xylene | 11.6 | 3.0 | 0 | 0 | 1.5 | 0 | 7.1 | 0 | 0 |
| 64 | Silver and its water-soluble compounds | 13.4 | 0 | 0 | 0 | 1.4 | 0 | 1.1 | 10.9 | 0 |
| 68 | Chromium and chromium (III) compounds | 14.3 | 0 | 0 | 0 | 0.1 | 0 | 5.9 | 8.3 | 0 |
| 100 | Cobalt and its compounds | 1.3 | 0 | 0 | 0 | 0.1 | 0 | 0.3 | 0.9 | 0 |
| 108 | Inorganic cyanogen compounds (except for complex salt and cyanates) | 4.6 | 0 | 0 | 0 | 0 | 0 | 2.4 | 2.2 | 0 |
| 179 | Dioxins (Unit: mg-TEQ) | 0.012 | 0.012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 207 | copper (Water-soluble, except complex salts) | 7.2 | 0 | 0.1 | 0 | 0 | 0 | 0 | 0.1 | 7.0 |
| 224 | 1,3,5-trimethylbenzene | 1.3 | 0 | 0 | 0 | 0 | 0 | 1.3 | 0 | 0 |
| 227 | Toluene | 244.2 | 49.3 | 0 | 0 | 10.7 | 0 | 125.3 | 58.9 | 0 |
| 230 | Lead and its compounds | 59.1 | 0 | 0 | 0 | 16.6 | 0 | 0.3 | 42.2 | 0 |
| 231 | Nickel | 65.4 | 0 | 0 | 0 | 0.5 | 0 | 9.7 | 55.2 | 0 |
| 232 | Nickel compounds | 10.8 | 0 | 0.1 | 0 | 0.9 | 0 | 3.5 | 6.3 | 0 |
| 243 | Barium and its water-soluble compounds | 2.9 | 0 | 0 | 0 | 0.2 | 0 | 2.5 | 0.2 | 0 |
| 266 | Phenol | 3.8 | 0 | 0 | 0 | 3.7 | 0 | 0.0 | 0.1 | 0 |
| 270 | D-n-butyl phthalate | 22.8 | 1.3 | 0 | 0 | 1.3 | 0 | 1.5 | 15.1 | 3.6 |
| 272 | Bis (2-ethylhexyl ) phthalate | 17.2 | 0.2 | 0 | 0 | 1.9 | 0 | 1.9 | 11.6 | 1.6 |
| 304 | Boron and its compounds | 5.5 | 0 | 0.4 | 0 | 1.0 | 0 | 1.4 | 2.7 | 0 |
| 309 | Poly (oxyethylene) nonylphenyl ether | 1.5 | 0 | 0 | 0 | 1.4 | 0 | 0 | 0.1 | 0 |
| 311 | Manganese and its compounds | 9.0 | 0 | 0 | 0 | 0.3 | 0 | 1.6 | 7.1 | 0 |
| 346 | Molybdenum and its compounds | 5.9 | 0 | 0 | 0 | 0.1 | 0 | 3.3 | 2.5 | 0 |
| Target chemical substances total | | 518.3 | 57.9 | 0.6 | 0 | 42.3 | 0 | 180.1 | 224.9 | 12.5 |

### [Profile]

Plant name : KYOCERA Corporation Kagoshima Kokubu Plant
Location : 1-1Yamashita-cho, Kokubu, Kagoshima
Production items : Electronic components, industrial machine parts, semiconductor components, etc.
Area : 228,434 $m^2$

## KYOCERA Corporation Kagoshima Hayato Plant

### [Exhaust management]

| Item | Facility | Legal standard | 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 | — |
| SOx | — |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 2.94 |
| Biochemical oxygen demand (BOD) | 3.05 |
| Nitrogen | 2.02 |
| Phosphorus | 1.44 |

