

**What we are doing for people and the planet —
and what still needs to be done**



Murata Group CSR Report 2008

We aim for Murata's technologies and products to enrich various aspects of life in societies around the globe. The Company is always considering what further contributions it can make for people and for the planet.



Future Forecasts, Plans and Targets
In addition to past and current performance, this report includes future forecasts, predictions, plans and other information. Such forecasts, plans and targets are made on assumptions and judgments based on information available at the time of publication. Accordingly, the results of future operating activities and future phenomena may differ from forecasts, predictions and plans in this report. The understanding of readers regarding such disparities is greatly appreciated.

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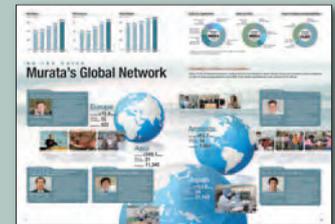
We Work to Support Electronics in Society from Behind the Scenes

Here, we introduce the wide range of Murata products that contribute to high-performance, high-functionality electronics.

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Operating 74 Sites in 18 Countries

Employees around the world talk about their work.



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Planting the Seeds of New Technologies and Businesses, Giving Birth to a New Generation

Introducing the wireless high-speed recharging system, and other new technologies to make a better society.

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This presents Kanazawa Murata Manufacturing Co., Ltd., case studies, and focuses on initiatives to reduce the emissions of CO₂ generated during production.



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Stressing Personnel Development as the Foundation Underpinning Manufacturing

This features production innovations, restructuring of our organizational climate, and other measures to improve our manufacturing capabilities at production sites.

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Employee Ideas and Participation in Activities that Contribute to Society and Local Communities

This introduces the type of social contribution that Murata is aiming for, and some of the charitable activities actively carried out by employees around the world.



About This Report

Purpose of This Report and Editorial Policies

The *Murata Group CSR Report* is issued to deepen the understanding of, and to enhance communications with, all stakeholders with regard to the Murata Group's corporate social responsibility (CSR), and its endeavors in this field.

The main themes of this report are the basic policies for Murata's CSR activities, targets and principal initiatives for FY 2007, performance in response to these targets, and future plans. In the compilation of this report, we have wherever possible avoided technical jargon and terms, and have tried to use easy-to-understand writing and design. In addition, our report aims to put a human face on our domestic and overseas Group employees, who are responsible for the actual implementation of Murata's CSR, and here we introduce case studies of Group initiatives.

Target Period

This document covers the Murata Group's activities and accomplishments for fiscal 2007, spanning the period from April 1, 2007 to March 31, 2008. However, some portions of this document address initiatives outside this defined period.

Scope of This Report

This report encompasses the activities of the Murata Group, which comprises Murata Manufacturing Co., Ltd., and its 74 subsidiaries and affiliates inside and outside Japan.

All company names within Murata Manufacturing Co., Ltd., are listed on page 46.

Reference Guidelines

- Environmental Reporting Guidelines, 2003 Edition and 2007 Edition, of the Ministry of the Environment, Japan
- Sustainability Reporting Guidelines 2002 (2nd Edition) and 3rd Edition of the Global Reporting Initiative (GRI)

Publication History and Future Issue Plans

The Murata Group began publishing its CSR Report in 2005. The next CSR Report is slated for publication around July 2009.

Scope of Reporting and Disclosure (Online Disclosure)

This report has been compressed and edited to present the Murata Group's CSR endeavors in an accessible manner. For more detailed information, case studies, environmental performance and other data, please refer to the Murata website.

Environmental data by business site and the initiatives unique to each site are available in the CSR Report by business site, as posted on the Murata website. For more detailed financial data, please refer to Investor Information section.



Click to access data on the Murata website.



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Contributing to Society by Practicing Our Company Philosophy

Long before the concept of corporate social responsibility (CSR) came into popular use, Murata adopted a philosophy of CSR on which it based its business. Well ahead of today's concept of CSR, the ideas of "contributing to cultural development," "promoting corporate development and the mutual prosperity of those working with us," and "managing with appreciative people" were practiced within our company. These ideas express the standards for all employee activities, and at Murata, CSR means putting these philosophies into practice.

● Our Goals

We aspire to be an "Innovator in electronics"—a company that creates and delivers new value for customers and that revolutionizes the limitless world of electronics. In fulfilling this vision, Murata focuses on customer satisfaction and employee satisfaction, which are both important for the Company. Specifically, this means providing customers and society with new value so that we continue to be chosen by society and fill our ranks with employees who are proud to work with us.

Today, society faces many global issues, and Murata is doing its part to bring about prosperity for all by confronting those issues in a positive manner through the application of our company philosophy. To that end, we ensure a thorough understanding of the Murata CSR philosophy and a commitment to the Plan-Do-Check-Act (PDCA) cycle in day-to-day business by all our employees as we realize our goal of becoming a company respected by society and meriting continued presence in society.

Contributing to Prosperity for All with Electronic Components

Murata's electronic components are used in a variety of electronic devices that assist people in their daily lives, such as mobile phones, computers, home appliances, automobiles, and industrial robots. As a component manufacturer holding top market share for numerous types of products, Murata strives to fulfill its corporate social responsibility in the form of product responsibility, in other words by providing a stable supply of safe, top-quality products. We also continue our research and development in materials, products and manufacturing methods to advance product features, multifunctionality, miniaturization, and energy conservation.

● Promoting Compliance Management

Our ambition is to contribute to the creation of true prosperity for all with the products we make.

We work hard to be a good corporate citizen with strong corporate governance and ethics in all of our business activities, and we ensure that the activities of all Murata employees are in line with our goals.

The Corporate Ethics Policy and Code of Conduct was completely revised in April 2007 and distributed to all employees. We also provide employees with a variety of information through our in-house magazine and Intranet to ensure a thorough understanding of this policy. Moreover, each year employees learn from case studies culled from actual work and interpersonal relationship situations. In this way, we place the fostering of correct judgment based on the Corporate Ethics Policy and Code of Conduct at the center of our compliance promotion activities. We believe

Message from Top Management

Providing Customers and Society with New Value and Inspiring Pride, Satisfaction, and Growth in Our Employees by Applying Our Company Philosophy

Murata's Philosophy

We Pledge...

To Contribute...

To the continued worldwide development of industry and culture through management commitment

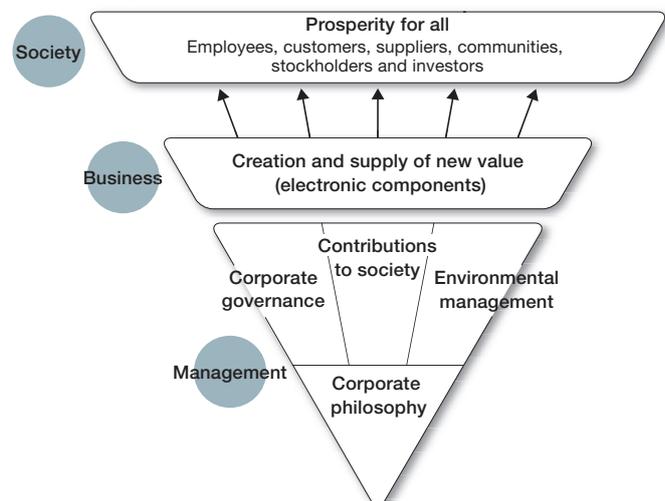
To Pursue...

Total quality and customer satisfaction, while continuously introducing innovative products in integrated and interrelated technologies which will allow our company, our employees, customers and other partners, and our communities

To Grow and Prosper...

With an appreciative feeling of mutual pride and trust

▼ The Business of Murata, Contributing to Society



that a thorough understanding and sharing of the important values reflected in the Corporate Ethics Policy and Code of Conduct are directly related to sincere efforts at compliance.

● Reinforcing Environment-Oriented Management

On the environmental front, we have formulated the Murata Environmental Charter, establishing the Group's environmental policy and action plan on preventing global warming, reduction of waste, and chemical substance countermeasures as part of our daily activities. We consider reducing CO₂ emissions, in particular, as one of the main pillars of our CSR activities, and consequently plan a 35% CO₂ unit reduction ratio relative to fiscal 1990 by fiscal 2010.

In March 2007, our ISO14001 certification for individual sites was converted into multi-site certification for the Group in Japan. With this certification, we are developing and enhancing an environmental management system that incorporates everything from design and development to production and sales, and we are improving groupwide environmental communications.

We remain fully aware of the impact of our production activities and products on the environment and our responsibility with regard to those repercussions, and we will continue to focus on reducing our environmental impact.

● Contributing to Local Communities and Society

Since Murata established the Murata Science Foundation in 1985 with the objective of contributing to society through the development of science and technology, the foundation has promoted the advancement and development of science and technology and has fostered research leading to the resolution of problems in the humanities and social science

areas. Moreover, calling on Murata's knowledge, technology, and talented people, the foundation holds science classes at elementary and junior high schools around Japan to combat the drop in interest in the sciences among young children. These educational programs feature MURATA BOY, Murata Manufacturing's bicycling robot, to stimulate children's interest in science.

Environmental education programs that raise children's awareness of environmental preservation are also part of our efforts as an environmentally conscious corporation. Additionally, we believe that creating, preserving, and stimulating regional culture is our social responsibility, and based on that belief, each operating site has been engaged in green activities to blend in with local cultures and nature.

In fiscal 2007, we also initiated the Murata Forest program in Kameoka, Kyoto, to promote forest preservation as well as communication with local residents. Murata will continue to use its various resources effectively to contribute to local communities and society at large.

Murata has established a CSR Promotion Office to advance CSR activities, and in fiscal 2008 we established the CSR Promotion Committee, of which I am the chairman. I am happy to report that with these new developments, we will move forward with CSR activities as a management strategy of ever greater importance.

We welcome your candid opinions and look forward to your continued support.

July 2008



Tsuneo Murata
President
Statutory Representative Director



Tsuneo Murata
President
Statutory Representative
Director

Murata in Daily Life

We Work to Support Electronics in Society from Behind the Scenes

The electronic components made from Murata's creative technologies are embedded in the unseen parts of electronic products. But these small, inconspicuous products play a big role, making life more comfortable, convenient, and secure. Murata electronic components are working hard behind the scenes.



Ultrasonic Sensors



Automobiles

Ultrasonic sensors increase drivability, environmental performance, and safety, working as resonators for LAN systems—a car's "nervous system"—and as obstacle detectors in rear sonar systems.



Digital Cameras

No more blurry pictures caused by camera shake when the shutter release button is pressed. Gyro sensors make this technology possible.

Gyro Sensors



Computers

Chip monolithic ceramic capacitors, which deliver stable power supply to the micro processing unit at the heart of a computer, electromagnetic noise suppression filters for circuits, and cards for wireless communications contribute to computer compactness, performance, and multifunctionality.



Chip Monolithic Ceramic Capacitors

Murata's electronic components are packed tightly into various types of electronic products. For example, monolithic ceramic capacitors are in practically every electronic device, storing power, interrupting DC power and conducting AC power. A mobile phone has over 200 of these components, and a computer more than 700.

In this way, Murata electronic components enhance the

performance, features, miniaturization, and safety of products used around the world, such as mobile phones, computers, automobiles, and digital home electronics.

Murata's revolutionary technology and stable supply of electronic components play a supporting role for electronics companies and for people in their daily lives.

Company Outline

Trade Name	Murata Manufacturing Co., Ltd.
Date of Incorporation	December 23, 1950 (Established October 1944)
Paid-in Capital	¥69,377 million (as of March 31, 2008)
Stock Exchange Listings	Japan: Tokyo, Osaka Overseas: Singapore
Location	Headquarters: 10-1 Higashikotari 1-chome, Nagaokakyo City, Kyoto 617-8555, Japan
Branch	Tokyo Branch (Shibuya-ku, Tokyo)
Plants and Technical Center	Yokaichi Plant (Higashiomi, Shiga) Yasu Plant (Yasu, Shiga) Yokohama Technical Center (Midori-ku, Yokohama) Nagaoka Plant (Nagaokakyo, Kyoto)
URL	http://www.murata.co.jp/

Major Products by Application

Mobile Communications

Chip dielectric antennas, boundary acoustic wave filters, SAW filters, SAW duplexers, SWITCHPLEXER®, Bluetooth® modules, GPS modules

Computers

Chip ferrite beads, EMIFIL®, chip coils, chip common mode choke coils, monolithic ceramic capacitors, low-ESL capacitors, PHS communication cards, shock sensors

Automotive Electronics

Ceramic capacitors for medium voltage, ultrasonic sensors, ceramic discriminators for TPMS, SAW resonators, ceramic filters (CERAFIL®), ceramic resonators (CERALOCK®) for CAN-BUS

Digital Home Electronics

Piezoelectric vibrating gyroscopes (GYROSTAR®), terrestrial digital tuners for mobile phones, switching power supplies for flat panel displays, DC-DC converters, Wi-Fi modules

Flat-Screen TVs

Murata's power supply design technology has made possible ultra-slim power supplies, contributing to the compactness of flat-screen TVs.



Switching power supply for flat-panel TVs



Mobile Phones

We provide key technology for mobile phones, including internal antennas, filters that extract only the desired input/output signals, transmission/reception switches, and communications modules.



Filters

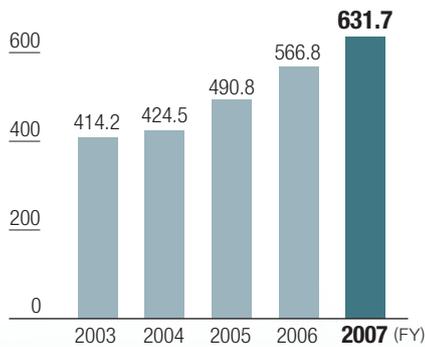


Communications Modules



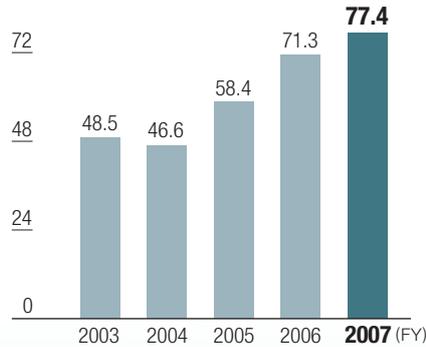
Net Sales

(Billions of yen)



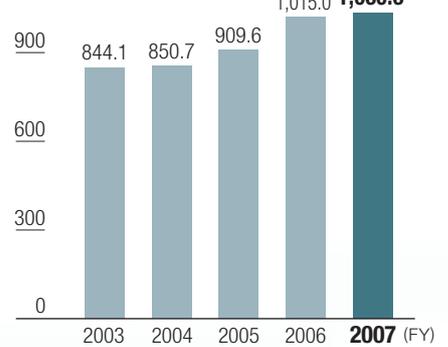
Net Income

(Billions of yen)



Total Assets

(Billions of yen)



O n t h e E a r t h

Murata's Global Network

Employee Perspective

Durch Kundenorientierung und Zuverlässigkeit aller Mitarbeiter werden wir immer „die erste Wahl“ unserer Kunden sein.



Scheel Rüdiger

Senior Sales Manager,
Key Account Manager,
Murata Elektronik GmbH, Germany

For many years, Murata Elektronik in Germany has been highly regarded for its quality products and services.

Our responsibility is product sales in the European market. Audio and communications technology are not as strong as they are in the Asian market, but in addition to products with general components and state-of-the-art technology, Murata will definitely grow by developing Germany's potential market segments.

Europe

Net Sales: **¥72.9** Billion

Affiliated Companies: **15**

Employees: **522**



Asia

Net Sales: **¥349.1** Billion

Affiliated Companies: **21**

Employees: **11,345**

Employee Perspective

TO BE ONE OF THE HIGHEST VALUE ADDED COMPANIES WITHIN MURATA GROUP!



Ng Mau Heng

Sales Planning, Administration &
OSA Support Dept., Murata
Electronics Singapore (Pte.) Ltd.

About 80% of the world's hard disk drives are produced in Southeast Asia outside of Japan. Murata Electronics Singapore is involved in collection and analysis of production, market demand and other related information.

As the contact point for the ASEAN, we also actively seek out new markets. We have recently begun market development in Vietnam and India.

Employee Perspective

以五年内讓台灣客戶銷售額躍居中華圈第一位而努力



Andy Wei

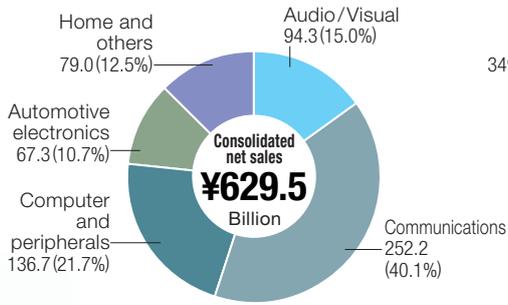
Deputy Manager, Sales Dept. 2,
Murata Electronics Trading
(Shanghai) Co., Ltd.

The Shandong region in China is the production center of the world of computers and peripherals. The majority of our customers are also large EMS (Environmental Management System) companies from Japan, Korea, Europe, the U.S. and China, and the staff here is very international, too.

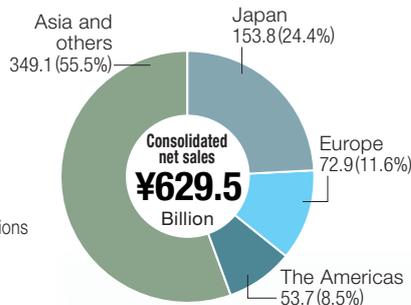
We have to respond flexibly to our customers' needs in an environment that changes daily; however, we will continue to innovate and meet our goal of double-digit growth.



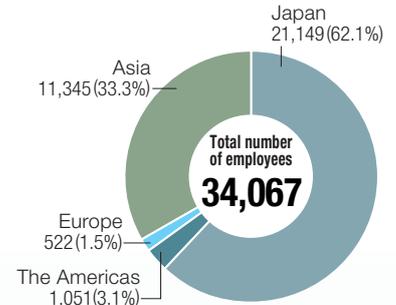
Sales by Application



Sales by Area



Number of Employees by Geographical Region



*Sales by application and area represent net sales of electronic components and related products.

Operating 74 Sites in 18 Countries

Some 75.3% of Murata's electronic components are sold outside of Japan. Murata Group has operation centers worldwide in order to respond appropriately and swiftly to the global manufacturers who depend on the Group.



Employee Perspective

To be recognized as providing the highest level of integrity and customer satisfaction within the Murata group!



Woody Wilder

Global Account Manager,
Murata Electronics
North America, Inc.

Murata Electronics North America is located in Atlanta, Georgia, and is made up of 16 offices that handle customer service and product marketing support for North and South America.

Recent globalization has caused our customer support network to expand and has contributed to our growth.

I believe that development of decision-makers, globalization of the business, system improvements, and moving into new areas are indispensable for our growth.

The Americas

Net Sales: **¥53.7** Billion
 Affiliated Companies: **14**
 Employees: **1,051**



Japan

Net Sales: **¥153.8** Billion
 Affiliated Companies: **24**
 Employees: **21,149**



Employee Perspective

ものつくりのムラタであり続ける!



Yukio Kishigami

Planning Administration Sec.,
Production Engineering Unit,
Production Planning Dept.

In the business environment of electronic components, demand for quality grows stronger each year.

We are continuing to enhance hardware and software quality in production technology and strengthen cooperation between the development and design departments for new products. By sharing know-how and expanding globally, we are making tremendous advances in productivity. And more than anything, our goal is to impress our customers with our craftsmanship.

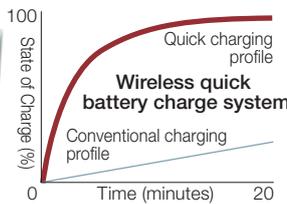
Contributing to Tomorrow's Society

Planting the Seeds of New Technologies and Businesses, Giving Birth to a New Generation

As an innovator in electronics, Murata's mission is to plant the seeds of new technologies and to bring these to fruition for the benefit of tomorrow's society. Contributing to society in this way is also closely linked to Murata's corporate growth.



