

# 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 corporate governance

### 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.

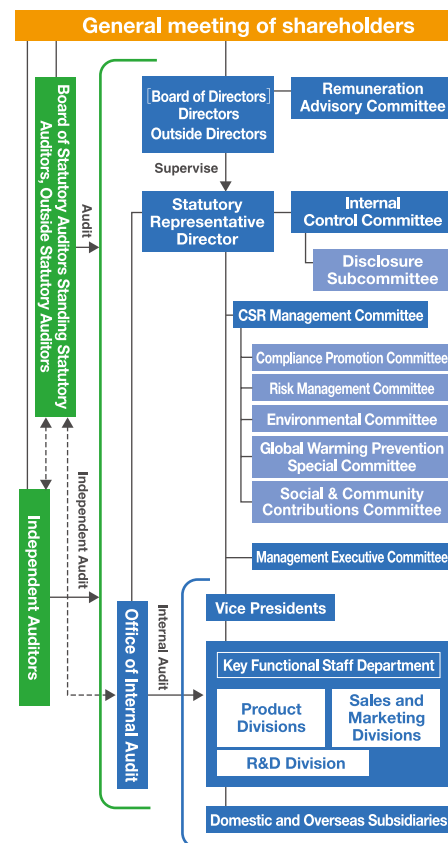
Murata has also established the Management Executive Committee, which is composed of statutory representative directors and other directors who occupy senior vice president positions or above. This is a deliberative body to assist the Board of Directors and statutory representative directors in their 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 evaluates risks in coordination with each head office department (such as General Administration, Personnel and Accounting Departments). The department also evaluates and carries out monitoring to make sure that business within the Group is carried out in an efficient, appropriate manner in accordance with relevant laws, ordinances and internal regulations.

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 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.

■ Corporate Governance System (as of March 31, 2009)



## 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.

In fiscal 2008, we evaluated and audited internal controls concerning the reliability of financial reporting, and confirmed that these have no significant deficiencies or material weaknesses. For fiscal 2009, we are planning to develop and evaluate internal controls also regarding operational validity and effectiveness as well as compliance, in addition to financial reporting.

Message

### Establishment of the Internal Control System

Working on the development of internal controls provided me with a good opportunity to realize anew and more fully understand various in-house rules.

While I reaffirmed the in-house regulations in the process of self-assessment, I realized the necessity of reviewing business operations in our section and of properly understanding the context of our jobs. I appreciate the kind support of other members of my section who helped me in successfully completing this year's internal control evaluations and audits.

In the future, I will continue to do my work while confirming the objectives and meanings of each job, so as to achieve further operational improvements.



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