### [Noise and vibration]

Control limit not exceeded

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 41,366,280 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 2,372 |
| Water | $m^3$ | 649,914 |
| Industrial waste discharge | kg | 1,523,070 |
| General waste discharge | kg | 3,320 |
| Water discharge | $m^3$ | 595,248 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8～8.6 | 7.2 | 7.6 | 12 times/year |
| Biochemical oxygen demand (BOD) | 20 | 5.1 | 8.7 | 12 times/year |
| Chemical oxygen demand (COD) | 20 | 4.9 | 7.7 | 12 times/year |
| Suspended solid (SS) | 30 | 3.2 | 4.8 | 12 times/year |
| Normal hexane extract weight | 30 | ＜0.5 | ＜0.5 | 12 times/year |
| Phenols content | 5 | ＜0.1 | ＜0.1 | Once/year |
| Copper content | 3 | 0.01 | 0.07 | 6 times/year |
| Zinc content | 5 | 0.04 | 0.08 | 6 times/year |
| Soluble iron content | 10 | 0.1 | 0.25 | 6 times/year |
| Soluble manganese content | 10 | 0.01 | 0.03 | 6 times/year |
| Coliform group number (pieces/mℓ) | 700 | 6 | 64 | 12 times/year |
| Nitrogen content | 60 | 3.4 | 4.5 | 12 times/year |
| Phosphorus content | 8 | 2.4 | 6.4 | 12 times/year |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 16 | 2-aminoethanol | 12.3 | 0 | 0 | 0 | 6.3 | 0 | 0 | 2.0 | 4.0 |
| 307 | Poly(oxyethylene) alkylether (alkyl C=12-15) | 1.5 | 0 | 0 | 0 | 1.5 | 0 | 0 | 0 | 0 |
| Target chemical substances total | | 13.8 | 0 | 0 | 0 | 7.8 | 0 | 0 | 2.0 | 4.0 |

### [Profile]

Plant name : KYOCERA Corporation Kagoshima Hayato Plant
Location : 999-3 Uchi, Hayato-cho, Aira-gun, Kagoshima
Production items : Liquid crystal, thermal print heads, etc.
Area : 26,407 $m^2$

## KYOCERA MITA Corporation Hirakata Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Heavy oil boiler, 3ton | 0.15 | 0.0111 | 0.014 | Twice/year |
| | Heavy oil boiler, 5ton | 0.15 | 0.0046 | 0.0047 | Twice/year |
| | Gas boiler #1 | 0.05 | 0.0012 | 0.0022 | Twice/year |
| | Gas boiler #2 | 0.05 | 0.0011 | 0.0015 | Twice/year |
| NOx (ppm) | Heavy oil boiler, 3ton | 180 | 46 | 48 | Twice/year |
| | Heavy oil boiler, 5ton | 180 | 87 | 96 | Twice/year |
| | Gas boiler #1 | 150 | 15 | 20 | Twice/year |
| | Gas boiler #2 | 150 | 7 | 10 | Twice/year |
| SOx ($Nm^3/h$) | NA | — | | | |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 10.57 |
| SOx | — |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | 0.53 |
| Biochemical oxygen demand (BOD) | 0.56 |
| Nitrogen | 0.63 |
| Phosphorus | 0.05 |

### [Noise and vibration]

Control limit not exceeded

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 17,314,311 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 538 |
| Water | $m^3$ | 106,418 |
| Industrial waste discharge | kg | 533,105 |
| Water discharge | $m^3$ | 106,418 |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8～8.6 | 7.23 | 7.50 | Once/month |
| Biochemical oxygen demand (BOD) | 20 | 5.30 | 11.00 | Once/month |
| Chemical oxygen demand (COD) | 20 | 4.98 | 8.30 | Once/month |
| Suspended solid (SS) | 70 | 4.45 | 7.50 | Once/month |
| Normal hexane extract weight | 4 | 1.02 | 1.10 | Once/month |
| Phenols content | 1 | ＜0.50 | ＜0.50 | Once/month |
| Copper content | 3 | 0.05 | 0.06 | Once/month |
| Zinc content | 5 | 0.07 | 0.07 | Once/month |
| Soluble iron content | 10 | 0.10 | 0.10 | Once/month |
| Soluble manganese content | 10 | ＜0.02 | ＜0.02 | Once/month |
| Coliform group number (pieces/mℓ) | 3,000 | 0 | 0 | Once/month |
| Nitrogen content | 60 | 5.89 | 6.24 | Once/month |
| Phosphorus content | 3 | 0.50 | 0.52 | Once/month |