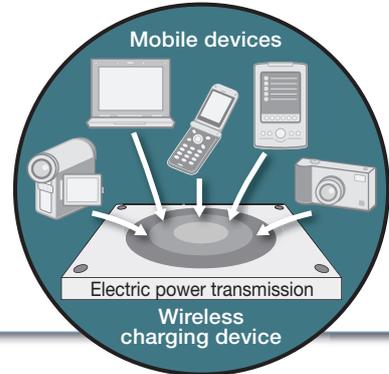
Wireless Quick Battery Charge System



This system enables quick battery charging of mobile devices by placing them on a charger that uses lithium ion secondary batteries (also used in hybrid vehicles). This system was developed using Murata's unique ceramic multilayer technology.



Introduced at the CEATEC JAPAN 2007 exhibition



The Murata Way, the Way of the Innovator

In February 2007, we expanded our activities with the Murata Way 2015—a long-term vision that illustrates how we would like to grow. To achieve this vision, not only do we need to strengthen our technologies and businesses, but every employee needs to have a strong desire to work as an electronics innovator, so that Murata can create technologies and businesses—the Murata Way.

Murata has set a target of a 40% ratio of R&D investment to net sales for new products. In 2007, we established the Technology & Business Development Unit to explore new technologies and businesses related to the environment, bio-technology, energy, and other important fields for society in the future.

More specifically, in research related to the environment we are looking into commercializing CO₂ absorbent materials, and examining the possibilities for water quality detection sensors and meteorological monitoring sensors. In bio-technology, we are looking into the development of bio-sensors and the biometric sensor business. And, finally, in the energy field we are getting ready to commercialize lithium ion secondary batteries and examining the possibilities of storage and power generation devices.



Murata's Mission—To Contribute to Tomorrow's Society

Toward a Society with Fast, Plug-Free Recharging of Mobile Devices

The wireless quick battery charge system is garnering intense interest from mobile device manufacturers. With this system, users place their mobile phones or laptop computers on a wireless recharging device that takes as little as 10–15 minutes. In contrast, current systems require a special, wired recharging adapter that takes 1–2 hours.

In the past, Murata has been involved in the development of high-speed, high-power lithium ion rechargeable secondary batteries. Our new wireless quick battery charge system is a result of integrating our unique downsized, thin module technologies into cutting-edge lithium ion secondary batteries and then combining this with the new high-efficiency, wireless power transmission technology developed by the Seiko Epson Corporation. We are currently aiming to bring this to market within three years, and if this technology is widely adopted, it will mean we have provided society with mobile devices that can be recharged anytime and anywhere and are thus more convenient.

Employee Perspective

A New Pillar of Murata's Business



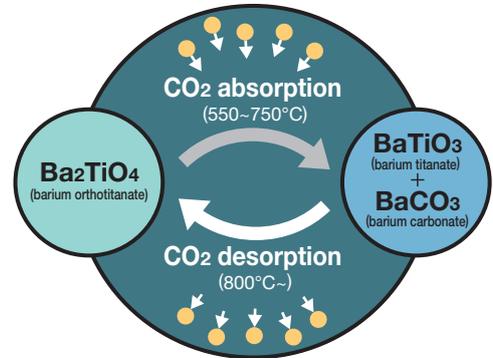
Hiromu Tokudera

Manager, New Business Promotion Sec., Business Planning Dept., Technology & Business Development Unit

The wireless quick battery charge technology holds enormous potential, such as enabling mobile phones and devices to be used anytime and anywhere, and increasing safety during recharging. We are aggressively continuing to develop and working to bring the product to maturity so this technology can become a core part of Murata's business.

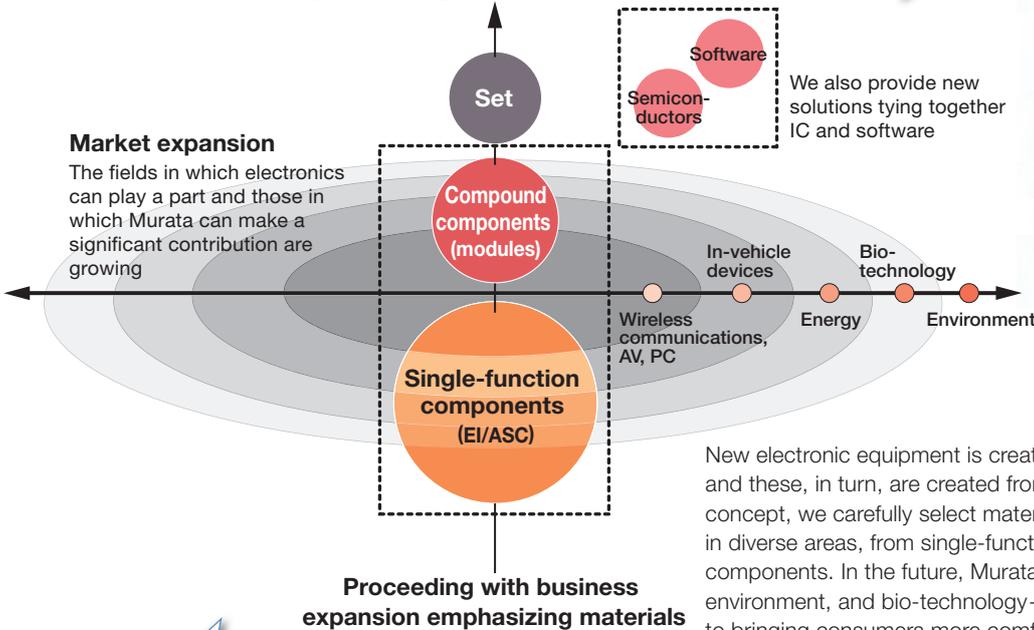
CO₂ Absorbent

We discovered that barium orthotitanate (Ba₂TiO₄) synthesized with barium titanate, a raw material for ceramic capacitors, can effectively absorb and desorb high-temperature CO₂.



Business Areas Established by Murata— Where It All Starts

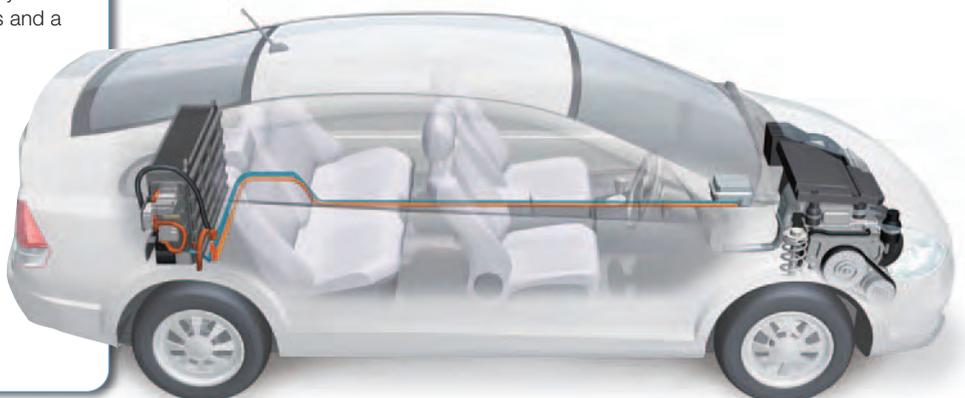
Moving toward high capacity and complexity



New electronic equipment is created from new electronic components, and these, in turn, are created from new materials. Based on this concept, we carefully select materials and have expanded our business in diverse areas, from single-function components to compound components. In the future, Murata will work in areas—energy, environment, and bio-technology—in which electronics can contribute to bringing consumers more comfortable and secure lifestyles as well as a better global environment.

Lithium Ion Batteries

High-power lithium ion secondary batteries, which we continue to develop, have approximately double the power of current nickel-metal hydride batteries and feature fast recharging times and a longer life.



Feature 2



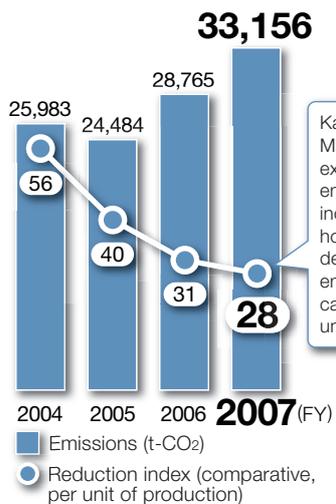
Ishikawa Prefecture
● Kanazawa

▼ Kanazawa Murata Manufacturing



A development and production base for electronic devices that operate in high-frequency bands

▼ CO₂ Emissions at Kanazawa Murata Manufacturing



Kanazawa Murata Manufacturing is experiencing higher CO₂ emissions because of its increased production; however, we are seeing definite reductions in emissions when calculated from a per unit of production base.



Double-bundle turbo refrigeration equipment installed in the energy center building. This device can provide a sufficient quantity of hot water from spring to autumn meaning dramatic reductions in quantities of liquefied petroleum gas (LPG).

A Factory in Harmony with the Environment

Combining Improvements to Reduce CO₂ Emissions

Today, the prevention of global warming is a major issue for everyone. The Murata Group is striving to conserve energy at all of its facilities to curtail CO₂ emissions stemming from production activities.

We describe below some examples of our energy-saving activities, such as those at our flagship location, Kanazawa Murata Manufacturing.

Kanazawa Murata Manufacturing Awarded the Chairman Prize of ECCJ

Since the drafting of the Environmental Charter in 1995, Murata has been progressing with the formation of its environmental management systems, and at present, all production locations in Japan and overseas have acquired ISO14001 certification.*

Kanazawa Murata Manufacturing produces devices for mobile phones and sensors. It has been at the forefront of our energy conservation and other environment-related activities, as illustrated by its achieving ISO14001 certification in December 1997. In fiscal 2001, these efforts were recognized as the plant received the first Ishikawa Prefecture Governor's Commendation.

In fiscal 2007, Kanazawa Murata Manufacturing received the Chairman Prize of ECCJ at the Energy Saving Excellence Japan National Convention, hosted by the Energy Conservation Center, Japan. This award-winning plant was previously recognized with the Director General Prize of Chubu Bureau of Economy, Trade and Industry at the Awarding of Excellent Energy Conservation Factory & Building in fiscal 2004, and the Award for Excellence at the 2005 Successful Case of Energy Conservation in Factory & Building Convention.

*ISO14001: International standards for environmental management systems specified by the International Organization for Standardization (ISO).



From left: The FY2007 Chairman's Prize of ECCJ, the FY2005 Award for Excellence and the FY2004 Chubu Bureau of Economy, Trade and Industry Director-General's Prize

Energy Savings at Electrical Device Manufacturers Improvements to Clean Room Ventilation

Kanazawa Murata Manufacturing has achieved a major reduction in the energy used for air conditioning, which is required to maintain its clean room environments. Clean rooms require constant temperature and humidity control, and approximately half of the energy consumption at the plant is used for these purposes. Consequently, in November 2006, we

introduced double-bundle turbo refrigeration equipment (heat pump equipment that simultaneously generates cold and hot water), and thereby established a system in which the previously discarded waste heat generated in the production of cold water is recycled to generate hot water.

This plant monitors the levels of cleanliness in its clean rooms and uses the results to control filter units incorporating inverters, thus optimizing ventilation. In this way, the plant maintains product quality while reducing air-conditioning energy consumption. Through these initiatives, Kanazawa Murata Manufacturing has

reduced CO₂ emissions on a per unit sales basis to approximately 72% of the levels in fiscal 2002.

At this plant and many other locations in Japan and abroad, double-bundle turbo refrigeration equipment is being introduced, contributing to energy savings groupwide.



Using Energy Saving Workshops to Spread Information and Know-how

At Kanazawa Murata Manufacturing, in addition to saving energy through improvements to equipment, the plant calculates environmental costs, such as expenses incurred by improvements to facilities required for environmental conservation activities and waste processing expenses. This information is used as source data for environmental management.

This plant is promoting the reuse and recycling of waste products and by December 2003 had achieved zero emissions. It has also planted fruit trees and cultivated gardens onsite, in addition to contributing to regional environmental conservation by participating in volunteer activities, such as beach and river clean-ups.

Of course, environmental conservation activities such as these are not limited to Kanazawa Murata Manufacturing. Environmental management departments at each Group company in Japan periodically meet and hold workshops about saving energy to discuss issues and problems and to share information and expertise. Each Group company applies this information to its activities.

In the future, we will expand the energy-saving and environmental measures that have proven effective within Japan to overseas locations. Moreover, we plan to increase the effectiveness of our energy-saving and environmental conservation activities throughout the Murata Group.

Employee Perspective

Emphasizing Both New Facilities and Small Improvements



Shuichi Sakaida

Chief, Environmental Management Sec., Administration Dept., Kanazawa Murata Manufacturing Co., Ltd.

In the 22 years since Murata was founded, it has introduced efficient, energy-saving equipment. The Company has also continued to make incremental improvements; for example, in November 2007, it started operation of its newest section, featuring the latest energy-saving equipment. We will continue our efforts to save energy in every way possible.

More Energy Savings in Factories Worldwide

column

Wuxi Murata Electronics Co., Ltd. Wins the Wuxi Fiscal 2007 Clean Production Award



In recognition of its high standards of risk management for issues relating to the environment, workers' health and workplace safety, Wuxi Murata Electronics was awarded the highest grade of the Wuxi fiscal 2007 Clean Production Award (Grade 1) by the Wuxi City Economy and Trade Committee and the Wuxi City Environmental Protection Bureau.

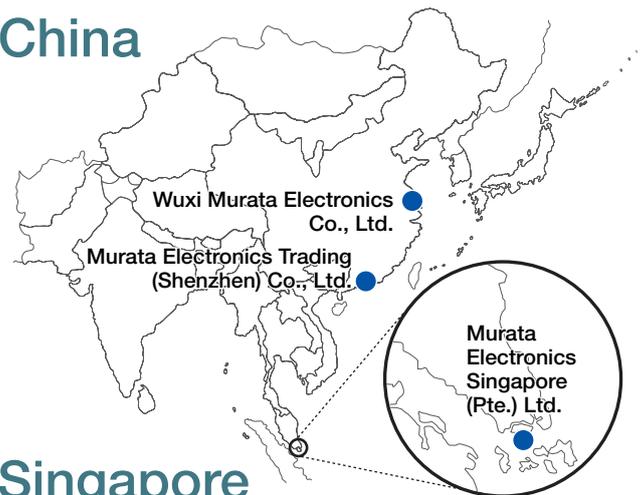
China has readily supported Clean Production, as spelled out by the UN Conference on Environment and Development. China's Cleaner Production Promotion Law came into effect in 2003 and strictly enforces reductions in the impact on the environment stemming from production, servicing and product usage processes. Among companies covered by this law, Wuxi Murata Electronics has garnered praise for having achieved particularly high levels of clean production.

▼ Murata Electronics Trading (Shenzhen) Co., Ltd.



At regular gatherings of energy controllers and facility managers from Murata's three plants and technical centers in China, we confirm the operational management status of site facilities and detailed points for improvement. We also hold energy-saving workshops at which we introduce case studies of companies in Japan that have achieved outstanding energy savings.

China



Singapore

▼ Murata Electronics Singapore (Pte.) Ltd.



We have dispatched staff specially trained in energy savings from our Head Office to our Singapore factory. We have also carried out in-house energy-savings inspections that reveal ways to invest in energy efficiency and improve operations so that we can reduce wasted time and energy. These inspections have shown that implementing energy-saving measures will contribute to a reduction of 3,000 t/year in CO₂ emissions.

To Improve the Quality People Deliver



Educating younger employees, so they can become the power behind production locations.

Kazunori Kawasaki
(photo, at right)

Cutting Processing Meister,
Production Dept. 1,
Fukui Murata Manufacturing Co., Ltd.

Stressing Personnel Development as the Foundation Underpinning Manufacturing

Murata makes products, and our main obligation is to ensure we retain the utmost confidence of our customers and provide products that meet their expectations. To fulfill this obligation, while Murata is moving forward with upgrades to its manufacturing equipment and production lines to enhance its automated manufacturing capabilities, it is striving to strengthen employees' manufacturing capabilities by implementing production innovations and restructuring our organizational climate.

Innovation that Reforms Production, Focusing on Site Engineers

The electronic device manufacturing industry is currently making a move toward equipment automation to respond to customer needs for products with increased functionality, as well as diversified products. Murata is no exception in aggressively moving forward with capital expenditures. Our employees have the will and inclination to reform production, and therefore they can reliably make quality products using devices and ensure that quality improvements are attained.

At Murata, our Head Office Production Engineering Unit is linked to all of our production locations nationwide, and through this unit we are expanding our companywide production innovation activities. Our efforts increase our manufacturing capabilities, which are central to keeping our customers'

trust and satisfaction. To achieve increased productivity, higher quality, lower inventory, and reduced defect ratios, site employees suggest and act on any improvements that can be made, no matter how trivial these may be. The Head Office Production Engineering Unit offers support to employees in these activities.

Employees at each facility announce

the results of their suggested improvements at the annual Production Innovation Convention. Their suggestions are noted and shared throughout the Group. For example, the slogan of the 2007 convention was "Aim to thoroughly build quality into products, and streamline items, operations, and information, thus achieving customer satisfaction."

The convention featured announcements from three domestic and two overseas production departments, and this promoted information sharing and awareness of the importance of improvements.



Production innovations at Himi Murata Manufacturing Co., Ltd.



The Meister Badge, testament to the skills of our operators

Our aim is to be able to quickly offer assistance in the event of trouble.

Yaeko Mizuta

(photo, at left)
Lead-through Capacitor Manufacturing Process Meister, Fukui Murata Manufacturing Co., Ltd. (Miyazaki Plant)

Since being awarded the Meister Badge, I feel I've gained confidence.

Satomi Yamada

(photo, at right)
Stacking & Pressing Process Meister, Production Dept. 4, Fukui Murata Manufacturing Co., Ltd.

Employee Perspective

Training of Personnel Essential for Company Expansion



Mamoru Nishikawa

Executive Manager, Educational Activities Group, Murata Active Partner Co., Ltd.

Without training, the Company will not grow. Technology continues to get more sophisticated, and we need personnel who can respond to these advancements.

Providing organized, systematic programs for employee training contributes to raising skill levels throughout the Murata Group.

Employee Perspective

Continuing Self-improvement, toward Becoming a True Meister



Kaoru Tai

Personnel Manager, Administration Dept., Fukui Murata Manufacturing Co., Ltd.

The Meister System recognizes technical excellence, and being a Meister is a position aspired to by operators.

Instead of resting on their laurels, I'd like employees to continue their personal growth, because doing so will also have the effect of raising goals for other employees.



We're striving to create an atmosphere that makes it possible for employees to enjoy demanding work.

Misaki Fujii

(photo, at right)
Electrical Sorting Meister, Production Dept. 3, Fukui Murata Manufacturing Co., Ltd.

Meister = Respect the Skills of Outstanding Employees and Pass Them on

The aim of production innovation campaigns is not limited to widening the range of outstanding production methods that have been devised at each production location. These campaigns also have the objectives of jump-starting exchanges between locations, providing mutual encouragement and sparking a desire to create, and fostering an organizational climate in which employees feel that they can grow. As a practical application, leaders and unit heads at each location have been encouraged to carry out exchanges and mutual line inspections, and this has proved beneficial.

As part of creating this type of climate, Fukui Murata Manufacturing Co., Ltd., established the Meister System in fiscal 2007. This certifies operators as Meisters who have outstanding skills and techniques. These employees are role-models for other operators, and, at present, we are looking into expanding this system throughout the Company. In addition, Izumo Murata Manufacturing Co., Ltd. opened its MONODUKURI DOJO in 2006. Under this system, outstanding equipment maintenance personnel are given the title of Grand Master or Assistant Instructors, whereupon they can impart their practical skills to younger employees.

In this way, employees' skills and pride, which are central to the success of our production sites, are respected and their valuable know-how is passed on to younger employees.

Measures to Bring out Our Employees' Capabilities

While we are promoting companywide measures such as the Meister System, which respects the outstanding skills and techniques of employees, we have also inaugurated a human resource cultivation system and a personnel evaluation system, both aimed at raising companywide skill levels.

Murata Active Partner (MAP) has previously dispatched staff in a wide range of job fields, such as quality control, general office work, sales, and accounting, with a focus on technical job types, such as development assistants. MAP has also been engaged in employee education: it has dispatched instructors in manufacturing to Murata production locations in Japan and overseas, and in 2003 it started a training program to improve manufacturing capabilities throughout the Group.

