

Corporate Governance

Corporate governance is one of the highest priorities of the management of the Murata Group. Taking into consideration the interests of all stakeholders, we have addressed this priority by building a sound corporate management structure and system. Concrete actions include improving management efficiency, strengthening management-monitoring functions and ensuring thorough compliance with all relevant laws and regulations.

Reinforcing the Corporate Governance System

Corporate Governance System

Murata has adopted the board of statutory auditors system. The Board of Directors comprised 10 directors (2 from outside the Company) as of June 28, 2007. In addition, the Company has 5 statutory auditors (3 from outside the Company).

To further reinforce supervisory and operational functions, Murata has introduced a system of vice presidents. The Board of Directors focuses on making decisions on management policies and critical business operations, as well as monitoring the performance of the Statutory Representative Directors. The Vice Presidents are responsible for management of day-to-day business operations.

Murata has also established the Executive Conference, composed of Statutory Representative Directors, and other directors who occupy Senior Vice President positions or above, as a deliberative body to assist the Board of Directors and Statutory Representative Directors in their decision-making.

Monitoring System for Performance of Directors

Auditing policies and plans are set by the Board of Statutory Auditors. Based on these guidelines, Statutory Auditors attend Board of Directors' meetings and other important meetings. Statutory Auditors are further responsible for inspecting the operations and finances of the Company and auditing the performance of Directors from the standpoint of legal compliance and adequacy.

In addition, an organizationally independent internal auditing department (the Office of Internal Audit) controls audits by each Head office functional department, such as the General Administration, Personnel and Accounting departments). The statutory auditors and the Board of Statutory Auditors exchange viewpoints with the Office of Internal

Audit, present the board's auditing policies and plans to the office and receive reports on internal auditing plans, implementation and other matters concerning the internal auditing system. A close working relationship is maintained between all parties in an effort to ensure audit efficacy.

Establishment of the Internal Control System

Internal Control Committee to Evaluate the Development and Operational Status of the Internal Control System

The Internal Control Committee was established as an advisory body to the President for the purpose of the maintenance and continuous improvement of the system for assuring appropriateness of operations (Internal Control System).

This committee collaborates with related divisions regarding response to the Japan SOX Law (Financial Instruments and Exchange Law of 2006) to maintain and continuously improve the Group's Internal Control System to assure the reliability of financial reporting.

About the Internal Control System

Internal control is a mechanism to determine, manage, supervise and guarantee specific standards for each aspect of business to ensure a sound organization that operates in an effective and efficient manner, free from illegal and improper conduct.

About the Japan SOX Law

The Financial Instruments and Exchange Law of 2006 (Japan SOX Law) was enacted to ensure the adequacy of financial auditing systems and reinforce the internal control of listed companies and their consolidated subsidiaries. The Japan SOX Law is so called because it derives from the Sarbanes-Oxley Act of 2002 (SOX) in the United States.

Corporate Governance System (as of March 31, 2007)