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| | NA | — | | | | | | | | |

### [Profile]

Plant name : KYOCERA MITA Corporation Hirakata Plant
Location : 1-38-12, Tsudakita-cho, Hirakata, Osaka
Production items : Manufacturing of information equipment and supply products
Area : 46,085 $m^2$

# Major Plants Information

## KYOCERA Chemical Corporation Koriyama Plant

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Once-through boiler #1 | 0.3 | 0.005 | 0.005 | Twice/year |
| | Once-through boiler #2 | 0.3 | 0.005 | 0.005 | Twice/year |
| NOx (ppm) | Once-through boiler #1 | 180 | 41 | 41 | Twice/year |
| | Once-through boiler #2 | 180 | 42 | 44 | Twice/year |
| SOx ($Nm^3/h$) | Once-through boiler #1 | 1.522 | 0.018 | 0.018 | Twice/year |
| | Once-through boiler #2 | 1.522 | 0.0175 | 0.018 | Twice/year |

### [Water quality management]

NA

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 1.08 |
| SOx | 0.37 |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | — |
| Biochemical oxygen demand (BOD) | — |
| Nitrogen | — |
| Phosphorus | — |

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 6,095,930 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 408 |
| Water | $m^3$ | 48,574 |
| Industrial waste discharge | kg | 501,577 |
| General waste discharge | kg | 32,860 |
| Water discharge | $m^3$ | — |

### [Noise and vibration]

Control limit not exceeded

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 25 | Antimony and its compounds | 121.8 | 0 | 0 | 0 | 9.1 | 0 | 0 | 112.7 | 0 |
| 132 | HCFC-141b | 1.0 | 1.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 144 | HCFC-225 | 2.8 | 2.8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Target chemical substances total | | 125.6 | 3.8 | 0 | 0 | 9.1 | 0 | 0 | 112.7 | 0 |

### [Profile]

Plant name : KYOCERA Chemical Corporation Koriyama Plant
Location : 2-17, Machiikedai, Koriyama, Fukushima
Production items : Molding compounds for semiconductor encapsulation
Area : 66,000 $m^2$

## KYOCERA KINSEKI Yamagata Corporation

### [Exhaust management]

| Item | Facility | Legal standard | Measurement | | |
|---|---|---|---|---|---|
| | | | Average | Max. | Frequency |
| Soot ($g/Nm^3$) | Sectional boiler (MF5-N7SA) | 0.30 | 0.003 | 0.005 | Twice/year |
| | Multi-tube once-through boiler | 0.30 | 0.0045 | 0.008 | Twice/year |
| NOx (ppm) | Sectional boiler (MF5-N7SA) | 180 | 29 | 41 | Twice/year |
| | Multi-tube once-through boiler | 180 | 30 | 38 | Twice/year |
| SOx ($Nm^3/h$) | Sectional boiler (MF5-N7SA) | 4.94 | 0.09 | 0.09 | Twice/year |
| | Multi-tube once-through boiler | 4.94 | 0.105 | 0.11 | Twice/year |