At the Head Office Personnel & Industrial Relations Department, we are reviewing our personnel evaluation system and clearly defining the type of employee that Murata wants. We are trying to use the personnel system to achieve increases in employee motivation and skills, which are essential at production sites. We strive to make full use of the skills of every employee and create an active workplace. In this way, Murata is improving the quality created by employees, retaining customer confidence, and delivering products that meet customers' expectations.

Feature 4



Approximately 10,000 people work at 18 Murata Group companies in China and South-East Asia, and because they generate approximately 50% of total sales, both of these regions are important for the Company. There, our overseas affiliates have been contributing toward local society, for example, making contributions to homes for the aged and orphanages and providing scholarships to technical training institutions.



Seeking Unique Activities to Contribute Society and Local Communities

Actively Supporting the Young Innovators of Tomorrow

Murata continues to blaze technological trails based on its slogan of being an “Innovator in Electronics.” By continuing to provide valuable products, we are contributing to the realization of a sustainable society. While continuing as innovators, we would also like to offer assistance to other innovators in a variety of fields.

This type of thinking led us to establish the Murata Science Foundation in 1985. In the years since, we have offered assistance to up-and-coming researchers and research bodies in natural science with a focus on electronics and in cultural and social sciences relating to internationalization. To date, the number of beneficiaries has been approximately 1,000 individuals and 500 groups, with our total donations at ¥1.3 billion.

The children who will change society for the better and create our future are also known as little innovators. Accordingly, we are continuing to use events and classes at elementary schools to increase levels of interest in science among children who will be responsible for the science and technology of tomorrow. Our support also extends to culture and sports, as illustrated by our sponsorship of the Wakaba Cup (National Elementary School Student Badminton Championship), which is now in its 24th year.



Welcoming local residents to a rhododendron appreciation ceremony held at the Yokaichi Plant

Starting Forest Conservation Activities to Create a Rich, Green Local Environment

The conservation of natural environments and passing them on to future generations are very important issues in achieving a sustainable society.

Consequently, we are working to reduce the impact on the environment from our business activities and are pushing forward with the greening of our plants and technical centers. Throughout Japan, our aim is to have green factories in harmony with the regional communities. To this end, we have been planting trees and local grasses on our premises, greening higher areas than as are legally stipulated.

Furthermore, Murata started Murata Forest Activities in fiscal 2008—Japan’s first example of the Model Forest Movement proposed by Canada at the 1992 World Summit. This is regulated by the Kyoto Modelforest Association, which promotes these types of activities. In Kameoka-city, Kyoto, we have been maintaining broad-leaved forests, utilizing in wood-working and charcoal-making timber obtained by felling these forests, pruning and thinning coniferous trees, and making benches and seats from thinned wood.



Since 2004, Murata Electronics (Thailand), Ltd. has been making contributions to People's Hope Japan, an NPO engaged in HIV and AIDS prevention activities.



Murata Electronics North America, Inc. has cooperated with office and warehouse employees to donate bicycles, balls, stationery, dolls, and other items to children at Christmas.



Employee Ideas and Participation in Activities that Contribute to Society and Local Communities

Murata has always made contributions to society and local communities. Murata is now creating new ways in which employees' ideas and participation can get the Company more involved in these activities.

In Europe, proceeds from the sale of old office computer screens have been donated to children's causes and used to sponsor school activities. In the United Kingdom, Murata Electronics (UK) Limited is supporting new regional businesses.



In Japan, Murata continues to contribute to local communities. For example, the Company established the Murata Manufacturing Prize for the Kyoto High Schools General Cultural Festival and providing assistance for cultural activities, as well as carrying out environmental education and natural science classes for children.



Murata Services to Bring Joy to the Local Community

Under our philosophy of making our presence a source of joy and pride in the communities in which we operate, we have actively been involved in community activities. When implementing our charitable activities in local communities, we also pay close attention to the ideas of our employees and encourage their participation. Employees actively finding connections between residents and society and announcing what they would like to do, then building the network required to make their efforts a reality become assets for the employees themselves, and these also contribute to the spreading of the Company's societal and regional charitable activities.

For example, an employee who had the rank of an amateur Go (a Japanese board game) master thought, "I'd like to make a contribution to society through Go." This idea overlapped with Murata's desire to foster the capacity to think logically among elementary school students, bearers of our future, and thus was born the Murata Innovator Cup Elementary School 9x9 Go Championship (9x9 = 9x9 grid*). The first year this was held, 50 people participated at the Murata Kyoto Head Office. Since the second tournament in fiscal 2007, the event has doubled, with approximately 100 elementary school students participating.

Murata also contributes to local communities overseas. In Singapore since fiscal 2000, employees of Murata Electronics Singapore (Pte) Ltd. have been volunteering for nursing care activities at homes for the aged. In Hong Kong, Murata Company Limited has been donating books to schools

and, through NPOs, has been contributing money to the less fortunate.

Based on the ideas of supporting innovators in a range of fields, working actively in environmental conservation, taking into account relationships with society in growing together with employees, and supporting the growth of even better local communities, we will continue to make contributions to society as an expression of our gratitude toward our stakeholders.

*9x9 grid: A normal Go board is a 19x19 square; however, a 9x9 grid is easier for children and beginners to learn.

Employee Perspective

High Hopes for Interaction between Society and Employees



Kazunari Kamei

Manager, General Administration
Sec. 1, General Administration
Dept., Corporate Administration Group

Previously, Murata's community support activities were largely financial, such as contributions and sponsorships, but from now, the Company will put more effort into activities in which its employees participate. Our hope is that employee participation in various activities will inspire wider interaction with society.

Corporate Governance

Murata considers corporate governance one of the highest priorities in management, and its efforts include improved management transparency, more effective auditing and reinforced internal control systems.

Reinforcing the Corporate Governance System

Strengthening Supervisory and Operational Functions

Murata's Board of Directors comprises 10 directors, with two from outside the Company, and five statutory auditors (three from outside). Ensuring this outside viewpoint improves management transparency.

Murata has also introduced a system of vice presidents to separate making decisions on management policies and critical business operations and managing day-to-day business operations. This system has strengthened supervisory and operational functions since it allows the Board of Directors to concentrate on making decisions on management policies and critical business operations, and on the supervision of Board members' activities.

Murata has also established the Management Executive Committee, which is composed of statutory representative directors and other directors who occupy senior vice president positions or above. This is a deliberative body to assist the Board of Directors and statutory representative directors in their decision-making, and members discuss and receive reports regarding items specified by in-house regulations.

Ensuring a Close Relationship with the Internal Audit System

The internal auditing department is responsible for carrying out internal control audits throughout the Group. These include conducting evaluations and monitoring to make sure that within the Group business is carried out in an efficient, appropriate manner in accordance with laws, ordinances and internal regulations; and verifying the validity of functional staff audits by each head office department (such as General Administration, Personnel and Accounting Departments).

To ensure effective audits, statutory auditors and the Board of Statutory Auditors maintain a close relationship with the internal auditing department by periodically exchanging opinions with it and receiving reports from it regarding audit plans, its implementation status and matters relating to the internal auditing systems, and discussing the adequacy of these.

Establishment of the Internal Control System

Ensuring Suitable, Reasonable Business

Murata has established a number of committees, such as the Internal Control Committee, to advise the statutory representative

directors. These committees promote the maintenance of, and ongoing improvements to, internal control systems aimed at assuring the appropriateness of operations throughout the Group. The committees promote the development of systems for the prevention of illegal conduct, and systems for appropriate responses, risk management and timely, pertinent, information disclosure in the event that such conduct occurs. They also specify frameworks, procedures and evaluation criteria for each business and offer appropriate guidance to affiliates as required.

In support for the Japan SOX Law regarding internal control reporting systems (referred to as J-SOX), which is based on the Financial Instruments and Exchange Law, we have started developing internal control improvements and operating projects; these are aimed at preventing fraudulent entry in financial statements and assuring the reliability of financial reporting. We are also continuing with documentation of regulations and manuals throughout the Group, and are striving for standardization, visibility and improvements to business. As of the first half of 2008, we have largely completed the development of internal controls concerning the reliability of financial reporting, and we consider that these have no significant deficiencies or material weaknesses.

About the Japan SOX Law (J-SOX)

This is an internal control reporting system based on the Financial Instruments and Exchange Law, and which came into effect as of the business year starting April 1, 2008. Its objective is the consolidation and appraisal of internal control systems concerning the reliability of financial reporting.

Employee Perspective

Construction and Reinforcement of Global Internal Control Systems



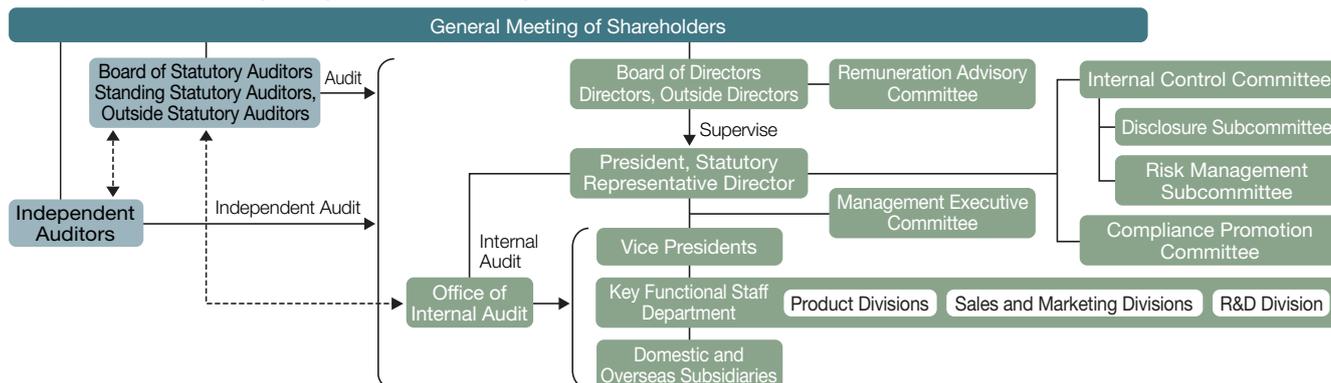
Hiroyuki Yokomi

Section Manager, Administration Sec., Purchasing Dept., Production Engineering Unit

Murata did not use outside consultants, opting instead to have all project members working together to create internal control systems. Using the trial-and-error method, we collected internal Company know-how and formulated policies that enable the steady implementation of requirements. As a result, our internal controls regarding the reliability of financial reporting have been assessed as having no material weaknesses or deficiencies.

In the future, our objective is to use the information we have collected to construct and reinforce globally based internal control systems.

▼ Corporate Governance System (as of March 31, 2008)



Compliance

To ensure that all Group corporate officers and employees comply with laws and regulations and act in an ethical manner, Murata is working to expand its Compliance Promotion System, making the best use of measures such as its Corporate Ethics Policy and Code of Conduct in Japan and overseas.

Corporate Ethics Policy and Code of Conduct

Revisions in Light of CSR, and Notifying Locations Worldwide

In July 2002, Murata established the Corporate Ethics Policy and Code of Conduct. In April 2007, this was revised in light of CSR. All Group corporate officers and employees pledged to work as one, in order that they could act in accordance with what needed to be done for stakeholders and society.

This revised edition of the Corporate Ethics Policy and Code of Conduct has been distributed to officers and employees of Murata and its domestic affiliates. We have also created English and Chinese versions, which were distributed to our overseas locations in September 2007. These were adjusted to take into account laws and ordinances and social systems in our overseas locations. As of March 2008, local versions of the Corporate Ethics Policies and Codes of Conduct have almost been completed for each overseas location.



Corporate Ethics Policy and Code of Conduct



Compliance meeting

Compliance Promotion

Creating a Compliance Promotion System

Murata has created the Compliance Promotion Committee as an advisory body to report to the president. We are deliberating on, and making decisions regarding, the basic direction for revisions to the Corporate Ethics Policy and Code of Conduct, and the draft and implementation of publicity activities.

Compliance promotion leaders are appointed for a period of one year in each department and keep employees notified of the Corporate Ethics Policy and Code of Conduct. These leaders take correspondence courses and participate in group training and other programs, and share their knowledge with other members in their divisions via compliance meetings.

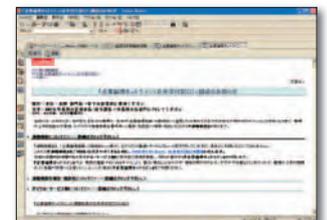
The Compliance Promotion Committee met twice in fiscal

Reporting and Consultation Channels

Available not Only to Employees But Also to Their Families and Business Partners' Employees

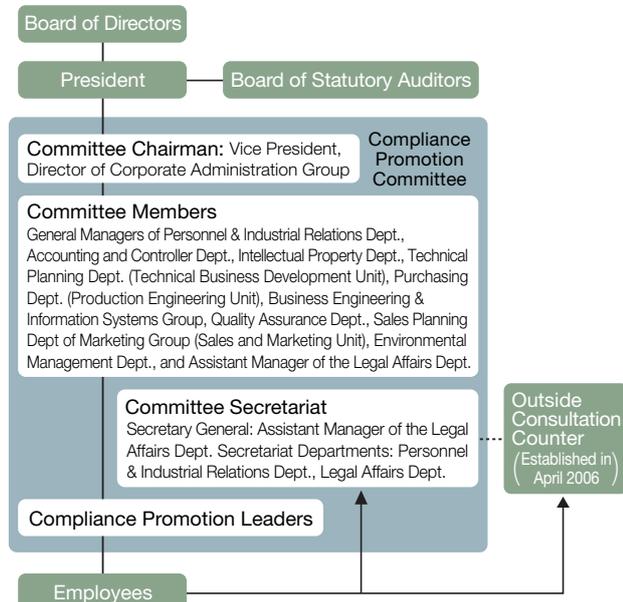
Murata has established two types of reporting and consultation channels for concerns or problems relating to compliance, and these can be accessed by telephone and email: an internal channel using the Compliance Promotion Committee Secretariat; and the Corporate Ethics Hotline (external channel) using Dial Service Co., Ltd. All calls are handled by specialists. Both of these channels can be used anonymously and have procedures that protect the privacy of the consulter and the informer and are not prejudicial to either.

These channels can be used by Murata employees (corporate officers, employees, temporary employees, part-timers, and contractors, but not retired staff), employees from temporary staffing companies that are working at Murata facilities, employees from contracted companies, employees from client and supplier companies, and family members of all aforementioned employees.



Details of the Corporate Ethics Hotline are also given on the Company Intranet

Compliance Promotion System (as of July 1, 2008)



Who Is a Temporary Employee?

Persons other than employees as specified by the employment regulations and who are employed for two months or more on a work contract. Of these, part-time employees have shorter official working hours than regular employees.

Employee Perspective

Putting Compliance into Practice on an Individual Level



Sayaka Baba

Legal Affairs Sec.,
Legal Affairs Dept.

More than merely being a collection of laws and ordinances, compliance also has the wider meaning of voluntarily acting on one's discretion.

For Murata, compliance means that each and every employee must implement our corporate philosophy. Compliance tends to be viewed as a formal, structured system, so to break away from this stereotype, in our in-house publications we use cartoons showing situations in the workplace. This makes it easy for employees to see the problems that may be encountered and how compliance should be put into practice.

Risk Management

Murata strives to anticipate the risks of accidents or disasters. This helps prevent their occurrence and avoids negative repercussions for stakeholders.



- Export Risks
- Intellectual Property Management and Spillage Risks
- Pandemic Influenza Risks

Risk Management

Focus on the Business Continuity Plan, Fire Countermeasures, and Information Security Countermeasures

To deal with the various risks inherent in business, within the Internal Control Committee Murata has established the Risk Management Subcommittee, which is an advisory body to the statutory representative directors. This committee appoints the vice president as the committee chairperson and comprises directors from the departments of General Affairs, Personnel & Industrial Relations, Corporate Communications, Intellectual Property, Environmental Management, Information Systems, Legal Affairs, and Production Technologies. This committee examines company-wide risk management systems and countermeasures.

In fiscal 2007, the Risk Management Subcommittee adopted the Business Continuity Plan (BCP), Information Security Countermeasures and Fire Countermeasures as important themes that required companywide attention. Section meetings were held for each of these, and action was taken.

Major Risks and Management Systems

Information Risks—Reinforced Information Security

In March 2005, Murata established its Privacy Policy and Privacy Policy Basic Rules, and has strengthened information security.

Because personal information in electronic form is subject to an increased risk of leakage, departments that handle this data have designated data security control officers who implement a range of countermeasures. Murata has issued a Data Security Guidebook aimed at promoting appropriate understanding and actions among employees. We also have self-check testing and education so employees can evaluate their comprehension of information security.

Starting in fiscal 2008, we are promoting increased information security using IT measures that include recording personal computer operating logs and encrypting documents.



Extinguisher drill

Fire drill with Company fire brigade



Natural Disaster Risks—Establish BCP to Ensure Stable Supply

Manufacturing lines may be halted due to earthquakes, typhoons, floods, and other natural disasters. Consequently, Murata has put in place a range of measures to enable it to provide a stable supply of products to customers. We have ensured earthquake resistance and safety for buildings and production facilities, constructed backup frameworks for our information systems and implemented stockpiling.

In fiscal 2007, Murata started the formulation of the BCP, designed so that the Company can ensure rapid recovery in the event of damage. We have ensured that preparations for contingencies are always in place, so that operations are not interrupted and that, even if operations are interrupted, they can be quickly and smoothly recommenced. In fiscal 2007, Head Office and Okayama Murata Manufacturing Co., Ltd. started documentation of the earthquake BCP, and this was put into application. In fiscal 2008, this will be expanded to other major subsidiaries.

Disaster Prevention Committees have been established at domestic manufacturing locations. Comprising the Disaster Prevention Promotion Committee and Company Fire Brigades, the Disaster Prevention Committee has members who periodically discuss accident prevention and the protection of human life and property in times of disaster. The Disaster Prevention Promotion Committee holds periodic disaster drills in response to anticipated earthquakes and the subsequent fires so that it can act in an appropriate manner in emergencies. These drills include Company Fire Brigades and all employees. Joint training exercises with local fire brigades are also held.

Fire Risk—Analyzing Causes of Fires and Establishing Preventative Measures

Murata recognizes fires as a major risk and has established a Fire Risk Special Interest Group under the umbrella of the Risk Management Subcommittee. This new group investigates past cases, analyzes fires and promotes measures to reduce the risk of fires.

In fiscal 2007, we emphasized the prevention of fires originating from static electricity in processes that use organic solvents.

Employee Perspective

Increasing Awareness of Fire Prevention through Ongoing Education and Training



Takashi Yoshikawa

Manager, Production
Sec. 3, Production
Dept. 1,
Fukui Murata
Manufacturing Co., Ltd.

Organic solvents are used on a daily basis in manufacturing plants, and if used incorrectly, can be the cause of major fires. We are analyzing the causes of past fires by seeking guidance from specialists, holding information exchanges with other factories and working to minimize risks.

To increase individual employee knowledge and awareness, we are constantly educating employees on how fires start through static electricity and holding training that simulates static electricity disasters.

We will continue to take fire prevention initiatives that focus on strengthened safety measures.

Murata and the Environment



Murata Group Environmental Policy

Concept

In the desire to contribute toward the realization of a truly rich human society, we develop superior materials and products, devise and maintain production activities, and supply products worldwide. However, we cannot deny that our production activities as well as our products themselves are unintentionally affecting the global environment. We fully acknowledge this impact on the global environment and are taking actions to reduce our environmental impacts as one of the important initiatives being put into practice as part of our Murata Philosophy and establishment vision. We will unite the efforts of our management organization, repeatedly work toward reducing our environmental impacts, and through management efficiency determine the points at which business and environmental interests converge.

