

Fulfilling Our Corporate Responsibilities from Economic, Environmental and Social Perspectives

Murata's products—electronic components—are physically small and usually not seen. However, these minute individual components play a major accumulative role. For example, chip monolithic capacitors, for which Murata holds the top market share worldwide, are mounted with various electronic components, while one mobile phone contains more than 200 and a notebook computer more than 700 such parts. Our proprietary technologies have reduced to less than 1mm the size of components that store electricity, suppress electrical current noise and facilitate AC flow by interrupting DC in electronic equipment throughout the world. Through such technologies, we add functionality to electronic equipment and support people's lifestyles and the foundations of industry.

Murata's corporate slogan, "Innovator in Electronics," embodies its commitment to develop new components and technology that supports the infrastructure of our electronics-intensive society. To

attain this ambition, it is vital that we continue to supply valuable products while realizing a sustainable society by fulfilling our corporate responsibilities from economic, environmental and social perspectives.

Contributing to Regional Economic Development while Ensuring Returns to Stakeholders

First, from an economic perspective we emphasize an appropriate return to all stakeholders of the profits generated by supplying customers with valuable products.

Based on this approach, we pass on profits to shareholders, employees, communities and countries through dividends, salaries and taxes, in addition to fulfilling our role in local societies by contributing to various funds and supporting cultural activities. Furthermore, as a global enterprise deriving 75% of sales overseas, we believe that we have an important responsibility to contribute to regional economic development in the countries where we operate. Accordingly, the Company conducts its business in

Top Commitment

Firmly Grasping the Growing Responsibilities that Accompany Business Expansion and Striving for Further Development

Yasutaka Murata

Chairman
Statutory Representative Director

Tsuneo Murata

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Japan and overseas based on the maxim that "Murata Serves to Bring Joy to the Local Community." Through investment in research and development, we will cultivate new businesses that contribute to future societies, aiming as a corporation to build a sustainable cycle of universal benefits.

Promoting Companywide Production Process Improvements to Reduce CO₂ Emissions

Global warming prevention, waste reduction and chemical substance countermeasures bear the brunt of the environmental aspects of our corporate responsibilities.

Global warming prevention is a particularly important current issue. We are reinforcing improvements to production processes and implementing other measures to speed up reductions in CO₂ emissions. Rationalizing production processes also helps cut lead times and costs. Accordingly, from fiscal 2007 members of operational divisions participate in the Murata Environmental Committee to implement policies that build stronger links between business activities and environmental consideration. In addition to promoting processes improvements, we believe that it is necessary to focus on measures for emissions trading and CDM.*1

In fiscal 2003, in line with waste reduction measures the Murata Group in Japan achieved its zero emissions targets (defined as a 100% recycling rate). Currently, we are endeavoring to expand this record to our overseas factories.

We are promoting chemical substance countermeasures in preparation for more stringent regulations, particularly the introduction of REACH*2 in the EU, and striving for swift realization of LCA*3 data.

Focusing on Customer Satisfaction, Employee Satisfaction and Exchange with Regional Societies

From a social perspective, Murata's first priority is providing a stable supply of products to fulfill its responsibilities to its customers and maintaining measures for stringent quality control.

Employee satisfaction ranks alongside customer satisfaction as a focus for the Company. We aim to conduct business in such a way that corporate growth is achieved by all employees carrying out their work with inspiration while applying their full potential. Furthermore, as we strive to accelerate the globalization of our operations, we are aware of the urgency in creating environments and systems in which local employees can excel.

To intensify exchange with regional societies, we are swiftly carrying out measures to enhance the environmental esthetics of our operational sites, aiming for factories rich with natural greenery, in harmony with regional communities. In fiscal 2005, we commenced environmental and natural science education programs targeting children local to the areas in which we operate.

Gaining Societal Endorsement as an Innovator on All Fronts

In January 2007, Murata announced its long-term management plan, targeting net sales of ¥1 trillion by 2015. Strategies as an innovator are indispensable to achieving this objective. During fiscal 2006, we promoted research in the new areas of energy, bioelectronics and the environment. Specifically, these included lithium ion batteries and CO₂ absorption materials that contribute to reducing the environmental impact and devices for biosensors that contribute to the early detection of diseases in the medical field. Furthermore, in fiscal 2007 we established the Technology and Business Development Unit to support our policies to develop new products over the medium and long term that reflect market needs and aggressively carve out new business niches.

Expanding the scale of our business and supplying valuable products worldwide in turn brings greater corporate responsibilities. We believe that only a company that rises to these responsibilities can gain social recognition and survive into the future.

Murata aims to be an innovator, displaying originality on all fronts, from development through production, sales, marketing and delivery. Within this framework, we shall fulfill our responsibilities as a corporation and strive further to raise our status in the eyes of our various stakeholders.

We ask for your continued support in the future and welcome any candid opinions on the contents of this report.

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Yasutaka Murata
Chairman
Statutory Representative Director



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*1 CDM: Clean Development Mechanism. An arrangement under the Kyoto Protocol allowing industrialized countries with a greenhouse gas reduction commitment to invest in projects that reduce emissions in developing countries.

*2 REACH: Registration, Evaluation, Authorization and Restriction of Chemicals. A new regulatory system for safety assessments of 30,000 chemicals sold within the European Union that came into force in June 2007.

*3 LCA: Life Cycle Assessment. Evaluation of the environmental impact of products over their entire lifecycles.