### [Water quality management]

(Unit: mg/ℓ)

| Item | Legal standard | Measurement | | |
|---|---|---|---|---|
| | | Average | Max. | Frequency |
| Hydrogen ion concentration (pH) | 5.8 ~ 8.6 | 7.6 | 8.0 | Once/year |
| Biochemical oxygen demand (BOD) | 25 | 5.95 | 17.0 | Once/year |
| Suspended solid (SS) | 60 | 3.175 | 11 | Once/year |
| Normal hexane extract weight | 5.0 | ＜0.725 | ＜1.0 | Once/year |
| Phenols content | 5.0 | 0.5 | 0.5 | Once/year |
| Copper content | 1.0 | 0.1 | 0.1 | Once/year |
| Zinc content | 5.0 | 0.5 | 0.5 | Once/year |
| Soluble iron content | 10.0 | 0.5 | 0.5 | Once/year |
| Soluble manganese content | 5.0 | 0.6 | 0.6 | Once/year |
| Phosphorus content | 1.0 | 0.1 | 0.1 | Once/year |

### [Air emission: Total impact]

(Unit: ton)

| Item | Total emission |
|---|---|
| NOx | 0.194 |
| SOx | 0.002 |

### [Offensive odor]

Control limit not exceeded

### [Water pollution: Total impact]

(Unit: ton)

| Item | Total pollution |
|---|---|
| Chemical oxygen demand (COD) | — |
| Biochemical oxygen demand (BOD) | 0.184 |
| Nitrogen | — |
| Phosphorus | 0.003 |

### [Environmental performances]

| Item | Unit | Amount |
|---|---|---|
| Electricity | kW - h | 31,662,211 |
| Fuel (LPG, A-heavy oil) | kℓ (Conversion to crude oil) | 1,190 |
| Water | $m^3$ | 103,462 |
| Industrial waste discharge | kg | 562,369 |
| General waste discharge | kg | 9,260 |
| Water discharge | $m^3$ | 30,930 |

### [Noise and vibration]

Control limit not exceeded

### [PRTR substances]

(Unit: ton)

| No. | Substance | Handled | Released | | | Transferred | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Air | Water | Soil | As waste | Sewage | Recycled | Consumed | Removed |
| 63 | Xylene | 2.0 | 1.6 | 0 | 0 | 0.4 | 0 | 0 | 0 | 0 |
| 145 | Dichloromethane | 9.5 | 6.0 | 0 | 0 | 3.5 | 0 | 0 | 0 | 0 |
| 227 | Toluene | 1.0 | 1.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 283 | Hydrogen fluoride and its water-soluble salts | 5.9 | 0 | 1.9 | 0 | 3.6 | 0 | 0 | 0 | 0.4 |
| Target chemical substances total | | 18.4 | 8.6 | 1.9 | 0 | 7.5 | 0 | 0 | 0 | 0.4 |

### [Profile]

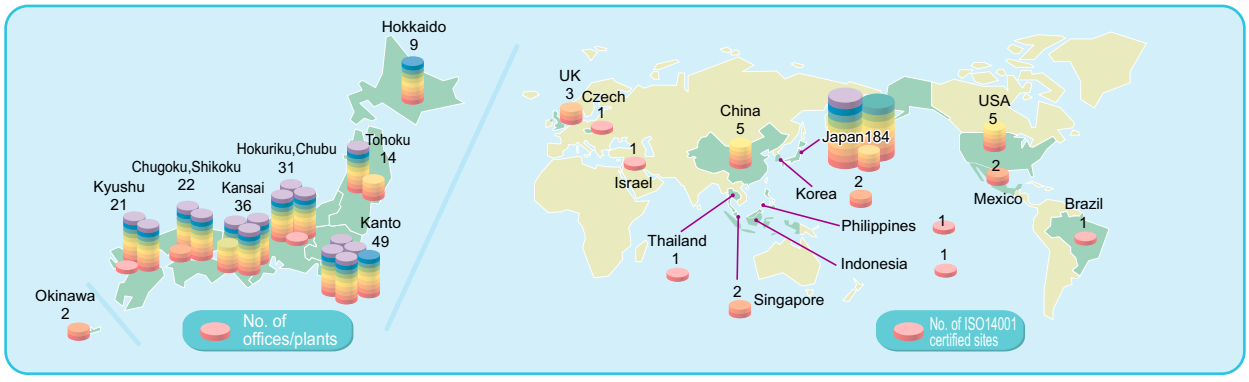
Plant name : KYOCERA KINSEKI Yamagata Corporation
Location : 5850, Higashinekoh, Ohaza, Higashine, Yamagata
Production items : Crystals, Oscillators, SAW filters, industrial equipment, etc.
Area : 69,332 $m^2$