Corporate Environmental Policy

- 1 We do not confine ourselves to the mere observance of environmental laws and regulations; rather, we seek to establish voluntary management standards and to improve our management standards regarding environmental protection.
- 2 We will strive to reduce the environmental impacts of our products.
 1. In our R&D and design activities, we will consider approaches that will minimize the environmental impact of our products.
 2. In cases where a product contains an environmentally hazardous substance, we will seek ways to reduce the amount used or incorporate a more benign substitute.
 3. In an effort to minimize the amount of packaging materials used with our products, we will adopt a “reduce, reuse and recycle” policy.
 4. We will develop procurement activities through which we will select materials that have minimal direct or indirect environmental impacts.
- 3 We will strive to reduce the environmental impacts of our business operations.
 1. To help prevent global warming, we will implement energy conservation and reduce greenhouse gas emissions.
 2. Where production processes make use of environmentally hazardous substances, we will seek ways to reduce the amounts used or incorporate more benign substitutes.
 3. We will aggressively seek to reduce, reuse and recycle wastes, and seek to minimize the amount of waste produced and conserve resources.
- 4 Through aggressive social initiatives, we will adopt environmental preservation activities in close contact with the local community and promote afforestation of corporate land according to a systematic long-term plan while working to improve the local environment.
- 5 While making all employees aware of the environmental policy, we will strive to raise employee awareness of higher environmental ethics. Moreover, we will develop timely and appropriate educational as well as public relations activities.
- 6 We will strive to become a corporation focused on environmental management and active public disclosure of our achievements in this area.
- 7 To implement each of the above action guidelines, we will establish and adopt our environmental action plan while continuously striving to improve our environmental performance.



Links between Business Activities and Environmental Considerations

Murata strives to quantitatively ascertain the environmental impact associated with its business activities and analyzes that information to reduce the environmental impact of production activities.

Murata's Environmental Impact

Reduction of Use of Chemical Substances and Energy during Production Is a Priority

The materials that make up Murata products contain many chemical substances, and Murata is therefore working to reduce the volume of these substances used through strict and proper management.

Although the electronic components manufactured by Murata are small, the types of chemical substances used during

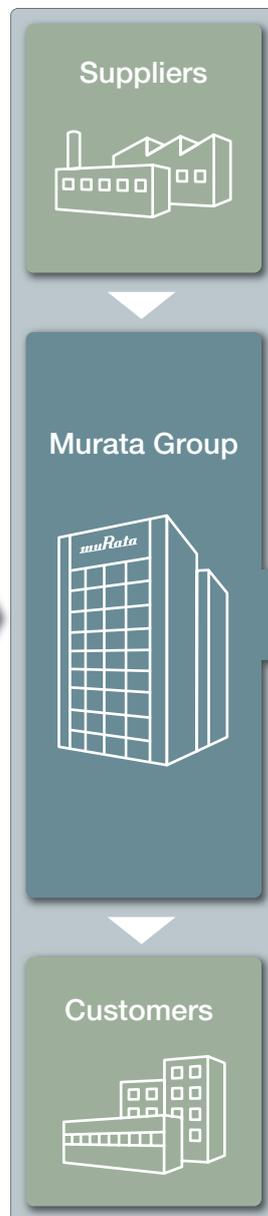
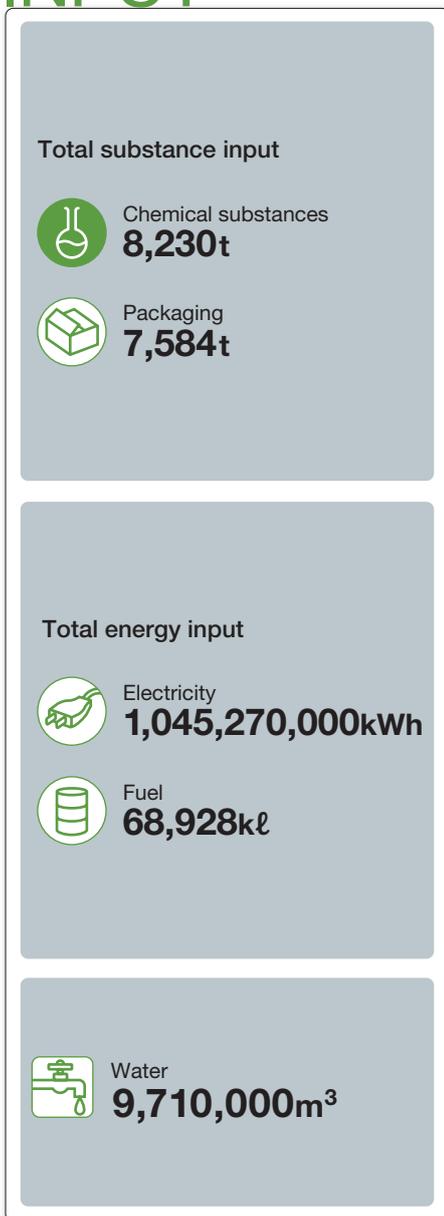
production are numerous and their volume, as well as that of energy used, is not small. We therefore prioritize the reduction of emissions of CO₂ and chemical substances used in production into the atmosphere or water.



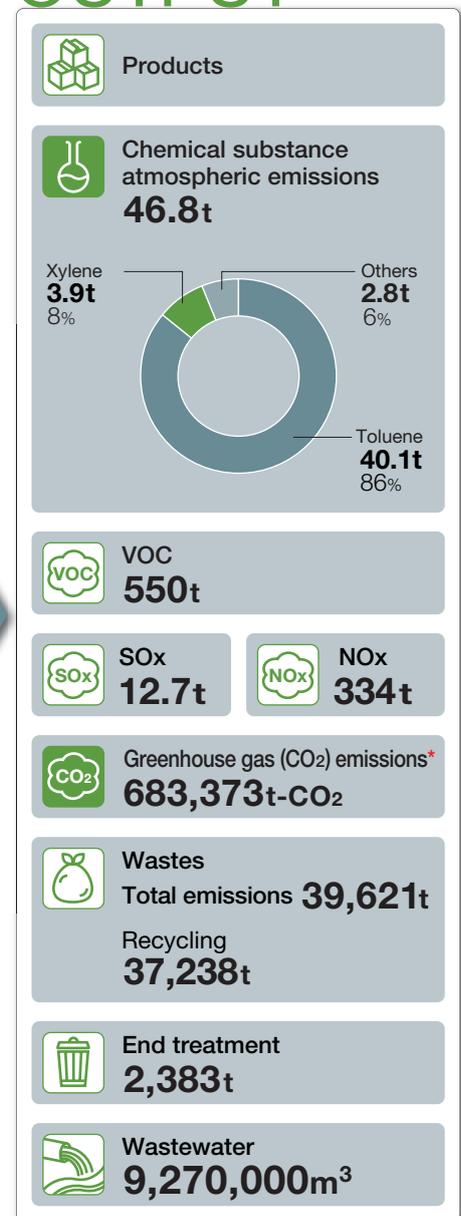
Data Calculation Method

"Total substance input" and "Chemical substance emissions and transfer" represent totals for manufacturing plants and subsidiaries in Japan. Other figures represent totals for manufacturing plants and subsidiaries in Japan and overseas.

INPUT



OUTPUT



*Beginning this fiscal year, GHG Protocol (2005) coefficients for each country are used for CO₂ emissions from electricity purchased at overseas plants.



Environmental Management



- Environmental Management Promotion System
- Implementation of Environmental Conservation Meetings at China Workplaces
- Preserving Biodiversity

Murata has obtained ISO14001 certification for the Group's domestic sites and overseas production plants. With this certification, we are moving ahead with environmental management through environmental audits and education and reorganization of the management system.

ISO 14001 Certification

Multi-Site Unification of Murata Group in Japan and Overseas

Murata acquired ISO14001 certification for all its plants in Japan and overseas in 2005. When the Murata Head Office, Tokyo branch, and domestic sales offices—all non-manufacturing sites—obtained ISO14001 certification in 2006, we took the opportunity in March 2007 to integrate systems and switch individual certification of the 34 domestic Group sites to multi-site certification. With this certification, we have put into action an integrated environmental management system from design and development to production and sales. We have also improved environmental communications throughout the Group, and we now apply successful improvements from their originating plants to others.

Since 2007 we have begun efforts aimed at obtaining multi-site unification of our overseas production plants. We plan to exercise effective, efficient environmental management based on standardized concepts at Murata Group sites in Japan and overseas.

Environmental Audits

Three Views to Rectifying Problems

The Murata Group conducts three types of internal environmental audits at all domestic sites and overseas production plants. As a result of the fiscal 2007 internal plant audits, the Japan-based Group discovered 11 instances of noncompliance and 240 items requiring improvement, all of which were corrected by the end of March 2008. Beginning in fiscal 2008, overseas plants will also report their audit results to the Head Office.

In fiscal 2007, the Environmental Management Department conducted 12 Japanese and overseas plant audits, which led to improvements at each site.

Murata's Internal Environmental Audits

Internal Plant Audits

Internal plant audits are self-audits conducted by each plant based on their own management standards set for routine work for the purpose of monitoring operations and discovering and correcting non-compliance. In addition, an audit is conducted once a year by the Internal Environment Audit Team to investigate whether various prescribed rules can be followed correctly.

Functional Staff Audit by the Environmental Management Department

The Environmental Management Department at the Head Office conducts regular audits for the purpose of complementing audits performed by outside auditing agencies and inspecting special areas not covered by internal plant audits.

Audit by Auditors

Once a year, the auditing officers inspect the plants' environmental management systems and their operation to verify appropriateness and overall conformity and, when necessary, state their opinions.

Environmental Education and Promotion

Environmental Education for All Employee Groups Based on Type of Work

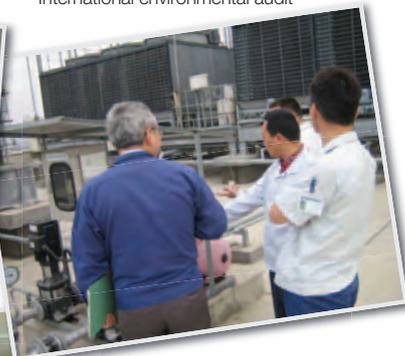
Murata conducts environmental education for all employees to improve their environmental awareness. The Group also enhanced the internal auditor training program in fiscal 2007, changing to a format that more closely approximates actual audits.

Employees who handle wastewater and gas emission equipment or other equipment that affects the environment receive individual training on appropriate inspections and efficient operation to minimize impact on the environment.

Murata and the Environment

Environmental Committee

International environmental audit



Environmental training focusing on emergency response



Environmental management system staff's meeting





Environmental Action Plan and Performance

Murata has formulated its strategy for reducing its impact on the environment in stages in its 4th Environmental Action Plan, with 2010 as the target year. The Group carries out annual action plans to facilitate achievement of the 2010 goals.

Performance for Fiscal 2007

Attained 28 of 30 Targets

In fiscal 2007, we expanded our goals to include international locations as well as our domestic sites. We also increased the number of objectives by 10 from fiscal 2006 to 30 items.

The result of that strategy was progress as planned, although we have not yet reached our targets for overseas waste recycling rate improvements or for domestic plant VOC atmospheric emission reductions.

We succeeded in reducing VOC atmospheric emissions 1.2% compared with the previous year by revising and improving process conditions; however, with the rapid expansion in production volume, we were unable to reach our goal of a maximum of fiscal 2000 levels. We plan to continue with emission reductions by implementing new practices in fiscal 2008.

Production expansion at some of our main overseas plants led to an increased volume of difficult-to-recycle waste emissions. We therefore did not reach our goal of a minimum of a 70% recycling rate. We plan to intensify efforts by building on our success at domestic plants to meet our goals in fiscal 2008.

Future Targets and Plans

Introduction of the Eco-Factory System and Other New Goals

The Group is continuing to work toward achieving the goals of the 4th Environmental Action Plan in fiscal 2010. In fiscal 2008, we began efforts on new objectives, such as the implementation of the eco-factory system and Murata Forest Conservation activities.

In addition, we are already actively addressing reductions in CO₂ emissions and other issues taking center stage in the coming years, with a view to fiscal 2010 and beyond.



About Comparisons per Unit of Net Production

The emissions ratio is a value that indicates the amount of environmental impact emitted in the process of producing a given product quantity (monetary value). This monetary value is calculated by adjusting net production for deflation using the domestic corporate goods price index (for electronic components and devices) announced by the Bank of Japan.

4th Environmental Action Plan: Targets and Results for Fiscal 2007 and Plans for Fiscal 2008

Item		Targets for FY2007
Environmental Management	Enhance environmental management system (EMS)	① Complete EMS integration in Japan
		② Hold environmental management officer meetings in Japan, China and ASEAN countries (To be held regularly thereafter)
		③ Commence operation of environmental cost management systems overseas
Supplying environmentally friendly products	Environmentally conscious design	① Continue product assessments
		② Investigate methods to compile LCA data efficiently from each site's environmental data
	Reducing use of environmentally hazardous substances in products	① Revise list of RoHS exemptions → Clarify reductions and full phaseouts and set targets
		② Polyvinyl chloride (PVC) → Establish investigative subcommittee to study countermeasures (Clarify substances to be reduced/Establish priorities for evaluations of alternatives)
		③ Brominated flame retardant → Establish investigative subcommittee to study countermeasures (Clarify substances to be reduced and set targets)
Managing information related to environmentally hazardous chemical substances	Develop product database (for ASC/modules)	
Reducing use of packaging materials and conserving	① Reduce amount of taped packaging used for chip monolithic ceramic capacitors and chip ferrite beads per unit of production amount at domestic sites by at least 42% relative to FY2000	
	② Reduce CO ₂ emissions from distribution per unit of net production in Japan by at least 30% relative to FY2000	
	Green procurement	Continue to promote greenness surveys for compliance with legal regulations in Japan and overseas, and maintain a green procurement ratio of 100% for production materials
Eco-Friendly Business Activities	Global warming prevention	① Reduce CO ₂ emissions per unit of net production † in Japan by at least 23.5% relative to FY1990
		② Assess the status of CO ₂ emissions at overseas manufacturing plants
		③ Convert 55% of the domestic Company fleet to low-pollution vehicles
	Conserve resources and "Reduce, Reuse, Recycle" waste	① Reduce total waste emissions per unit of net production in Japan by at least 40% relative to FY2000
		② Assess the status of waste generation at overseas manufacturing plants
		③ Clarify definition of "zero emissions" at overseas manufacturing plants and attain a waste recycling rate of at least 70% using this definition
		④ Reduce water consumption per unit of net production in Japan by at least 40% relative to FY2000
	Managing and reducing environmentally hazardous chemical substances used in production processes	① Reduce atmospheric emissions of VOCs in Japan to a maximum of FY2000 levels
		② Reduce atmospheric emissions of PFCs in Japan by at least 38% relative to FY2002
		③ Investigate reductions of PRTR-designated substance emissions (Establish reduction targets for FY2010)
Risk management	① Continue remediation of soil and groundwater pollution building on past experiences and maintain a system with minimal environmental risk	
	② Reduce soil pollution and other environmental risks when conducting work that involves landscaping	
Environmental communications	① Continue to issue annual and site-specific CSR reports	
	② Hold environmental roundtable discussions (tentative name) with local university students	
Social activities	Community / social contribution activities	① Inaugurate a Murata Park (tentative name) Preparation Committee and determine scope
		② Continue implementing environmental education programs for elementary and junior high school children, participating in environmental fairs and other related events and regional cleaning activities, and supporting NPO/NGOs
		③ Continue developments under the Mid-Term Green Plan
		④ Gain SEGES certification (Yokaichi Technical Center and Yasu and Yokaichi Plants)



	Results for FY2007	Achievement	Plans for FY2008
	Completed EMS integration in Japan. Improvements will continue to be made.	Yes	• Implement Eco-Factory evaluations for domestic plants
	Held environmental management officer meetings in Japan and China. ASEAN meeting will be held in July 2008.	Yes	
	Operation will begin in FY2009 with commencement of operation of the new internal accounting system for reasons of coordination.	—	
	Moved ahead with eco-friendly design and development, including product miniaturization and low power consumption as well as energy-saving manufacturing processes	Yes	<ul style="list-style-type: none"> • Continued product assessments • Initiated life-cycle evaluation method training for developers • Comply with Europe's EuP Directive • Calculate products' environmental impact of business activities and prepare the groundwork for environmental impact reduction activities based on the calculated values
	Product-based environmental impact data has been compiled for some products from plant environmental data.	Yes	
	Reduction targets for FY2010 were established as follows. <ul style="list-style-type: none"> • Actual volume used: 20% reduction relative to FY2007 • Alternative products (technical development): Development of 50% relative to FY2007 complete 	Yes	
	Reduction targets for FY2010 were established as follows. <ul style="list-style-type: none"> • Actual volume used: 5% reduction relative to FY2007 • Alternative products (technical development): Development of 50% relative to FY2007 complete 	Yes	
	Reduction targets for FY2010 were established as follows. <ul style="list-style-type: none"> • Actual volume used: 4% reduction relative to FY2006 • Alternative products (technical development): Development of 50% relative to FY 2006 complete 	Yes	
	We decided against developing the current product database (for EI) for ASC/modules, and instead accelerated creation of an integrated chemical substance management database and set the conditions. Specifically, we linked the current chemical substance management database and the purchased molded products database to create a product database for not only EI but also ASC/modules.	Yes	• Develop a system for an integrated chemical substance management database
	Amount of taped packaging used for chip monolithic ceramic capacitors and chip ferrite beads per unit of production amount at domestic sites reduced by 43% relative to FY2000	Yes	<ul style="list-style-type: none"> • Reduce amount of taped packaging used for chip monolithic ceramic capacitors and chip ferrite beads per unit of production amount at domestic sites by at least 45% relative to FY2000 • Reduce CO₂ emissions from distribution per unit of net production in Japan by at least 36% relative to FY2000
	CO ₂ emissions from physical distribution per unit of net production reduced 34% compared with FY2000	Yes	
	Maintained a 100% green procurement rate	Yes	• Continue to promote greenness surveys for compliance with legal regulations in Japan and overseas, and maintain a green procurement ratio of 100% for production materials
	CO ₂ emissions per unit of net production reduced 49% compared with FY1990	Yes	<ul style="list-style-type: none"> • Reduce CO₂ emissions per unit of net production in Japan by at least 35% relative to FY1990 • Set total volume reduction targets for CO₂ emissions at overseas manufacturing plants • Maintain 93% of the domestic Company fleet as low-pollution vehicles
	Assessed the status of CO ₂ emissions at overseas manufacturing plants	Yes	
	Converted 93% of the domestic Company fleet to low-pollution vehicles	Yes	
	Total waste emissions per unit of net production reduced 42% compared with FY2000	Yes	<ul style="list-style-type: none"> • Reduce total waste emissions per unit of net production in Japan by at least 45% relative to FY2000 • Formulate plans to reduce waste emissions volume at overseas plants • Attain a waste recycling rate of at least 80% at overseas plants • Reduce water consumption per unit of production in Japan by at least 45% relative to FY2000
	Assessed the status of waste generation at overseas plants	Yes	
	"Zero emissions" was defined as the Japanese standard for overseas plants as well. The waste recycling rate at overseas plants by this definition reached 68%.	No	
	Water consumption per unit of net production reduced 45% compared with FY2000	Yes	
	Emissions increased 8.8% relative to FY2000. The target was not yet reached, but emissions were reduced 1.2% compared with the previous fiscal year.	No	
	Reduced emissions by 38% relative to FY2002	Yes	<ul style="list-style-type: none"> • Formulate policies to reduce atmospheric emission volume of VOCs by at least 20% relative to FY2000 • Reduce atmospheric emissions of PFCs in Japan by at least 45% relative to FY2002
	When investigating reduction of PRTR-designated substances, we discovered that many of these substances used at Murata are also VOCs. We therefore decided to continue reducing VOCs rather than set separate targets for PRTR-designated substances.	Yes	
	Remediation projects implemented at relevant plants and progressing as planned	Yes	<ul style="list-style-type: none"> • Continue remediation of soil and groundwater pollution building on past experiences and maintain a system with minimal environmental risk • Reduce soil pollution and other environmental risks when conducting work that involves landscaping
	Conducted soil surveys at relevant construction sites and processed them appropriately	Yes	
	Issued 2007 annual CSR and site-specific CSR reports	Yes	• Continue to issue annual and site-specific CSR reports
	Held environmental roundtable discussions with local university students	Yes	• Continue to hold environmental roundtable discussions with local university students
	We signed agreements with related sites (Kyoto Model Forest Association, Kameoka City, Kyoto Prefecture) and land use right memorandums with local land owners as part of our forest conservation activities. We also worked with experts to investigate forest maintenance methods and developed an action plan for forest conservation activities to begin in FY2008.	Yes	<ul style="list-style-type: none"> • Begin Murata Forest conservation activities • Continue implementing environmental education programs for elementary and junior high school children, participating in environmental fairs and other related events and regional cleaning activities, and supporting NPO/NGOs • Continue developments under the Mid-Term Greening Plan • Gain SEGES certification (Izumo Murata, Toyama Murata, Okayama Murata, Fukui Murata, Kanazawa Murata, and Komatsu Murata)
	Murata Group held 56 environmental education programs for elementary and junior high school children (3,550 persons) and continued to participate in regional environmental events and to support NPO/NGOs.	Yes	
	Continued developments under the Mid-Term Greening Plan	Yes	
	Gained SEGES certification for the Yokohama Technical Center and the Yasu and Yokaichi Plants	Yes	



Environmental Accounting

Murata endeavors to reduce the environmental impact of its business activities by determining and analyzing the cost of environmental protection as well as the effectiveness of the results of its efforts on the environment.

