

## To Our Suppliers: Materials Procurement Policy

At Murata, we take the approach that good machinery comes from good products, and good products come from good materials. In this spirit, we continue to procure materials from a better, wider range of eco-friendly suppliers, both inside and outside Japan, by improving the environment in which we conduct our business.

### Our Approach to Purchasing from Suppliers

At Murata, all dealings with suppliers are grounded in an attitude that adheres strictly to ethics, laws, and regulations.

Moreover, the basis on which Murata's purchasing personnel conduct their dealings with suppliers adheres to principles of fairness, justice, and sincerity and rejects personal relationships as a basis for trade.

As part of this effort, we have drawn up in-house regulations and manuals on these issues and are thoroughly training all employees accordingly.



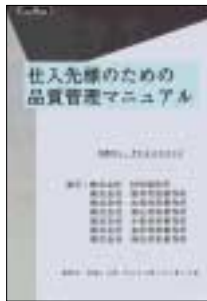
Guidelines for Dealing with Suppliers

#### (1) Dealing with better suppliers

In selecting our suppliers, we favor those we evaluate as being fair and just according to rational norms such as quality, price, delivery date, and efforts to reduce environmental impact. We ensure just and upright trade by remaining available to all potential suppliers.

#### (2) Emphasizing quality and timely delivery

At Murata, we emphasize product quality and timely delivery in order to provide customers with products of higher quality whenever they are needed. As part of this effort, we provide our suppliers with our Quality Management Manual for Suppliers, which serves to raise their awareness of our quality improvement and quality assurance requirements. Murata seeks to do business with suppliers who are capable of observing the prescribed quality and delivery requirements.



Quality Management Manual for Suppliers

#### (3) Emphasizing reduced environmental impact

Murata actively implements initiatives targeting reduced environmental impact in order to ensure that we provide our customers with more eco-friendly products. In order to manufacture such products, we must take steps to ensure that procured materials are environmentally friendly and supplied through environmentally sound processes. In this spirit, we have established a green procurement system for our production materials that utilizes the findings of our "supplier greenness assessment" and "materials greenness assessment" according to the terms of Murata's Environmental Policy.

For materials not used in production, our green purchasing initiatives target reduced environmental impact company-wide and disclose the results of these efforts.

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#### (4) Emphasizing Value Engineering\*

The electronics industry is marked by rapid technological innovation and short product life cycles. In addition, price competition is intense, and the standard practice is to constantly provide new products in order to accommodate customer needs and pricing. Murata seeks to trade with suppliers capable of providing new materials through value engineering and at lower cost.

\*The Society of Japanese Value Engineering defines value engineering as "a systematic team approach to conducting function-oriented research on products and services in order to achieve the required function at the lowest life cycle cost."

#### (5) Emphasizing provision of information

Technological innovation in the electronics industry is always rapid; responding to this level of innovation is a central challenge. Moreover, customer requests regarding laws and regulations, as well as environmental inquiries related to global environmental protection, are growing year by year. For this reason, we must constantly gather data on new technologies and products. Therefore, we seek to do business with those suppliers who can provide such information.

#### (6) Emphasizing efforts to accelerate material procurement

In an era in which changing customer demand calls for a rapid, flexible response, Murata has identified "accelerating the supply of materials" as one of the most important factors contributing to customer satisfaction. As a result, we seek to trade with suppliers who can reduce the time required for material supply and respond to market changes quickly and with flexibility.

#### (7) Accommodating the "Made in Market" approach

Murata's management targets the "Made in Market" approach. As a result, we tend to procure needed materials in the region in which our production takes place, as a rule, whether inside or outside Japan. Consequently, we seek to trade with suppliers who can provide a stable supply of materials regardless of their location worldwide.

#### (8) Strictly safeguarding highly confidential information

When dealing with our suppliers, we at Murata are committed to providing the greatest possible amount of data required. The information we furnish includes information that is confidential to Murata. Therefore, we ensure thorough management of trade secrets, including information provided by suppliers. We also seek to do business with suppliers who can maintain the confidentiality of this information.

#### (9) Emphasizing the application of IT

We believe that, going forward, the exchange of information by means of networks and other information technology is essential to accelerating operations and strengthening relations with suppliers. Therefore, we seek to do business with suppliers who are committed to improving and applying their IT environment.