# ISO 14001 Certification Status



| Region | Company | Office/Plant | | | |
|---|---|---|---|---|---|
| Japan | KYOCERA Corporation | Hokkaido Kitami Plant | R&D Center, Keihanna | Hamamatsu Sales Office | Crescent Vert Osaka Umeda Store |
| | | Fukushima Tanakura Plant | Kagoshima Sendai Plant | Yamanashi Sales Office | Crescent Vert Osaka Minami Store |
| | | Chiba Sakura Office | 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 | Nishi-Akashi 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 | |
| | | 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 Store | |
| | | Kyoto Fushimi Office | Matsumoto Sales Office | Crescent Vert Kyoto Kawaramachi Store | |
| | KYOCERA ELCO Corp. | Head Office | Osaka Office | Omiya Sales Office | |
| | | Okaya Office | Nagoya Sales 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., Ltd. | Head Office | | | |
| | KYOCERA MITA Japan Co., Ltd. | Head Office | Omiya Office | Osaka Office | Fukuoka Office |
| | | Sapporo Office | Yokohama Office | Kobe Office | Branches: 92 sites |
| | | Sendai Office | Nagoya Office | Hiroshima Office | |
| | KYOCERA Chemical Corp. | Head Office | Kawasaki Plant | Maoka Plant | Kyushu Branch Office |
| | | Kawaguchi Plant | Koriyama Plant | Kansai Branch Office | |
| | KYOCERA SLC Technologies Corp. | Shiga Yasu Plant | Kagoshima Sendai Office | Kagoshima Kokubu Office | East Japan Sales Office |
| | KYOCERA KINSEKI Corp. | Head Office | Nagano Okaya Office | Shiga Yohkaichi Office | Kagoshima Kokubu Office |
| | KYOCERA KINSEKI Hokkaido Corp. | Head Office | Hokkaido Ebetsu Plant | | |
| | KYOCERA KINSEKI Yamagata Corp. | Head Office | | | |
| | KYOCERA KINSEKI Chiba Corp. | Head Office | | | |

* Above 184 offices and plants are ISO14001 certified together with Kyocera Group integrated environment management system




| | Region | Company | Office/Plant | Date of registration |
|---|---|---|---|---|
| USA | USA | 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 |
| Asia | 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 |
| | | KYOCERA Chemical (Wuxi) 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 |
| | Philippines | KYOCERA KINSEKI PHILIPPINES Inc | Naga | June '03 |
| EU | UK | AVX Ltd. | Paignton | June '00 |
| | | | Coleraine | Aug. '00 |
| | | | New Market | Dec. '02 |
| | Czech Republic | AVX CZECH REPUBLIC,S.R.O. | Lanskroun | Sept. '04 |
| | Israel | AVX ISRAEL LTD. | Jerusalem | May '03 |
| Others | Mexico | KYOCERA Mexicana, S.A. de C.V. | Tijuana | Sept. '98 |
| | | | Tijuana (East Plant) | Dec. '03 |
| | Brazil | KYOCERA YASHICA de Brasil Industria e Comercio Ltda. | Sorocaba | Sept. '00 |

# Glossary



## "Sustainability" P8

This word was first used in the report "Our Common Future" submitted by the "World Commission on Environment and Development (WCED)" to the UN. The word is defined as "Development to ensure that it meets the needs of the present without compromising the ability of future generations to meet their need."

## "Corporate Governance" P12

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

## "Compliance" P13

This was understood as "strict observance of laws," but the original meaning is to "strictly observe … and comply with". In Japan, "Compliance" came to mean not only strict observance of laws and regulations but also social norms including rules, ethics and morality of own companies.