Environmental Cost Management

Plans for International System Expansion

In 2003, Murata created an environmental cost management system incorporating an environmental accounting approach. This system allows the Group within Japan to calculate the expenses required for environmental activities and the results obtained in order to conduct more effective activities to reduce environmental impact.

In fiscal 2007, we revised our environmental cost calculation method. We replaced the previous system, which required personnel at each plant to input and total data, with one in which related information is taken directly from the administrative accounting system at the Head Office, thereby increasing accuracy and streamlining work processes.

Now, with the calculation method improvements in place, we plan to begin operation of the environmental cost management system at our overseas production plants in fiscal 2009.

Investment expenses categorized as management activities also increased due to the investments made for greening of plant areas, which is one of Murata's signature activities. Major plant greening investments were undertaken in fiscal 2007 at Izumo Murata and Toyama Murata.

Izumo Murata wastewater treatment facility



Results and Analysis for fiscal 2007

Increase in Investment to Prevent Pollution

The cost of environmental activities in fiscal 2007 was approximately ¥3.5 billion, and investment expenses totaled approximately ¥2.8 billion.

The first stage of large investments for the prevention of global warming, such as the cogeneration system, are complete; however, investment expenses for the prevention of pollution increased because of renovations, expansion, and maintenance of wastewater treatment facilities at the Yasu Plant, Izumo Murata, and other plants.



Yasu Plant wastewater treatment facility

▼ Environmental Accounting

Classification		Costs (Millions of yen)		Investment (Millions of yen)	
		FY2006	FY2007	FY2006	FY2007
Cost manufacturing plant premises	Pollution prevention	470	338	893	1,807
	Global environmental conservation	319	303	512	534
	Recycling	1,511	1,405	109	166
	Subtotal	2,300	2,047	1,514	2,507
Cost of upstream/downstream environmental conservation		120	150	0	0
Cost of management activities		472	631	97	202
Cost of social activities		200	85	1	0
Cost of R&D		930	598	96	108
Cost of environmental damage		0	0	0	0
Total		4,022	3,509	1,708	2,817



Data Calculation Method

1. The scope of accounting includes Murata Manufacturing's plants and 17 subsidiaries in Japan.
2. The accounting term is the 12-month period from April 1, 2007 to March 31, 2008.
3. Costs include labor and depreciation.
4. Proportional accounting is applied, in which the cost of environmental conservation is embedded in other costs.



Environmentally Conscious Design



• Properly Managing Environmentally Hazardous Chemical Substances

Murata manufactures products with reduced environmental impact throughout their life cycle, including design, production, use, disposal, and recycling.

Eco-Friendly Product

Implementation of Product Assessment

Murata is developing environmentally conscious design, in which it promotes reduction of the use of environmentally hazardous substance and effective use of resources by designing compact, energy-saving products.

To ensure environmentally conscious design, in November 2004 we began product assessment throughout the Group in which we evaluate environmental impacts in advance and incorporate changes to reduce these impacts. Product assessment takes place prior to Design Review, which takes place in the development stage. The evaluation is then repeated during the prototype stage and at market launch.

Product Assessment Category

Classification	Category
Product	Environmentally hazardous substance
	Downsizing
	Reduction of main raw materials
Production process	Environmentally hazardous substance
	Energy saving
	Electricity saving and waste reduction

Life Cycle Assessment (LCA)

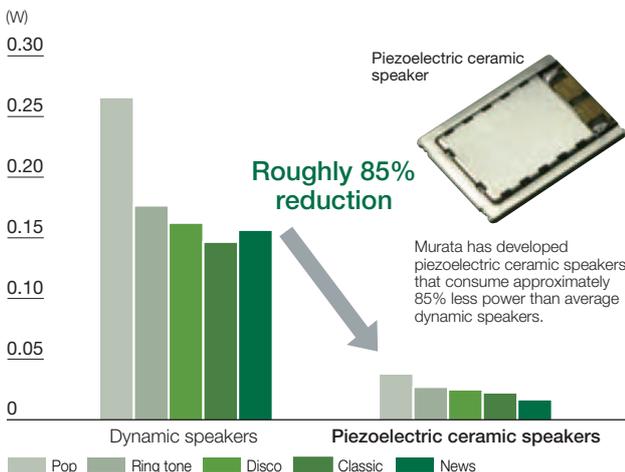
Murata conducts product assessment that place priority on the reduction of the environmental impact over the lifecycle of a product.

In 1995, Murata established the LCA Subcommittee, which analyzes CO₂ emission and the consumption of major raw materials in the production of representative products such as monolithic ceramic capacitors and chip ferrite beads, which make up roughly 50% of sales. We also conduct LCAs for production equipment at the design stage, and for products.

In fiscal 2006, we collected data on the CO₂ emission factor for various parts and materials and for transportation. With this data, we were able in fiscal 2007 to calculate CO₂ emissions for purchased parts and materials, and our own products, as well as for CO₂ emissions related to packaging and transport of products.

We are currently developing a system with which to efficiently compile the LCA basic unit from plant data in order to increase LCA effectiveness.

Energy Saving with Piezoelectric Ceramic Speakers



Managing Chemicals with Environmental Impact

Promoting a New Chemical Management System through Industry Alliances

The Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation in European Community, which enter into force in June 2007, requires the registration of several tens of thousands of types of chemical substances. In addition to individual company management systems, creation of an industry wide standard management system is also an effective means of maintaining strict compliance with this regulation.

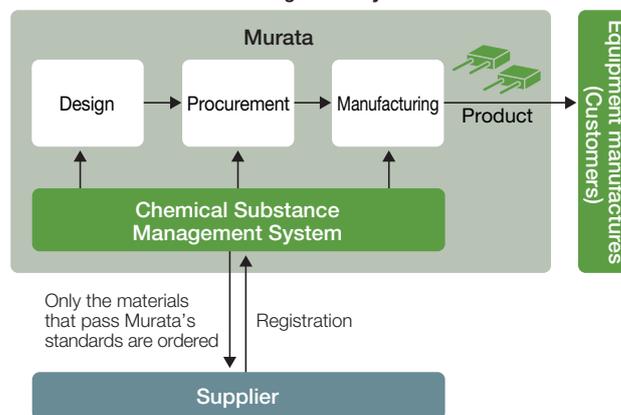
Murata therefore established the Joint Article Management Promotion consortium (JAMP) together with other endorsing companies in September 2006. Murata sends members to the steering committees and to working teams. We plan to provide the know-how and information that can only be furnished by a midstream component maker, in the process facilitating the establishment of a standardized system for the smooth transmission of information regarding chemical substances in parts and materials, from upstream industries that produce chemical materials to downstream industries that produce end products.



What Is JAMP?

An active cross-industrial organization to formulate and spread concrete measures to facilitate proper management and smooth disclosure and communications throughout the supply chain of data on chemical substances contained in articles (parts and molded components)

Chemical Substance Management System





Green Procurement and Purchasing

Green procurement of part materials with low environmental impact is essential for decreasing the environmental impact of products. That is why Murata asks its suppliers for their understanding and cooperation regarding environmental management.

Promotion of Green Procurement

Evaluating Suppliers' "Green Level"

Murata has distributed a Green Procurement Standards pamphlet describing the Group's green procurement philosophy and supplier requirements in order to promote green procurement with the understanding and cooperation of its suppliers.

When dealing with a new supplier, whether in Japan or overseas, we investigate the company's environmental management system (ISO or other management systems) and certification that parts and materials delivered do not contain certain hazardous chemical substances, and, in particular, we inspect the appropriateness of the company's chemical substance management system before making a decision regarding the supplier.

We conduct evaluations for all of our existing suppliers every other year, and for high-risk suppliers every year. We provide low-scoring suppliers with guidance in the form of improvement requirements and audits; however, we take a tough stance toward those failing to demonstrate improvement and we may even terminate the relationship.

We plan to implement the same system in certain international locations in fiscal 2008 as we begin to increase green procurement overseas.

Criteria for the Green Level of Suppliers

- Environmental management system
- Management system for chemical substances
- Submission of certification concerning the six RoHS-designated substances

Materials' Green Level Surveys

Before adopting new materials, Murata conducts a greenness survey for every one. The standards for those surveys are Murata's own technical standards prohibiting or limiting the use of materials according to legal regulations and customer requirements.

Specialized personnel investigate chemical materials that require particular care, recording accepted materials in a database

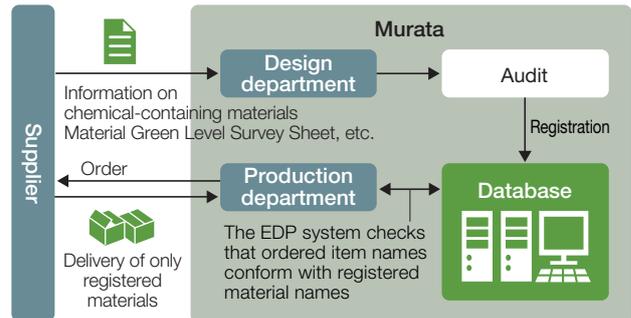
Green Level Survey



to enable the Group to procure only those approved materials.

Beginning in December 2006, Murata standardized the greenness surveys conducted at overseas locations. Using the standard surveys, the Group is able to reliably determine acceptable materials based on technical standards.

Scheme for Green Procurement of Materials



Employee Perspective

It Is Important that Suppliers Understand the Necessity of Managing the Chemicals Contained in Products



Yoshihiro Tsuji

Purchasing Quality Control Sec.,
Purchasing Dept.,
Production Engineering Unit

We require suppliers to promote management of chemical substances contained in products in order to avoid inclusion of regulated substances in Murata's products. In fiscal 2007, we surveyed our suppliers' management systems. Because we made it easy for our suppliers to respond to the survey, we received replies from 100% of the companies that we needed to survey. These survey results showed us that approaches to management and awareness of the necessity of management differ greatly from industry to industry. We therefore intensified our educational activities for suppliers in fiscal 2008 in order to make suppliers understand the need for management systems for chemical substances contained in products.

Total Green Purchasing

Prioritizing the Purchase of Compliant Products

The 2001 Law on Promoting Green Purchasing requires national and regional public institutions as well as corporations to purchase products and services conducive to the reduction of environmental impacts. Murata makes it a top priority to purchase green products, which it defines as those complying with the standards set by this law or goods endorsed with recognized environmental labels.

At the end of March 2008, the green purchasing ratio at our domestic plants exceeded 99% on an itemized basis. We are increasing awareness in all divisions to achieve a 100% green purchasing ratio.



Prevention of Global Warming



- CO₂ Emissions by Area
- Office CO₂ Emissions

The reduction of greenhouse gases is becoming increasingly urgent. Murata places priority on the reduction of total emissions and per unit of net production emissions of greenhouse gases, and the Group is involved in efforts to prevent global warming.



Reduction of CO₂ Emissions

Achieving Substantial Reductions in Emissions per Unit of Net Production

In fiscal 2007, Murata set a minimum target for the Group in Japan of a 23.5% reduction in emissions of greenhouse gases per unit of net production relative to fiscal 1990, and initiated energy conservation measures to achieve this target. As a result, we achieved significant reduction (49%). We rapidly adopted highly efficient equipment that contributed significantly to our successful reduction of more than 20,000 tons of greenhouse gases annually.

Total greenhouse gas emissions have increased 15% over the previous fiscal year to approximately 550,000 tons. This is a result of expanded production and an increase in the power company emissions coefficient by approximately 4.8%.

About Emissions per Unit of Net Production

The emissions ratio is the value of CO₂ emissions against real production, which is calculated by adjusting production (monetary value) for deflation using the domestic corporate goods price index (for electronic components and devices) announced by the Bank of Japan. This figure indicates the quantity of greenhouse gases emitted in the process of producing a given product quantity (monetary value).

What is the power company emissions coefficient?

This coefficient is a weighted average of the growth in each power company's emissions coefficient from fiscal 2006 to fiscal 2007 by power company usage.

Instruction in Energy Conservation at China and Singapore Plants

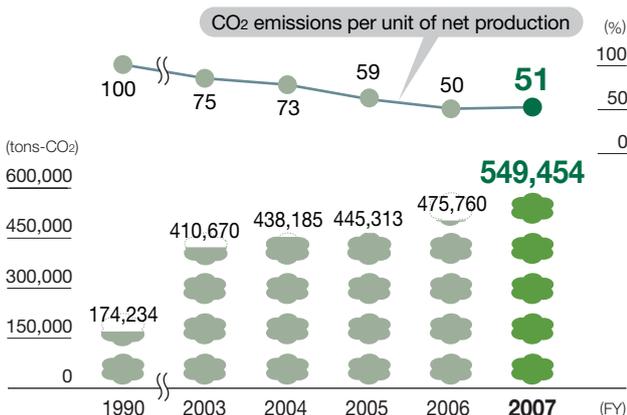
Murata is also actively involved in reducing greenhouse gases at its international locations. In fiscal 2007, advisors from the Head Office visited sites in China and Singapore to instruct staff on the adoption and operation of energy-saving devices. Operational improvements brought about a 5% reduction in compressed air used at the plants.

Plans to Raise Emissions Ratio Targets and Reduce Total Emissions

Based on the successes of fiscal 2007, we raised our emissions ratio target to 35% for fiscal 2008 to fiscal 2010. We are also endeavoring to reduce total emissions.*

* Legal revisions relating to promotion of global warming prevention measures in fiscal 2006 corrected past gas company emissions coefficients retroactively.

CO₂ Emissions



Energy conservation diagnosis



Cogeneration system at the Yasu Plant

Employee Perspective

Aiming to Reduce Consumption of Sustainable Energy



Toru Katsube

Environmental Management Sec., Administration Dept., Izumo Murata Manufacturing

Izumo Murata was recognized for its 28% reduction in energy consumption per unit of production from 2003 to 2006 as a result of improvements in equipment efficiency and productivity per square meter, and for its adoption of high-efficient heat source units for air-conditioning, and for these achievements was awarded the Agency for Natural Resources and Energy Director-General's Award for outstanding energy management by the Ministry of Economy, Trade and Industry in fiscal 2007.

Encouraged by this recognition, we plan to continue energy conservation activities to contribute to the prevention of global warming.

* Komatsu Murata and Tome Murata also received a Regional Bureau of Economy, Trade and Industry award in fiscal 2007.

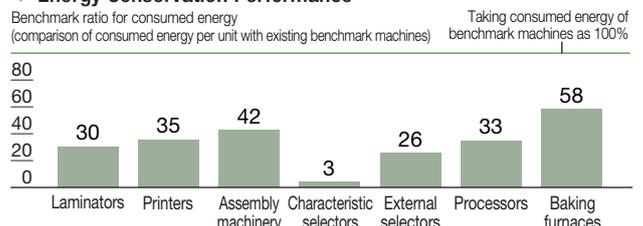
Development of Energy-Saving Production Equipment

Murata is developing equipment capable of producing with the least amount of energy and in the smallest space possible. In a comparison of energy consumption per unit of net production using current equipment as a benchmark, all new equipment installed since fiscal 2004 has shown increased energy and space savings.

In fiscal 2007, we developed 10 new types of equipment, installing 375 new machines in our plants. This resulted in a reduction of approximately 9,900 tons of CO₂ emissions (approximately 1.9% of total CO₂ emissions at all domestic plants in fiscal 2007).

Beginning in fiscal 2008, we are moving ahead with the development of energy-saving equipment, focusing on five targets: 1) increased baking furnace efficiency; 2) major restructuring of key product production equipment (laminators; 75% energy savings over current equipment); 3) use of waste heat for drying equipment (50% energy savings over current equipment); 4) an enhanced system of energy savings checks during equipment design audits; and 5) energy-saving design training at domestic plants.

Energy Conservation Performance





Reduction of Waste



- Recycling Rate
- Effective Use of Water Resources

The Murata Group achieved its goal of zero emissions (zero landfill waste and a 100% recycling rate) nationwide in 2003. We are now working toward zero emissions and a reduction in the total amount of waste internationally.

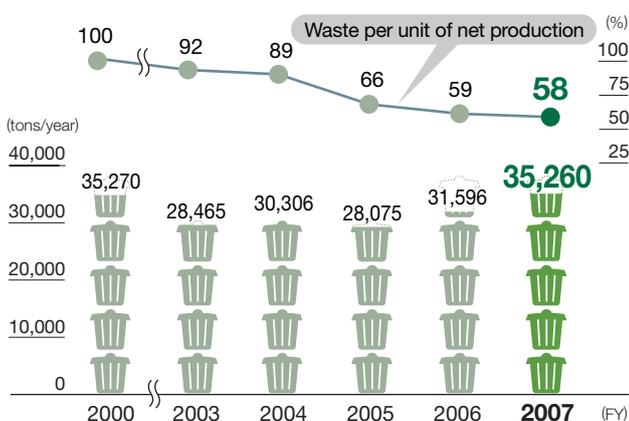
“Reduce, Reuse, Recycle” Promotion

Unit Reduction Ratio of 42% against Fiscal 2000

We place priority on the reduction of the waste plastic and waste liquids that make up 70% of all waste matter. By separating ceramics from waste plastic, we are able to reuse those resources. We also use a liquid concentrator that reduces waste liquids to approximately 1/20th of their original volume.

As a result, in fiscal 2007 we reduced waste emissions per unit of net production by 42% compared to fiscal 2000.

▼ Amount of Waste Generation



Waste management staff meetings



Proactive Information Sharing throughout the Group's Japan Sites

Around Japan, the Group shares information regarding waste reduction success stories and legal revisions. Waste management staff members from each site also gather periodically to attend lectures given by experts and hold discussions, all of which improves the level of administration for the Group.

Thirty-five members gathered at Fukui Murata Manufacturing in fiscal 2007 to analyze case studies and inspect facilities related to waste reduction.

Adoption of the Electronic Manifest System

The electronic manifest system is a government-led electronic information network that enables online tracking of waste treatment. The computerized system replaces the hard-copy records issued to waste treatment and disposal facility operators by waste generators each time they request treatment.

Murata moved 76% of its record-keeping to the electronic manifest system in fiscal 2007, and plans to complete implementation of the system throughout the Group in Japan by the end of March 2009.

Achievement of Zero Emissions at Beijing Murata Electronics Co., Ltd.

Murata achieved its goal of zero emissions of waste throughout Japan in fiscal 2003, and has since maintained that record. Murata defines zero emissions as the complete elimination of landfill waste, including directly or indirectly treated waste, and a recycling rate of 100%*. In fiscal 2006, Murata also set a goal of zero emissions at its international sites by fiscal 2010, and is working steadily toward that goal.

Because circumstances differ in each country and region, reaching a goal of zero emissions is not easy, but we did attain that target at Beijing Murata Electronics Co., Ltd. in fiscal 2007.

* Murata's zero emissions target excludes waste matter that the Group is unable to process on its own, such as excess sludge in remediation tanks.

Employee Perspective

Periodic Visits to Waste Treatment Facilities



Ayako Kunishio

Environmental Management Sec.,
Environmental Management Dept.

If a waste treatment facility operator were to illegally dispose of the Group's waste, Murata would also be legally and morally responsible. Therefore, we evaluate operators' organizations and visit their facilities to ensure that they observe the law and to check their facility operation and treatment methods prior to contracting them. We continue to make regular visits even after we have established a relationship.

We also hold regular waste management officer meetings to improve our knowledge of legal issues and to share information.



Managing Chemical Substances and Environmental Risk

Because we handle chemical substances, we have a responsibility to prevent environmental pollution. We consider the management of hazardous chemical substances emitted during the production process and the reduction of emissions to be important issues, and we are working to resolve them.

Avoiding Environmental Risk

Preventing Environmental Accidents and Pollution

We are aware of the significant environmental risk accompanying the use of chemical substances, and we are taking steps to avoid pollution. We take into particular consideration the degree and duration of environmental impacts when storing and transporting chemical substances within our facilities, applying four voluntary standards for proactive prevention.

We contract legally certified waste disposal specialists for the disposal of industrial waste in Japan and overseas, and we visit their processing facilities regularly to ensure proper treatment. We also conduct surveys to minimize the risk of soil pollution caused by ground deformations when constructing plants.

No environmental accidents or other violations of environmental standards occurred in fiscal 2007.

Voluntary Standards for Prevention of Environmental Accidents and Pollution

1. Prohibition against Underground Storage Tanks

In principle, storage tanks for fuels, organic solvents, acids, alkalis and waste liquids and wastewater tanks for treating wastewater will be located above ground. If it is unavoidable that a tank be placed underground, it will be a double-walled tank.

2. Permeation Barrier Coating

Locations where such fluids as fuels, organic solvents, acids, and alkalis, as well as waste oil, are handled will be provided with a bed made of a permeation barrier coating or stainless steel.

3. Prohibition of Underground Piping

Pipes for transporting such fluids as fuels, organic solvents, acids and alkalis, as well as waste liquids, will be located above ground.

4. Emergency Containment Structure

Workplaces where liquids are received or where waste liquids are discharged to or from tank trucks or the like will have a structure for immediately containing any leakage if an accident occurs.



- Management and Emissions Reduction for Chemical Substances
- Reducing Environmentally Hazardous Chemical Substances
- Avoiding Environmental Risk
- Soil and Groundwater Contamination Surveys

Community tour of Sabae Murata Manufacturing



Community tour of Okayama Murata Manufacturing



Communications with Local Residents about Environmental Risk

We consider minimizing the impact of our business activities on local communities to be one of the most important aspects of our corporate social responsibility, and we work hard to respond swiftly if a problem occurs.

In fiscal 2007, the Murata Group's plants received eight complaints regarding noise, nighttime lighting, and tree planting, and we quickly resolved these issues in consultation with local residents.



Overhead pipes at Okayama Murata Manufacturing



Emergency containment valve at Himi Murata Manufacturing

Employee Perspective

Gaining Local Residents' Understanding of Environmental Activities



Norichika Ueura

Environmental Management Sec., Administration Dept., Okayama Murata Manufacturing

Because we are just as concerned about the environment as local residents are, we inform them about our environment-related activities to reassure them.

We hold periodic plant tours for local residents so that they can see our proactive regional environmental protection activities. We offer visits to our onsite green spaces and we distribute kits that allow residents to test the purity of plant wastewater. We also provide information on our activities.



Promoting Eco-Friendly Physical Distribution and Packaging

Murata is reducing its environmental impact during not only production stages but also the product distribution stage. We are reducing CO₂ by making transport more efficient, and we are reducing waste by cutting down on packaging materials.

Reduction of Environmental Impact Arising from Distribution

Promoting New Measures such as Modal Shifts and Joint Shipping

Murata endeavors to reach annual targets for the reduction of CO₂ emissions during distribution. In fiscal 2007, we began joint shipping in collaboration with shippers, and we have begun to reorganize our distribution network to increase efficiency. Reorganization of the network west of Kansai is already complete.

As a result of these efforts, in fiscal 2007 we reduced CO₂ emissions per unit of net production during distribution in Japan, ahead of our minimum target of 33%* against fiscal 2000. In fiscal 2008, we plan to begin reorganizing our distribution network in the Kansai and Hokuriku areas.

Since fiscal 2007, we have required that truck drivers begin using energy-conserving devices such as the Eco-drive Management System (EMS) for improved fuel efficiency and safe driving, as well as energy-efficient hybrid vehicles. In fiscal 2008, we plan to install EMS devices in 70% of all large, regularly operating trucks (100% in fiscal 2009), and we plan to make 10% of all deliveries (measured by distance) using hybrid vehicles.

* The FY 2007 reduction target was set at a minimum of 30% against FY 2000; however, we raised that goal to 33% halfway through the year.



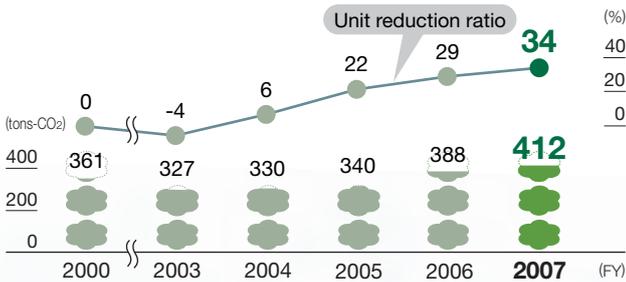
Truck loaded with freight

We continue to study the possibility of a modal shift from truck transport to relatively low CO₂ emission railroad or ocean transport.



EMS device

Reductions of CO₂ Emissions during Domestic Distribution



Hybrid truck

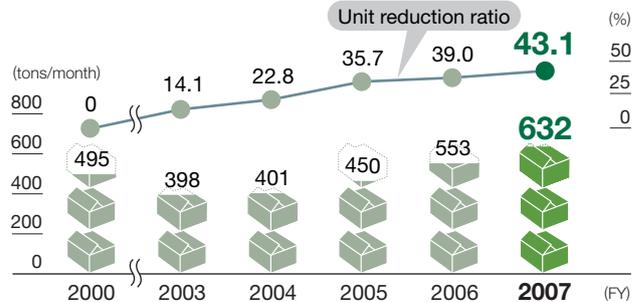
Reductions in Packaging Materials

Our approach to reducing packaging materials is to use technological innovations to make our products smaller. In addition, in recent years we have promoted the use of returnable boxes for exterior packaging to reduce the use of cardboard boxes. In fiscal 2006, we adopted this practice for the shipment of all products between operating sites within Japan. In fiscal 2007, we began using returnable boxes for some customers, and we plan to continue to expand their use.

As a result of these activities, in fiscal 2007 we attained our goal of a minimum of a 42% unit reduction ratio in tape used for packaging of major products against fiscal 2000, actually reaching 43%.

We plan to move toward the use of environmentally friendly packaging such as bulk pouches, which create less waste, and taped packaging using fewer resources.

Reductions in Packaging Materials



Employee Perspective

Reductions in Packaging through the Reel Reuse Program



Masahiro Okano

Logistics Control System Design Sec.,
Manufacturing System Design Dept.

Packaging maintains product quality during delivery and helps the customer, as the packaging can include important information about part installation or how to separate products into easy-to-use units. We are acutely aware of the difficulties the reduction in packaging creates, and for that reason, we need customers' understanding and cooperation.

Again this year we are planning to implement the Reel Reuse Program, under which we collect and reuse used reels after parts installation. This program contributes to reductions in CO₂ and customers' waste.

Proposals for New Bulk Packaging

Current Bulk Case



Reduction in Packaging

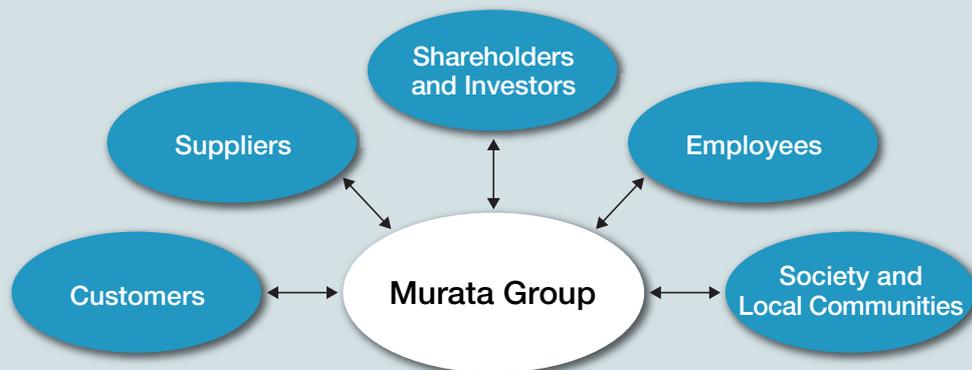
Bulk Pouch



Murata and People



Responsibilities to: Stakeholders



Customers

⇒ Page 33

To meet customer needs with unfailing quality and support product development as an equipment manufacturer from the development stage

Suppliers

⇒ Page 35

To operate a fair and impartial purchasing system and build relationships based on trust, while expecting quality enhancement and corporate social responsibility from our suppliers

Shareholders and Investors

⇒ Page 37

To cultivate appropriate investor relations and establish measures to impart shareholder opinions to our management

Employees

⇒ Page 39

To respect every one of our 34,000 employees worldwide, providing comfortable working conditions and rewarding employment

Society and Local Communities

⇒ Page 43

To contribute to communities and society everywhere we operate through employee-driven efforts



Customers

Continuous quality management enables us to supply high-quality products that win the trust of all our customers, through rigorous quality management throughout the process cycle, from design, material selection, procurement, production and sales to servicing.

Product Accountability Activities

Design, Procurement and Production: Quality First at Every Stage

To supply high-quality products that satisfy our customers and win their trust, Murata has compiled a Quality Management Policy for integrated quality management in every product process from design, material selection, procurement, production, sales, and servicing.

To ensure that this policy is fully understood by all our employees, we provide continuous reminders of the importance of quality, putting up posters at workplaces and issuing cards that outline policy to employees. We are also preparing English-language versions of these posters and cards for distribution at our overseas units.

Quality Management Policy

We remain committed to the continuous development of unique products and the cultivation of new areas of expertise. Our underlying approach is our belief that “better equipment is made from better parts and better design, and better parts are made from better materials and better processes.” With this belief, we consistently manage every stage, including design, material selection, procurement, production, sales, and servicing in cooperation with all members who comprise the Murata Group—from top management to individual employees—by employing the Deming Circle. In this way, we can economically produce quality products that meet market needs with full consideration for the natural environment.

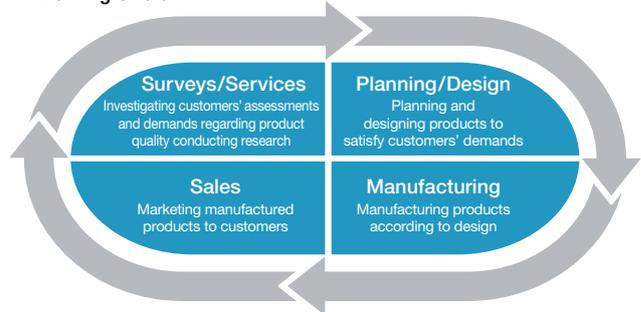
Adopting a Deming Circle Approach for Continuous Quality Management

At Murata, we follow the Deming Circle procedure to ensure constant enhancement of product quality.

With the Deming Circle method, all processes involved in delivering a product to a customer—project planning, manufacture, sales, surveys, and servicing—are treated as a circle. Use of the Deming Circle enables us to ensure that customers’ requirements are always reflected in the next range of products, and to continuously improve quality and eliminate flaws.

Whenever needed, we provide information useful for customers’ business activities, using design support tools and application guides.

Deming Circle



Gaining International Standards Certification for Quality Management at All Plants

For a company with global business operations, it is important to meet a single global standard of product quality.

All Murata Group plants inside and outside Japan have received certification under the international quality management standard ISO9001. Of these plants, 11 supplying the automotive industry have also been certified as meeting the ISO/TS16949 quality management standard, a stricter international standard specific to the automotive industry.

Furthermore, our Yasu Plant, which researches and develops new materials, production technologies, semiconductors, and thin-film miniaturized processing technologies, has acquired international ISO/IEC17025 certification for operations known as calibration. In these operations, accuracy checks and adjustments are conducted for various types of testing and measuring equipment used for quality inspection of products and components. The Yasu Plant has also acquired Japan Calibration Service System (JCSS) accreditation for its excellent gauge calibration competence. Such qualifications bolster the level of our quality evaluation technologies.

Through these measures, we aim for continuous improvement of quality management systems.

Meeting Customer Needs

Assisting Customers in Resolving Their Issues, from the Development and Design Stage through to Technology Exchange

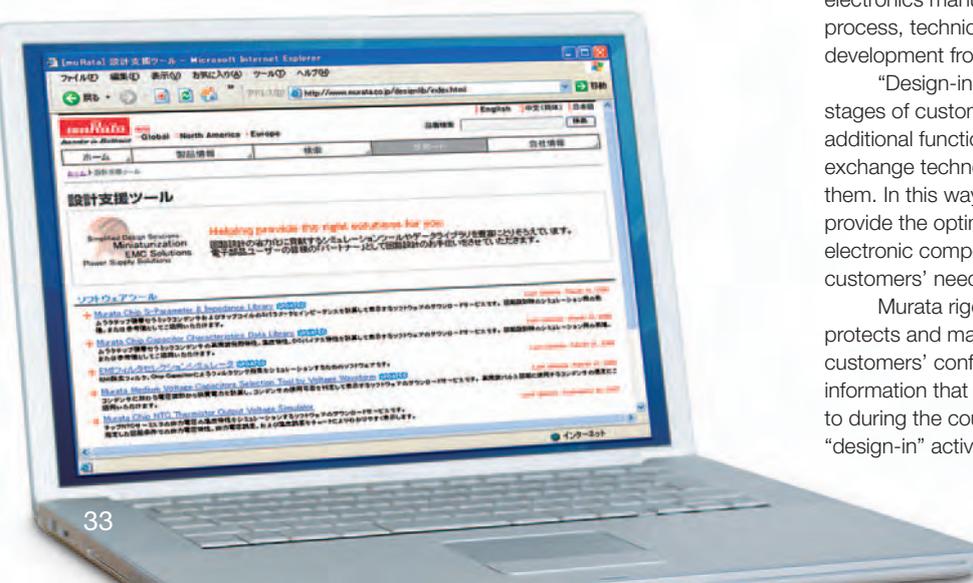
To create products with new functionality, the needed components must be developed. Murata uses “design-in” methods under agreements with electronics manufacturers who are our major customers. In this process, technicians from both sides collaborate in new product development from the design and development stages onward.

“Design-in” activities enable us to get involved from the early stages of customers’ development of new-function products with additional functions and to exchange technology with them. In this way, we can provide the optimal electronic components for customers’ needs.

Murata rigorously protects and manages customers’ confidential information that it is privy to during the course of “design-in” activities.



Global strategy meeting: Sales managers of Murata Group overseas units gather to share customer information.





- Design Quality Inspection System (DR)
- Status of Quality Management System Certification



Product exhibitions are also an important forum for understanding customer needs.

Establishment of Design and Engineering Center in China

On April 1, 2007, Murata established the Design and Engineering Center as the engineering division of Murata (China) Investment Co., Ltd., which oversees the Company's market research and marketing subsidiaries in China. This unit began offering technological support services in May 2007.

With the expansion of the Chinese market for mobile phones and other communications devices, and for digital audiovisual equipment, and with the growth of Chinese equipment manufacturers in these fields, it has become increasingly important to support customers through localized technological services. Through establishment of this center, we aim to strengthen technological support for component design and adjustment and noise countermeasures, offering rapid responses tailored to individual customers' needs. This will pave the way for increased sales of Murata products within China.



Design and Engineering Center in China

Employee Perspective

Improved Design Review Enables Us to Supply Nearly Flawless Products



Kazuyuki Doshita

Quality Assurance Promotion Sec.,
Quality Assurance Dept.

In fiscal 2007, we set up Design Review processes enabling early detection of potential malfunctions during the development period. This has enabled us to develop products of a quality that matches the most stringent demands of our customers.

In fiscal 2008, we will further improve Design Review processes and ensure that development engineers are fully aware of these processes. In particular, we will work to improve reliability appraisals tailored to customers' surface-mounting conditions and changing usage environments.

Measures to Improve Product Quality

Unified System for Managing Complaints Helps Prevent the Reoccurrence of Problems

The Company takes customer complaints about products very seriously. Not only does Murata respond swiftly to complaints as soon as they arise, but it has also created a system for preventing similar problems from happening again.

All complaints from customers are stored in a database. After receiving a complaint, the person in charge in the related department enters the information in a database so it can be simultaneously accessed by all Murata offices and plants worldwide. This enables us to check the possibility of the same problem happening again.

The Quality Assurance Department is responsible for finding the cause of problems and for analyzing complaints and implementing countermeasures. It reports to top management, while at the same time distributing related documents to the relevant departments. As further measures to prevent the reoccurrence of problems, the development and design departments receive a complaint checklist outlining areas where Murata recognizes that it has fallen short.

▼ Response to Quality Problems



Support by the Product Division, Quality Assurance Department and the Head Office Quality Assurance Department as necessary



Suppliers

Murata observes all laws and ordinances in its purchasing, and expects the same compliance, along with due consideration for the community and environment, by its suppliers as they conduct their corporate activities. We believe that CSR procurement helps to build mutual trust and prosperity.

Basic Approach to Purchasing

A Purchasing Policy Based on Fairness, Impartiality and Sincerity

At Murata, we believe it is important to establish relations of mutual trust and prosperity with our suppliers. In our purchasing operations, we ensure a spirit of courtesy, fairness, impartiality and sincerity, respect for laws and ordinances, avoidance of private conflicts of interests, and conformity with social ethics. Throughout the supply chain, we try to ensure that our corporate activities take into account community and environmental needs.

Murata has compiled a business transaction guidebook summarizing basic approaches to purchasing and transaction methods, which we circulate among suppliers. We have also established a dedicated website for suppliers, and provide detailed information essential to supplier dealings such as a quality management manual, a Green Procurement Standards sheet and consultation services.

Murata's Purchasing Policies

1. Purchasing attitudes

- Murata's buyers will be polite to suppliers, and conduct their dealings with suppliers in a fair, just and sincere manner.
- Murata's buyers will responsibly carry out purchasing activities, practicing good manners and following the dictates of common sense.
- Murata's buyers will maintain friendly relationships with suppliers, but have no personal interest with them.
- Murata's buyers accomplish dealings in compliance with relevant laws, rules, in-house regulations and societal norms.

2. Dealings with suppliers

- During the selection of suppliers, we will consider quality, price, lead times, continuity of supply, environmental preservation, finances, human rights, occupational health and safety, the introduction of IT and other factors. We will make fair and impartial evaluations and selections based on rational standards.
- We will not receive gifts of money or other valuable articles from suppliers, and will make no personal requests of them.
- We will not receive treatment or entertainment from suppliers that defies social common sense.
- We will not force suppliers to purchase Murata products.
- If suppliers provide us with information that is confidential, we will strictly manage the information and maintain its confidentiality.
- We will promote green procurement, always taking environmental protection into account.
- We will not acquire private equity in supplier corporations nor purchase shares based on information not disclosed to the general public.
- In the eventuality of accidents or complaints, we will always respond swiftly and take thorough measures to prevent recurrence.

Legal Compliance in Purchasing

Thorough Legal Compliance in Our Training, Auditing and Systems

As a company with a compliance-oriented management, Murata insists on observance of laws and ordinances relating to purchasing. In particular, we organize annual briefing sessions to give staff a full understanding of the terms of the Act against Delay

in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Law) to prevent violations due to lack of awareness.

In fiscal 2007, we held a total of 19 briefing sessions on the Subcontract Law, with 340 attendees from purchasing-related departments. We also held one session on legal and contract-related matters for persons in charge of purchasing, with 30 attendees. We aim to raise staff awareness of these issues through regular sessions in the future. We also aim to preempt legal violations by bringing all purchasing operations of the Company under a single, integrated management system. Internal audits are also carried out to check whether purchasing operations conform with in-house regulations and rules, based on the relevant laws and ordinances.



About the Subcontract Law

The Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Law) prohibits the outsourcer from using its advantageous standpoint to the detriment of the legitimate interests of the subcontracted business operator.

Audits into the Legality, Effectiveness and Propriety of Purchasing Operations, at Group Companies in Japan and Abroad

The Purchasing Department manages and audits materials purchasing based on the regulations of our Criterion for Purchasing Audit and Guideline for Audit Implementation. The Criterion specify auditing items in purchasing operations, and the Guideline covers procedures and methods for audit planning, implementation, reporting, improvement progress management and compilation of the final report. Based on these documents, we audit the legality, effectiveness and propriety of purchasing operations.