## "Personal Information Protection" P13

"Personal information" is defined as "the information about the living individual, which contains the name, the date of birth and/or any other descriptions by which a specific individual can be identified." This law was enacted in May 2003 to protect the interest and rights of individuals while taking the usefulness of information about individuals into consideration.

## "MBA" P30

MBA, standing for "Master of Business Administration" is a program for learning business administration at graduate school level. The program aims at development of corporate management and managers capable of functioning as leaders in the industry through practical education and training.

## "Risk Assessment" P31

OHSAS18001 defines risk assessment as "the overall process of estimating the magnitude of risk and deciding whether or not the risk is tolerable.

## "Mental Health Care" P33

Examination/diagnosis of the mental condition of persons, including the treatment, care and rehabilitation of mental patients and suspects.

## "Stakeholders" P48

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

## "Environmental Accounting" P52

Environmental accounting is the system to recognize the cost spent for environmental preservation in business activities as well as the benefits from it, measure and report the cost and benefit quantitatively (indicated at the monetary unit or physical unit) as much as possible.

## "Green Procurement" P58

This means that not only price, quality and delivery are taken into consideration, but also environmental factors (availability of recycling, long-time use and use of recycled materials) should be added to the procurement standard when components or materials are selected by the government, local government and private companies.

## "Green Purchasing" P59

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

## "BOD and COD" P66

BOD stands for "Biochemical Oxygen Demand" to express the oxygen consumed by microorganisms for decomposition of organic matters in water. COD stands for "Chemical Oxygen Demand" to express the oxygen consumed when organic matters in water are oxidized by an oxidizing agent. Higher COD and BOD values mean that the water is more polluted.

## "SOx and NOx" P66

Sulfur oxide (SOx) emitted through stacks in manufacturing plants and other sources is considered 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) cause a photochemical reaction with ultraviolet rays of the sun and become nitric acid in reaction with moisture in the atmosphere.

## "Modal shift" P70

Switchover of distribution method. Basically, this is a physical distribution management plan to shift the distribution method from trucks to railways or coastal shipping, since concentration on trucks causes environmental problems such as energy issue, traffic jam, and air pollution with carbon monoxide, etc.

**Source:**
CSR-BJ, Japan Management Association website
"Minnano Kankyo Hyakka (Environmental Encyclopedia for People)," the Japan Business Machine and Information System Industries Association and others

# Independent Assurance

Kyocera has asked Chuo Aoyama Sustainability Certification Co., Ltd. to conduct independent assurance to ensure reliability of the Report. The review was conducted at the Headquarters and Kagoshima Kokubu Plant. The objectives of this review are to express an opinion on:
- The completeness of the Report in respect to the sustainability information required under specified proceedings of the companies concerned
- The effectiveness of the sustainability information described above

On the basis of the above work, it was verified that the Report is appropriate and effective.

第三者保証報告書

京セラ株式会社
代表取締役社長　西口泰夫　殿

2005年5月26日

**保証業務の対象と目的**　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。）からの依頼に基づき、「京セラ 社会・環境報告書2005（以下、「同レポート」という。）に関する以下の事項について意見を述べることを目的とし、手続を実施しました。

1. 同レポートに記載された社会・環境情報は、関連する会社所定の手続に従って収集され報告されたものであるか
2. 上記1.の記載情報は、根拠資料に基づくものであるか

同レポートは会社の責任のもとに作成されたものであり、私たちの責任は独立の立場から意見を表明することにあります。

なお、本年度が3年度目の業務であるため、2001年度以前の情報は保証の対象とはしていません。また、定量情報に関しては会社及びその国内子会社のみを保証の対象としています。