To ensure maximal rigor in procurement, we give regular training to employees in all kinds of legislation relating to purchasing transactions to keep up and deepen their understanding and awareness of the legal issues. This training is begun when employees take up their posts and continued on a regular annual basis thereafter. Group companies overseas are also included.

Employee Perspective

Working with Suppliers to Fulfill Our Responsibilities to the Community



Akiko Nakamura

Administration Sec.,
Purchasing Dept.,
Production Engineering Unit

Sustainable CSR procurement is a priority for Murata. In this endeavor, the cooperation of suppliers is indispensable. We have required suppliers to comply with all items in Basic Attitudes that Murata Requires of Suppliers, with particular attention given to observance of laws, ordinances and social norms. We aim to work together with suppliers in fulfilling social responsibilities, with suppliers fully observing laws and social norms in countries and regions where business activities are carried out.

Supplier Consultation Channels

Two Channels for Consultation on Improper Conduct

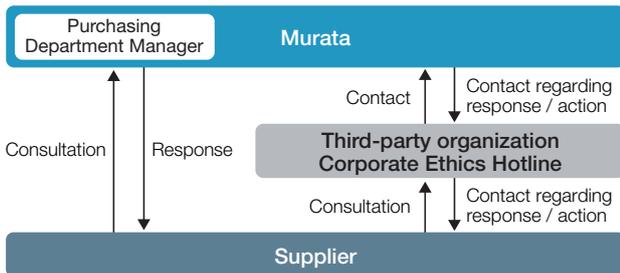
Suppliers can use two types of consultation service in the event of apparent legal violation or social impropriety arising in dealings with Murata.



The business transaction guidebook outlines Murata's attitudes to purchasing and dealings with suppliers, in addition to the basic attitudes that Murata requires of suppliers.

The first is an e-mail Company hotline, direct to the manager of the Purchasing Department. The second is a Corporate Ethics Hotline (page 19) operated by a third-party organization, which can be accessed via telephone, fax or email. We are bolstering our compliance stance by continually urging suppliers to make use of these services when appropriate. In addition, we plan to formulate ways of making the services available to overseas units.

▼ Two Consultation Services



CSR Procurement

Requiring CSR Procurement of Our Suppliers

As a company with global operations, we demand respect for CSR throughout the supply chain, including suppliers. In materials procurement, we require suppliers not only to give consideration to the environment through green purchasing, but, since 2005, have also considered human rights and occupational health/safety records at suppliers as part of CSR procurement. We require suppliers to take positive measures with regard to CSR.

In a selection of suppliers, decisions take account of candidates' CSR record, as provided in the business transaction guidebook, which sets conditions for selection of suppliers. In addition, we are also considering making selection conditional on results of surveys into progress in CSR at suppliers.

With regard to CSR procurement, we aim to extend unified standards to all our business bases including overseas units, only some of which are now covered.

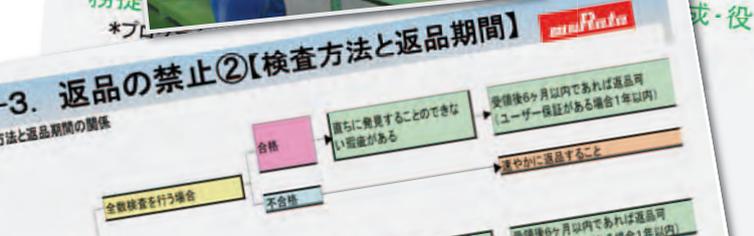
Working with Suppliers to Improve Product Quality

By providing guidance enabling suppliers to continuously improve quality themselves, Murata increases the quality of product procurement (raw materials and equipment), enabling it to keep up and improve its own product quality levels.

Checking purchased products, one by one.



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When the number of abnormalities discovered in products from a supplier reaches a certain level, Murata discusses the matter with the supplier and sets improvement topics and targets. Progress reports are compiled regularly. Murata also performs annual or more frequent analyses and appraisals of quality management competence, responsiveness to cost, lead time and technology requests, and financial position. We pinpoint overall points for improvement and develop topics.

Basic Attitudes that Murata Requires of Suppliers (Outline)

- 1. Comply with laws and regulations as well as social norms**
Suppliers should abide by national and regional laws and social norms. We emphasize legal compliance in its entirety, particularly regarding prohibition of child and forced labor, respect for human rights, maintenance of safe working environments and elimination of corruption.
- 2. Promote sound business management**
Suppliers should carry out healthy, fair business activities and appropriate disclosure of management policy and financial status.
- 3. Emphasize quality, lead times and stable supply**
Suppliers should observe prescribed quality and delivery standards and maintain stable supply of materials.
- 4. Emphasize initiatives targeting reduced environmental impact (green procurement)**
Suppliers should establish an environmental management system and supply eco-friendly products.
- 5. Emphasize Value Engineering activities**
Suppliers should improve new materials supply and costs through value engineering, to realize new product development and prices that meet customer needs through ongoing response.
- 6. Emphasize information disclosure**
Suppliers should provide information on new technologies and products (materials) relating to technological innovations and global environmental preservation.
- 7. Emphasize measures to accelerate material procurement**
Suppliers should be able to cut materials procurement times through swift and flexible response to market changes.
- 8. Observe confidentiality**
Suppliers should strictly observe confidentiality of information necessary for transactions that relates to Murata's corporate security.
- 9. Emphasize IT application**
Suppliers should promote installation and utilization of IT environments that facilitate accelerated business procedures and reinforced relationships.



Shareholders and Investors

Murata strives for accurate disclosure of information to investors and shareholders in a timely and fair manner. Furthermore, we respect the rights of our shareholders, creating an environment that facilitates easy exercise of voting rights.

Disclosure

Accurate, Impartial and Timely Disclosure

The Company's basic information disclosure policy is to disclose accurate information to stakeholders, including shareholders and investors, in a timely and fair manner.

In accordance with the timely disclosure regulations of the exchanges on which it is listed, the Company discloses information applicable to these regulations via timely disclosure systems. The Company posts such publicly disclosed information on its website promptly to provide fair notice of this information fairly to general investors. The Company also discloses information other than that required by timely disclosure regulations through news media and the Company's website, when deemed effective for understanding the Company.

Murata's Disclosure Policy can also be found on the website.

About Disclosure

Disclosure is the public presentation by a corporation of information on its business operations and other matters. In recent years, such problems as fraudulent accounting and concealed information have made corporate disclosure of vital importance.

Dividend Policy

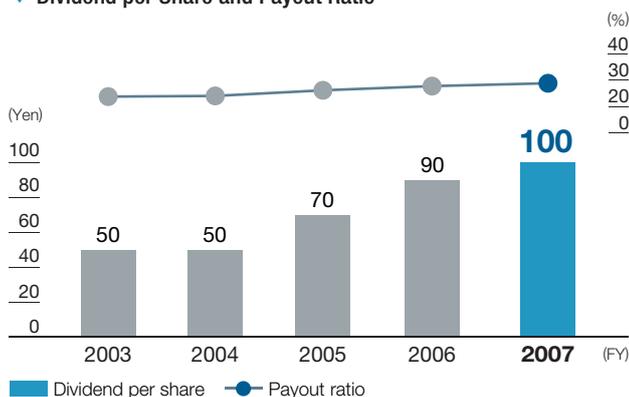
Our Goal: Stable Dividend Increases

Our policy on distributing earnings to shareholders is to prioritize performance-based allocation via cash dividends. We are committed to increasing the dividend in a stable manner by increasing earnings per share while giving consideration to raising long-term corporate value and strengthening the company's foundation. On the basis of this policy we distribute earnings to shareholders through cash dividends after comprehensively considering consolidated performance, the payout ratio, and the level of internal reserves necessary for reinvestment in the company's future.

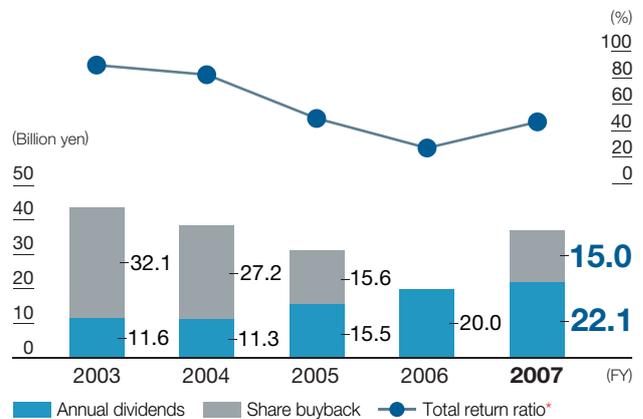
The annual dividend for fiscal 2007 was ¥100 per share, an increase of ¥10 from fiscal 2006. In fiscal 2008, we plan to keep the dividend at ¥100 per share.

Murata repurchases its stock when appropriate to improve capital efficiency. In fiscal 2007, we acquired 2.6 million shares for ¥15 billion.

Dividend per Share and Payout Ratio



Annual Dividends, Repurchases of Stock and Overall Rate of Return to Shareholders



* Total return ratio=The ratio of the total of annual dividend payments and share buyback to consolidated net income.

Promoting Attendance at Shareholders' Meetings and Exercise of Voting Rights

Increasing Voting Turnout through Early Issue of Convocation Notices, etc.

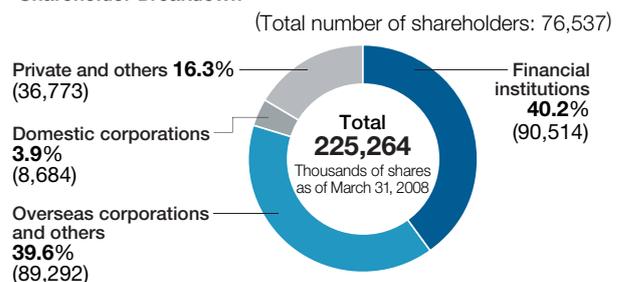
Murata has devised various means to enable individual, foreign and institutional shareholders to exercise voting rights easily and ensure their opinions are reflected by Company management.

We issue convocation notices some four weeks before our General Meeting of Shareholders, well in advance of the statutory minimum of two weeks, allowing ample time for discussion and preparation of the exercise of voting rights. Convocation notices are prepared in English, as well as Japanese, and are posted on the Company's website.

We have also launched a special website accessible online from a PC or mobile telephone, to make exercising voting rights more convenient. In addition, the Company participates in an electronic voting platform for institutional investors to make it easier for them to discuss motions on the agenda and to allow them to exercise their voting rights accurately.

At the General Meeting of Shareholders, we take various measures to create a relaxed atmosphere, such as easily comprehensible explanations using charts and photographs, and demonstrations using our MURATA BOY robot.

Shareholder Breakdown



Other Channels of Communications with Shareholders and Investors

Regular Meetings in Japan and Overseas

Murata holds regular briefing sessions so that analysts and institutional investors understand the Company's financial status and business strategies.

Once a year, the chairman or president conducts presentation meetings in Tokyo, and the release of quarterly results is supported by a briefing session by corporate senior executive vice president.

The chairman or president also holds annual briefings in Europe and the United States for overseas investors.

Murata's website offers an Investor Relations section to ensure impartial, timely disclosure of information to shareholders and investors. Flash reports, materials from briefing sessions, annual reports, IR releases and other disclosure information are posted on this website.

In recognition of our IR activities, we were given the award for improvement in corporate disclosure in 2007 by the Corporate Disclosure Study Group of the Security Analysts Association of Japan.



Website for individual investors



Company meeting in New York, July 2007



Earnings briefing materials

71st General Meeting of Shareholders, in June 2007



Annual report



Report for shareholders



Employees

Murata places great emphasis on employee satisfaction. Based on a policy of respect for human rights and fair treatment of employees, we have created a workplace environment in which our employees can display their abilities in a safe and healthy environment.

Respect for Human Rights

Creating a Workplace Environment and Personnel System Free from Discrimination

Universal and individual human rights are valued and respected at Murata. While respecting the personality and individuality of every employee, we do not allow any violation of human rights by any employee. On that basis, Murata has established a working environment and personnel system free from discriminatory treatment based on race, beliefs, gender, religion, nationality, disease, or other reasons. Moreover, to raise employee awareness of these issues, our graded training programs include human rights education content.

Throughout the Murata Group's offices and plants, both in Japan and overseas, child and forced labor are strictly prohibited.

Personnel System and Human Resource Development

Under Our System of Emphasis on Ability and Performance, Employees Set their Business Targets

Under a working ethos of valuing the independence and enabling employees to use their own initiative and abilities, we have incorporated a business target management system for our human resources, based on the principles of abilities and performance.

Under this system, employees set their business targets and plans according to Company policy, in consultation with their line managers. They then carry out midterm self-evaluations about progress and results. Their line managers evaluate these results and processes properly and reflect training and remunerations for each employee.

The results and basis of employee evaluations, issues arising in the course of duties, and future directions are discussed three times a year at feedback meetings between employees and their line managers.

In fiscal 2007, we show the competence and behaviors that we expect to our employees, the basis for the Company's evaluation process, and through which it aims to improve ways of working and motivate employees to develop themselves. We have also reformed our evaluation system so that it enables employees who have changed their mindsets and behaviors and have contributed to business growth to be positively evaluated.

Self-selected Career Paths according to Aptitude

Murata provides employees with opportunities in their work that enable them to maximize their potential by using their personal skills.

For younger employees, we offer a career path program featuring deployment in diverse roles at various locations, enabling them to plan their careers in line with their personal skills. For those opting out of managerial channels, we have established a system to facilitate progression as highly specialized professionals, and a system for in-house staff recruitment in which employees select their own career track*.

In fiscal 2007, we introduced a career path changing program for fourth-year recruits in which they can apply to alter their current paths after consulting with their managers, and a new transfer system that offers training courses of up to two years.

* For details, please see our website.

Employee Perspective

Studying Abroad



Yasuko Yoshinaga

Planning Sec. 1,
Corporate Planning
Dept.

When I was involved in research and development management at the Technology Management Dept., I realized the importance of technology and the necessity of knowing our business from every perspective.

Through the overseas study program, I studied at the University of Michigan in the United States from 2006, and graduated with a Masters in Business Administration (MBA). Because of my overseas studies, I improved my ability to understand matters from multiple perspectives, and today careful consideration of possible responses

has become second nature to me.

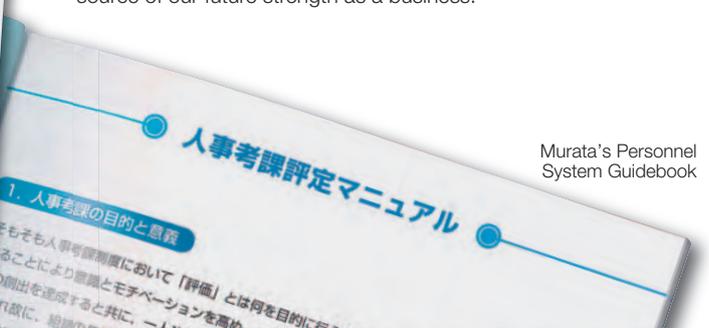
I am currently a staff member in the Corporate Planning Dept., where my job involves formulating tasks in response to environmental changes, developing Long-term Vision approaches, and creating specific policy options.

Supporting Skills Advancement at Every Career Step

Murata aims to foster people who are self-starters, who value customer satisfaction, who display individuality and a pioneering spirit, and who are skilled at cooperating with fellow employees. Accordingly, we are building training systems that offer employees specialized training, from entry level to management, in order to provide powerful, effective support to employees in developing their capabilities.

In line with amendments we made in fiscal 2007 to our personnel evaluation system, we provide training to employee evaluation officials at all grades, from management to shopfloor supervisors. This is not just a matter of teaching evaluation techniques, as we aim to promote a companywide understanding of the ideal Murata employee, and to teach managers how to address the development and training of employees, individual by individual. In fiscal 2008, under our philosophy that "business comes down to people," we are planning sweeping changes to our training systems to ensure well-rounded training of the staff, the source of our future strength as a business.

人事制度のてびき



Murata's Personnel System Guidebook



- Career Development (Job Rotation, Highly Specialized Professional System and In-house Staff Recruitment System)
- Human Resource Development Strategy (Managerial Education Programs, Cultivating World-class Engineers and Global Personnel Rotation)

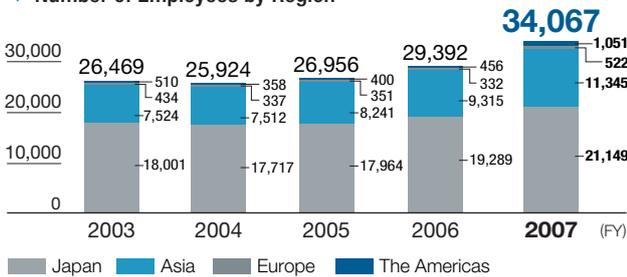
Equal Opportunities and Workplace Diversity

An Open Attitude toward Diversity, in an Organization of Diversity

To creatively develop businesses in a changing global market, it is important to build an organizational culture in which the ability and individuality of staff of different backgrounds can be fully utilized.

At Murata, we offer our people equal opportunities, in hiring and after they take up their positions. Regardless of gender, race, or physical ability, employees enjoy an environment free from discrimination in treatment or training.

Number of Employees by Region



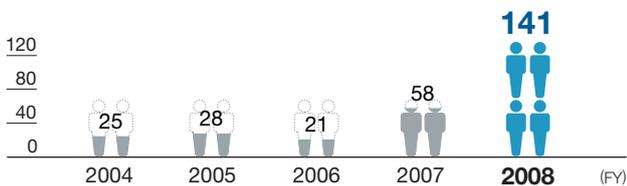
Reemployment Program for Retirees

In April 2003, Murata introduced a system under which retired employees can rejoin the workforce. This system complies with recent legislation progressively pushing back the age at which initial state pension payments can be drawn, and it helps us better harness and hand down the know-how and skills of veteran employees. Under this reemployment program, employees who have reached 60 may, if certain requirements are met, continue working at the Company for a maximum of four more years.* In April 2006, this measure was extended to subsidiaries in Japan.

As of March 31, 2007, 56 employees at Murata and another 85 at subsidiaries and affiliates of the Group had rejoined the workforce under the arrangement.

* From April 2009, the maximum period of reemployment will be extended to five years.

Numbers of Reemployed (Groupwide total for Murata operations in Japan)



Sign language translation of president's policy speech (given at the head office in a fiscal 2007 event to commemorate the Company's founding)

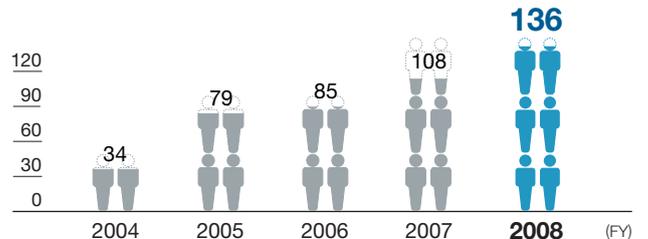


Murata supports wider roles for women

Expansion of Opportunities for Women

At Murata, we seek out highly talented staff members who can function on a global stage, regardless of gender. We have actively recruited women and opened up more management positions for them under an initiative in recent years to increase female representation at the top. In fiscal 2007 hiring, approximately half of general administrative positions were filled by women.

Employment of Women (number of new female graduates joining Murata)

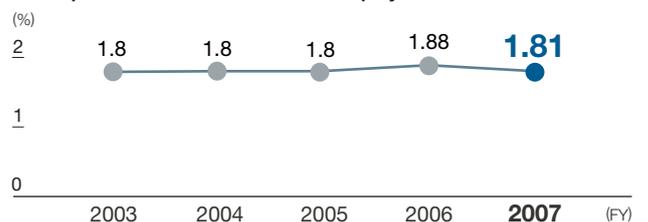


Employment of disabled persons

Based on a philosophy of treating all members of society equally, Murata is committed to expanding employment opportunities and improving the workplace environment for the physically challenged.

In addition to taking on physically challenged new graduates, Murata has long had a proactive policy of accepting mid-career hires. We have cleared the legal minimum for the percentage of disabled person's employees in the total workforce in each of the last five years. In fiscal 2007, the ratio was 1.81%.