**意見表明の根拠**　現時点では、環境・社会情報の収集・報告及び保証について一般に認められた国際基準は確立されていません。そのため、私たちは、現在確立されつつある慣行と以下の指針を参考としています。

- 環境省「環境報告書審査基準案」
- 国際会計士連盟「歴史的財務情報の監査又はレビュー以外の保証業務」（ISAE3000）

**実施した手続の概要**　私たちは、本社を含めて計2サイトに関して、以下の手続を実施した上で、意見をまとめています。

1. 本社において検討した事項と実施手続
（1）会社の環境マネジメントに関して、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）会社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）同レポート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。
これらの検討にあたっては、経営管理層や同レポート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実施手続
（1）サイトの環境マネジメントに関して、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）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）同レポート作成のためサイトより提出された資料からデータをサンプリングし、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。
これらの検討にあたっては、サイトの管理層や環境担当者等へのヒアリング、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手続を実施しました。

往査実施サイト

| サイト名 | 所在地 | 主な機能 |
|---|---|---|
| 本社 | 日本 | 本社機能 |
| 鹿児島国分工場 | 日本 | 半導体部品（ICパッケージ）、記録装置、応電部品、コンデンサー、ハイブリッドIC、自動車部品、機械構造部品、有機材料部品等の製造 |

**私たちの意見**　私たちは実施した手続の範囲において以下の結論を得ました。

1. 同レポートに記載された社会・環境情報は、会社所定の手続きに従って収集・報告されたものです。
2. 上記1.の記載情報は、入手した根拠資料と矛盾しておらず、修正すべき重要な事項は存在しません。

**独立性**　私たちは公認会計士法、日本公認会計士協会倫理規則、中央青山監査法人及びPricewaterhouseCoopersの独立性のルールを遵守しています。

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）
CASCert

代表取締役社長　細野康弘

取締役副社長　井上壽枝

KYOCERA Corporation

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All information in this brochure has been revised up to September, 2005

THE NEW VALUE FRONTIER

KYOCERA

# Communication Sheet

Q1: What do you think about the total image of the report?

1. Excellent 2. Good 3. Average 4. Poor 5. Very poor

Please feel free to comment about the reason why you think so, especially about contents and understandability.

(  )

Q2: Which articles interested you or were useful to you?

| | | | |
|---|---|---|---|
| | 1. Management Rationale | 2. Kyocera Philosophy | 3. Sustainability Deemed by Kyocera Group |
| | 4. Kyocera Activity for Sustainability | 5. Advancement of Corporate Governance System | 6. Value-added Diversification |
| | 7. Kyocera Group Products | 8. Kyocera Group Green Products | 9. Topics 2004 |
| Financial Report | 10. Consolidated Financial Results | 11. Performance by Operating Segment | |
| Social Responsibility Report | 12. Relationship with Employees | 13. Relationship with Customers | 14. Relationship with Shareholders and Investors |
| | 15. Relationship with Suppliers | 16. Relationship with Society | |
| Environmental Report | 17. Kyocera Environmental Charter | 18. Environmental Management System | 19. Environmental Impact Summary |
| | 20. Environmental Accounting | 21. Green Products | 22. Green Factory |
| | 23. Facts and Figures | 24. Independent Assurance | |

What impressed you actually?

(  )

Q3: Which contents do you need more information? Please select items from Q2.

| No. | Comments |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |

Q4: Please feel free to comment about the points we should improve in the report.

1. Not available 2. Available (  )

Q5: What do you think about Kyocera Group's activities for sustainability after looking at this report?

1. Excellent 2. Good 3. Poor 4. Very poor

(  )

Q6. Please feel free to comment about activities for sustainability that you expect Kyocera Group to do.

(  )

Q7. Which of the following(s) best describes you?

1. Resident near a Kyocera Group plant or office 2. Kyocera Group employee or family member 3. Business partner
4. Government agency 5. Environmental NPO 6. Mass media
7. Others (  )

Q8. Please feel free to comment if any.

TO: Kyocera Corporation, Head Office, Industrial Environment and Safety Division
(FAX +81-75-604-3506)