Proportion of Disabled Persons Employed at Murata



Employees

Localized Hiring and Employment at Overseas Units

We believe we play a role in the development of the electronics industries in, and contribute to, the economic growth of each of the 18 countries worldwide in which our offices and subsidiaries are located. Localized hiring and employment are part of that commitment.

In fiscal 2007, in line with our expansion of overseas businesses including our facilities at Shenzhen and Wuxi, we increased hiring of personnel in the China and wider Asia region in order to strengthen marketing in the greater China economic sphere. To encourage better deployment of local talent, we compiled a three-year localization plan for overseas bases in 2007. We are systematically committed to localization, and have set numerical targets for management-level hires from the local talent pool in each overseas location.

For all regular employees hired locally by overseas facilities, from young employees to senior management, we provide management training to ensure a shared commitment to Murata's principles and to foster the knowledge and skills needed for their realization.

Foreign Employees at Murata Business Locations in Japan

Head Office	9
Yasu	3
Tokyo	2
Kanagawa	1

Creating a Relaxing Working Environment

Support for Striking a Balance between Work and Family Life

Murata has a range of support mechanisms for highly-motivated employees who want to develop their career while striking a balance between work and family obligations such as maternity and care of children and elders.

In response to the enactment of Japan's Law for Measures to Support the Development of the Next Generation, we formulated an action plan from April 2005 that includes improving maternity leave and short-time employment arrangements, introducing special leave for infertility treatment and providing support to encourage paternity leave. We made further improvements to the system in fiscal 2007 to encourage its use. As a result, we have been recognized as a business that meets the basic requirements of the Law for Measures to Support the Development of the Next Generation, and were awarded the Second Kyoto Prefecture Award for Support for Child-rearing.

Looking ahead, we plan further policies and awareness-raising activities to encourage use of this system, based on a three-year action plan launched in fiscal 2008. These activities include efforts to create a corporate environment that strikes the right balance between work and family life, establishment of related

Training for managers



Managers hired at overseas bases are sent to Japan for management training.

guidelines, and organization of visits by employees' families to Company-sponsored events.

About the Law for Measures to Support the Development of the Next Generation

A law formed in July 2003 and enacted in April 2005 to promote healthy bearing and rearing of children to support future societies. It obligates companies to have action plans to create environments and working conditions that enable employees to keep a balance between work and family life.

Number of Employees Taking Family- and Child-care Leave

	FY2006	FY2007
Family-care leave	9	10
Maternity (pregnancy and childcare)	183	210
Childcare ((%) = those actually taking such leave compared with eligible total)	176 (96%)	201 (96%)

Introduction of Discretionary Work Plan for Technical Specialists

Murata operates a "discretionary plan" for technical specialists engaged in research and development of particularly promising products. Under this plan, creativity is encouraged by entrusting the individual technical specialists with decision-making regarding approaches and allocation of time to projects. This enables appraisal based not on number of hours put in, but on results.

At the moment, this discretionary system covers 43 employees throughout the Group. Applicants for eligibility state their case to the Personnel & Industrial Relations Dept., which makes the final decision on whether they qualify, based on the perceived necessity of vesting in the applicant decision-making powers concerning the execution and duration of the work.

Surveys on the Challenges and Rewards of Work

Improvement Policies Based on Survey Results

For a company to grow, it is necessary to achieve certain standards of employee and customer satisfaction. In fiscal 2005, Murata launched its biennial employment satisfaction surveys aimed at measuring variables such as organizational vitality and employee motivation.

Earlier surveys revealed that job grade was what dictated how comfortable employees felt at the Company, and that major causes of stress were tiredness and being too busy. As a result, we are making qualitative and quantitative improvements through dialog between management and regular employees.

We obtained replies from 15,623 employees in the survey carried out in fiscal 2007 (a response rate of 97.4%). Although company policy was better known than in earlier surveys, we realized there was an awareness deficit with this method of communication. In future, we will increase opportunities for employees of all departments to discuss their ambitions with superiors, and create workplaces where people really feel motivated.

About ES

ES refers to employee satisfaction, which is a complementary benefit to CS, or customer satisfaction. At Murata, we define employee satisfaction as employee motivation and personal development. We aim to be a company in which employees can really feel such development through their work while at the same time enjoy strong morale.



- Labor Relations
- Paid Leave
- Welcome Back System
- Utilizing the Expertise of Seniors
- Measures to Prevent Sexual Harassment
- Murata reduce the Risk of Occupational Accidents
- Initiatives at Some Facilities
- Health Checkup



Intellectual Property Rights of Employees

Rewarding Individual Innovation

Murata materially rewards employees who have invented new technologies. Payments are made to the inventor under certain conditions, such as when applications for patents are made or patents are registered or applied for in-house, or if other companies use the patent.

In evaluating new technologies, a review is undertaken by an invention remuneration review committee. To ensure fairness of the system, employees may lodge a complaint if they disagree with a committee decision.

In fiscal 2007, payments were made to a total of 2,756 employees under the program.

Occupational Health and Safety

Creating Workplaces Free from Injury

Murata is committed to providing all employees with a pleasant workplace free from accidents or disasters. In fiscal 2007, the rate of time lost due to work-related injuries (a figure which shows the accident frequency rate) was 0.27% at Murata Group facilities in Japan (0.36% on a nonconsolidated basis). This is significantly lower than the previous fiscal year level of 0.50% (0.35% on a nonconsolidated basis). We believe that we achieved this improvement because Murata Group facilities have been sharing information on past accidents.

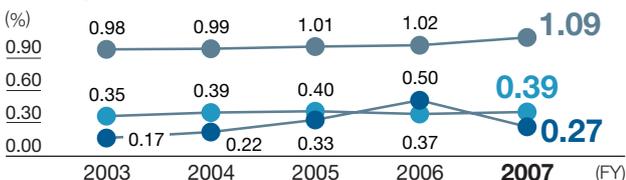
We will continue to share information and put safety first on a Companywide basis in order to realize even safer and more pleasant workplaces.



Rate of Time Lost due to Work-related Injuries

This is the number of employees killed or injured in accidents, per one million hours. It shows the frequency of incidents.

Change in the Rate of Time Lost



- Average of all manufacturing sectors (values published by Ministry of Health, Labour and Welfare)
- Average of electrical machinery and equipment manufacturing sector (values published by Ministry of Health, Labour and Welfare)
- Murata Group facilities in Japan

Employee Perspective

Two Precious Years Spent Close to My Child



Yuki Koike

Logistics Control System Design Sec., Manufacturing System Design Dept.

After two years of maternity leave (including pregnancy), I returned to the workforce. After being away so long, I felt uneasy at first. Raising a child is more demanding and tougher than I was expecting, but almost every day was one of discovery and learning. The moment I was sure that I would make good use of this precious experience in my career, the feeling of unease faded. Those two years spent close to my child were an invaluable asset, giving me vitality when I returned to work.

Morning "Welcome" campaign at Yasu Plant



Hazard prediction training



Muralympics

Murata Supports Mental Healthcare for Employees

Murata views physical and mental healthcare for employees important not only for the employees but also for the Company.

Of particular social concern is mental health, which we are addressing through education and awareness-raising activities using in-house newsletters and manuals. In fiscal 2007, seminars were held and attended by 4,531 employees. Furthermore, Murata supports in-house consultation systems by bringing in industrial healthcare (including psychiatry) experts and using external consultants.

Asbestos Medical Examination

With asbestos-related health problems becoming a social concern, Murata in 2005 launched machinery and building contamination checks, taking remedial measures when necessary.

Murata provided checkups for all employees who wanted to undergo asbestos examinations, but there were no confirmed cases of damage to health.

In October 2007, one retired employee was recognized as having suffered an industrial disease.

All employees who have had asbestos exposure in their work were urged to undergo examinations in July and November 2007, with those expressing interest doing so.



Society and Local Communities

Under its slogan, "Innovator in Electronics," Murata aims to contribute to the development of society by supplying products of value, and to help enrich local communities through extramural support activities.

Social Contribution Activities: Approaches

Supporting Innovation in Various Fields

As a company that aims to be an electronics innovator, Murata would like to thank all its stakeholders for their support for its business activities and growth to date. We are committed to giving back to society through a range of social contributions.

We want our presence to be a source of pride and joy in the communities in which we operate. In that spirit, we work to foster "innovators" active in various fields at all our business locations, through a range of activities and regional community initiatives such as support for youth training, culture and sports activities, academic research, and environmental conservation.

Academic Support Activities

Grants for Academic Research Centered on Electronics

The Murata Science Foundation was established in February 1985, to contribute to development of scientific study through academic promotion. The Foundation provides financial aid for research that contributes to the improvement and development of science and technology mainly in the electronics field, and for research in the humanities and social sciences that contributes to the resolution of problems that accompany globalization. It also encourages international exchange among researchers.

In fiscal 2007, the Murata Science Foundation provided financial aid totaling ¥99.36 million for 79 research projects, 20 study groups, and 26 overseas dispatch programs.

Support for Educational, Cultural, and Sports Activities

Regional Community Culture Promotion Events

Murata supports the promotion of community culture and sports, particularly in the Kyoto area, where the Head Office is located.

During fiscal 2007, we staged a second Murata Innovator Cup Elementary School 9 x 9 Go Championship. Some 230 children and their parents took part in this event, and approximately 40 employees volunteered to help out with organization. In a new



The Murata Innovator Cup Elementary School 9 x 9 Go Championship, launched by a Murata employee. Murata also held a concurrent exhibit to introduce children to the wonders of science.

Murata contributed an inscribed monolith to the Ogura Hyakunin Isshu Project, which aims to hand down the culture of Hyakunin Isshu (100 poems by 100 poets) to future generations (Arashiyama-Sagano area, Kyoto)



initiative in fiscal 2007, Murata acted as a special sponsor of the Kyoto High Schools General Cultural Festival of Excellence Forum (First Kyoto General Culture "Climax"). We also unveiled the Murata Prize for support of worthy club activities in various fields by high school students. Murata continues to sponsor the Wakaba Cup (National Elementary School Student Badminton Championship), as it has done every year since 1992, the Lake Biwa University Ekiden relay race, and other sporting events.

Employee Perspective

Helping Children Compete in the Pure World of Go



Nobuhira Tanaka

New Technology & Products Development Group, Product Development Dept.1, Sec. 2

I have played go since elementary school, and in 2005 achieved the All-Japan Amateur Meijin and Honinbo titles (both are traditional Japanese titles given to the strongest go players). For 20 years, I put everything into this game, because I enjoy the feeling of being a hero. I would like to give elementary school children a taste of what being a hero or a heroine is like, and two years ago I began organizing the Murata Innovator Cup Elementary School 9 x 9 Go Championship. Whether you win or lose comes down to you. In the pure world of go, where there is no cheating or wrong decisions, I would like to give children a sense of the joy of carving out your own path and developing your own abilities.

Studying Science with MURATA BOY

With the lack of interest in science increasingly becoming a social concern, in fiscal 2006 Murata launched natural science classes for children aimed at sparking their interest in the subject. In the classes, the children learn in an easy-to-understand way how useful Murata's advanced technologies and electrical components are in everyday life, as well as explore mysteries and surprises of natural science. They also get an up-close look at the ever-popular MURATA BOY riding a bicycle.

In fiscal 2007, such natural science classes were held 65 times at our Head Office (accounting for 41 sessions), factories, and subsidiaries, and in their neighborhoods.

Explaining the electronic components used in MURATA BOY



Rhododendron appreciation at the Yokaichi Plant



Public tour at the Head Office



Contributions to Environmental Conservation

Teaching Children about the Environment

Murata launched its environmental education program for children in fiscal 2005 to raise awareness of this issue. In fiscal 2007, classes were given at our Head Office and business locations to a total of 3,550 children from 56 schools.

In these sessions, environmental representatives from the Company's staff explain current issues and Murata's global warming and 3R (reduce, reuse, and recycle) activities. These events, sometimes delivered in the form of quizzes pitting groups against each other, are highly popular and leave children with a real understanding of the importance of environmental issues. You hear comments like, "I would like to tell my mother what I learned today."

Greening Activities for Harmony between Local Culture and Nature

Murata's 10-point Green Basic Policy, deriving from the legacy of our founder, Akira Murata, who loved nature, goes back over 20 years. Based on a policy of enrichment and sustainable development of regional cultural life as a matter of social responsibility for the Company, we encourage greening activities in harmony with regional communities at our facilities across Japan. We also organize blossom-viewing for local residents when the flowering season arrives.

In fiscal 2007, six of our factories, including Kanazawa and Okayama Murata, first had an inspection under the Social and Environmental Green Evaluation System (SEGES)* for their achievements in creating and using green spaces in an environment-friendly way.

* The Head Office, and the Yokohama, Yokkaichi, and Yasu facilities have been certified under this system.

Toyama Murata opens its new gardens to the public



At Kanazawa Murata, we supply welfare facilities with apples harvested from orchards within the plant premises.



Open-air greening lesson for elementary school children



Elementary school children learn about biotopes at Okayama Murata Manufacturing

Communications with Local Communities

Plant Tours and Displays at Local Events

In fiscal 2007, we held tours at plants in Japan for elementary school children and local communities.

In addition, the Head Office, Izumo Murata, Fukui Murata, Sabae Murata and other facilities participated in community environmental events six times in all and showcased Company environmental initiatives. We also highlighted the importance of environmental conservation to our visitors. We plan to expand and continue such activities.

Donations

Donations to Causes in Japan and Overseas

As part of our commitment to making our presence a source of pride and joy in the communities in which we operate, Murata makes donations to causes in Japan and overseas.

In fiscal 2007, we donated a total of ¥11 million, which went to fund operations of Peoples' Hope Japan, a non-profit organization working on HIV and AIDS prevention in Thailand, as well as to various local Japanese schools in China and victims of the Noto Peninsula and Niigata-Chuetsu earthquakes.

Employee Perspective

Fostering the Desire to Serve the Local Community



Alex Lim
Assistant General Manager,
Murata Electronics
Singapore (Pte.) Ltd.

Once a year, we recruit volunteers for the annual visit to the Villa Francis Home for the aged. Employees and their families sing songs along with the residents, assist with meal preparation, and collect donations to support the home.

These activities, launched in 2000, foster a spirit of sharing and caring among employees, as well as giving them a good chance to get involved in local community service.

Letters of thanks sent by children attending science lessons



On reading Murata Group's Corporate Social Responsibility Report for 2008



**Professor
Katsuhiko Kokubu**

Graduate School of Business
Administration,
Kobe University

Editorial Direction from the Perspective of a Global Company

Overseas customers account for 75% of Murata's total sales. As befits a global corporation, this is a well put together report, which this year broadened its scope to include not only all employees in Japan but also those at overseas operations. This report, which focuses on its employees as stakeholders, shows clearly that the Company treats them as important as it treat other stakeholders. Looking ahead, the Company will need to work on formulating and systematizing a global concept of corporate social responsibility.

Greater Human Competence in Manufacturing

Murata's "Top Commitment" this year was to contribute to the creation of a more affluent society by supplying the electronic components it needs. To meet this commitment, the Company will need to achieve still higher levels of manufacturing competence. This year's Special Feature argued that raising manufacturing competence at the individual employee level was the key to creating quality through human input. I was greatly impressed by, and gained much insight into, Murata's philosophy of emphasizing creation of the human resources needed for better manufacturing, as evidenced by its production reform activities, the "Meister" (master-craftsman) system and manufacturing dojo (academy) centered on on-site employees. In future, a key point will be what kind of status activities like these should have within corporate social responsibility.

Evolution of Environmental Management

I was able to form a clear idea of the kind of environmental management that Murata aims at in the Special Feature and Environmental Report sections. I clearly sensed the Company's resolve to implement groupwide environmental management after completion in fiscal 2007 of the shift to ISO14001 multi-site certification for the Murata Group in Japan. Currently many targets have been set per unit of production, but in future a much longer horizon will be necessary in considering the global environment, and it would be desirable for reduction targets to be set based on total volumes.

Stepping Up CSR

Murata has put in place a CSR management framework, with a CSR promotion office and committee with the president as its chairman. In the section titled Murata and People, major stakeholders are clearly identified and initiatives focusing on each stakeholder group are explained in an easy-to-understand way. In the future, I believe it will be necessary to further step up CSR activities, to gain a clearer idea of stakeholders' concerns, for example through stakeholder engagement, report-reading sessions and other two-way communication channels, and disclose results of measures to address such concerns when warranted. I believe it would be a good idea to set targets, even if they are qualitative, to reflect these efforts in CSR management, and evaluate the achievement of these targets. I sincerely hope that Murata will further step up its CSR commitments.

Scope of This Report

Murata Manufacturing Co., Ltd.

Domestic Subsidiaries—24 Companies

Fukui Murata Manufacturing Co., Ltd.
Asuwa Electronics Industries, Ltd.
Izumo Murata Manufacturing Co., Ltd.
Iwami Murata Manufacturing Co., Ltd.
Toyama Murata Manufacturing Co., Ltd.
Hakui Murata Manufacturing Co., Ltd.
Himi Murata Manufacturing Co., Ltd.
Azumi Murata Manufacturing Co., Ltd.
Komatsu Murata Manufacturing Co., Ltd.
Wakura Murata Manufacturing Co., Ltd.
Anamizu Electronics Industries, Ltd.
Kanazawa Murata Manufacturing Co., Ltd.
Kanazu Murata Manufacturing Co., Ltd.
Sabae Murata Manufacturing Co., Ltd.
Tome Murata Manufacturing Co., Ltd.
Okayama Murata Manufacturing Co., Ltd.
Murata Electronics Co., Ltd.
Murata Land & Building Co., Ltd.
Sabae Electronics Manufacturing Co., Ltd.
Murata EKO Co., Ltd.
Murata Active Partner Education Co., Ltd. Education Business Group
Murata Trading Co., Ltd.
Ogaki Murata Manufacturing Co., Ltd.
Murata Power Solutions Co., Ltd.

North and South America—6 Companies

Murata Electronics North America, Inc.
SyChip, Inc.
Murata Eletrônica Do Brasil Ltda.
Murata Amazonia Industria E Comercio Ltda.
Murata World Comercial Ltda.
Murata Electronics Trading México, S. A. de C. V.

Europe—7 Companies

Murata Europe Management B.V.
Murata Elektronik GmbH
Murata Electronique SAS
Murata Elettronica S. p. A.
Murata Electronics (UK) Limited
Murata Electronics (Netherlands) B. V.
Murata Electronics Switzerland AG

Asia—19 Companies

Murata Electronics Singapore (Pte.) Ltd.
Murata Electronics (Malaysia) Sdn. Bhd.
Murata Trading (Malaysia) Sdn. Bhd.
Murata Electronics (Thailand), Ltd.
Thai Murata Electronics Trading, Ltd.
Murata Electronics Philippines Inc.
Taiwan Murata Electronics Co., Ltd.
Murata Company Limited
Hong Kong Murata Electronics Company Limited
Murata (China) Investment Co., Ltd.
Beijing Murata Electronics Co., Ltd.
Wuxi Murata Electronics Co., Ltd.
Murata Electronics Trading (Shanghai) Co., Ltd.
Murata Electronics Trading (Shenzhen) Co., Ltd.
Shenzhen Murata Technology Co., Ltd.
Murata Electronics Plant Shenzhen Co., Ltd.
Murata Electronics Trading (Tianjin) Co., Ltd.
SyChip Electronic Technology (Shanghai) Ltd.
Korea Murata Electronics Company, Limited

Murata Power Solutions—18 Companies

Datel Holdings Corporation
Murata Power Solutions, Inc.
Murata Power Solutions, Co., Ltd.
Murata Power Solutions GmbH
Murata Power Solutions SARL
Murata Power Solutions UK Ltd.
Murata Power Solutions (Shanghai) Co., Ltd.
Murata Dynamo Corporation
Murata Power Solutions (Canada) ULC
Murata Power Solutions (Toronto) ULC
Murata Power Solutions (Portland) LLC
Murata Power Solutions (Asia) Corporation
NCL Holdings Limited
Murata Power Solutions (Milton Keynes) Limited
Guangzhou Murata Power Solutions Limited
Celab Power Management Limited
Murata Power Solutions (Celab) Limited
Murata Power Solutions de Mexico S.A. de C.V.





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