

Murata Manufacturing Co., Ltd.
Norio Nakajima
President and Representative Director

Contact: Junichi Yamamoto
General Manager of General Administration
Department
(Phone: +81-75-955-6502)
Securities Code: 6981
<https://corporate.murata.com/en-global/>

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

Murata considers corporate governance to be one of the highest priorities in management, and we work constantly to establish and operate optimal management systems that will realize sound corporate growth and development while taking into consideration every stakeholder.

The Company's basic principles on corporate governance are set out in the "Corporate Governance Guidelines," which are posted on the Company's website.

*Corporate Governance Guidelines:

https://corporate.murata.com/en-global/company/corporate_governance

[Reasons for Non-compliance with the Principles of the Japan's Corporate Governance Code]

[Principle 1.4 Cross-Shareholdings]

(1) Policy regarding strategic shareholdings

In the electronics industry, with rapid changes in the market environment and technological innovation, to aim for sustainable improvement in corporate value, it is necessary to have cooperative relationships with various companies in all areas of development, procurement, production, and sales. The Company holds stock in such counterparties with the aim of maintaining and strengthening transactional relationships with counterparties that will contribute to the maintenance and improvement of the Company's corporate value.

(2) Objectives and rationale for strategic shareholdings

For all primary strategic shareholding stocks, the Board of Directors, in consideration of the risks and returns, conducts examination each fiscal year as to whether or not the holding of such stocks over the medium to long term will contribute to the maintenance and improvement of the Company's corporate value. We believe decisions on whether or not to hold these stocks are appropriate.

(3) Standards on exercise of voting rights

Regarding the exercise of voting rights for strategic shareholdings that the Company holds in a counterparty company, the Company determines to vote for or against a proposal upon individually investigating the effects on the improvement of corporate value for both the Company and the relevant counterparty company from a medium- to long-term viewpoint.

[Disclosure Based on the Principles of the Japan's Corporate Governance Code]

[Principle 1.7 Related Party Transactions]

Concerning transactions involving conflicts of interests with Members of the Board of Directors, approval is required from the Board of Directors under the Companies Act, and after implementation, reports are made to the Board of Directors. The presence of transactions between the Company and Members of the Board of Directors and relatives of these persons is confirmed with Members of the Board of Directors. Additionally, transactions with related parties are disclosed in line with laws and regulations.

[Supplementary Principle 2-4-1: Ensuring Diversity in the Promotion to Core Human Resources]

The Company Group regards diversity and inclusion as accepting and leveraging not only visible diversity such as gender, age and race, but also qualities and strengths such as thoughts, knowledge, experiences, and viewpoints. We are implementing initiatives to develop a culture focused on mutual trust and cooperation.

- The Company has set targets proportion of women in managerial positions: 10% by the end of fiscal 2030. The Company has newly introduced a specialty managerial level to provide more opportunities as managers in fiscal 2019, also endeavors to establish a female network through medium to long-term career development support and discussion sessions.
- In fiscal 2007, we launched a rotation system to hire such human resources and promote hiring of individuals to positions suited to their skills on the global level. Under the rotation system, we dispatch local employees at overseas sites to affiliates in Japan or in other countries. We will manage the organization with a greater focus on autonomy, collectiveness and evolution through developing human resources with diverse viewpoints and experiences.
- Mid-career hires, including those who joined the Company through mergers and acquisitions (M&A), are playing an active role in diverse fields. For example, there are currently 327 mid-career hires (as of September 30, 2021) serving as managers in the Company and its subsidiaries in Japan. Going forward, we will create a workplace environment in which mid-career hires can work comfortably with a sense of fulfillment.

For details, please refer to the Company's website.

<https://corporate.murata.com/en-global/csr/people/employees>

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owner]

The Murata Corporate Pension Fund handles the management of assets accumulated for the Company's corporate pension.

Decisions related to the asset management are made by the Board of Representatives, following deliberation by the Asset Management Committee. Members of the Asset Management Committee and the Board of Representatives include general managers of the Company's Human Resources, Accounting & Controller, and Finance departments, as well as other personnel with appropriate qualifications. Members also include leaders of the labor union, as representatives of the beneficiaries.

Furthermore, to ensure the appropriate monitoring of asset managers, the Company assigns and cultivates personnel having the necessary experience and credentials and takes advice from outside experts.

[Principle 3.1 Full Disclosure]

(i)-a: Management philosophy

The Company has established the basic philosophy of its management as its “Murata’s Philosophy,” which all executives and employees share and aim to enact. Murata’s Philosophy is available on the Company’s website.

*Murata’s Philosophy:

<https://corporate.murata.com/en-global/company/philosophy>

(i)-b: Management strategy, management plan

The Company formulates its Mid-term Direction in three-year increments, and the Mid-term Policy for the three years from fiscal 2022 to fiscal 2024 is available on the Company’s website. In the Mid-term Policy 2024, the Company has identified economic value indicators, which place emphasis on the ratio of operating income to net sales and return on invested capital (ROIC), and social value indicators, which include greenhouse gas emissions and the percentage of power from renewal energy sources, and has set four mid-term management issues, including the promotion of management reform, to be addressed in order to achieve those indicator targets.

At the same time, the Company has also formulated Vision2030, its Long-term Direction for 2030, and is working to disseminate information.

*Vision2030:

<https://corporate.murata.com/en-global/company/business-strategy/vision2030>

*Mid-term Policy 2024:

<https://corporate.murata.com/en-global/company/business-strategy/mid-term-policy>

(ii) Basic views and policies on corporate governance

As stated in “1. Basic Views” above.

(iii) Policies and procedures in determining remuneration of Members of the Board of Directors

Please see “Director Remuneration” “Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” in “1. Organizational Composition and Operation” and “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

(iv) Policies and procedures in the appointment and dismissal of senior management, and the nomination of candidates for Members of the Board of Directors

Please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

(v) Explanations with respect to the individual appointments and dismissals of candidates for Members of the Board of Directors

Reasons for the appointment of candidates for Members of the Board of Directors and the dismissal of Members of the Board of Directors are disclosed in the Convocation Notice for the Ordinary General Meeting of Shareholders and other disclosures.

*Convocation Notice for the Ordinary General Meeting of Shareholders:
<https://corporate.murata.com/en-global/ir/info/meetings>

[Supplementary Principle 3-1-3: Initiatives on Sustainability]

(1) Initiatives on Sustainability

In keeping with the spirit of Murata's Philosophy, the Company Group's management philosophy, it is committed not only to compliance with laws and regulations, but also to highly transparent governance, respect for human rights, health and safety, social contribution, environmental preservation, etc.

In addition, recent changes in society, as represented by SDGs and the Paris Agreement, require that companies pursue not only economic value, but also integrated value in harmony with people and nature. Seeing this as an opportunity for further strengthening of the management foundation and growth, the Company Group has set key issues as initiatives in the mid-term management plan and is promoting daily activities.

Based on high corporate ethics, the Company Group will continue to develop together with its stakeholders by contributing to the transformation of society and solving social issues through its unique technologies and services.

For details of initiatives in Sustainability, please refer to the Company's website.

*Initiatives in Sustainability

<https://corporate.murata.com/en-global/csr>

*Murata Value Report

<https://corporate.murata.com/en-global/ir/library/report>

(2) Investments in Human Capital

The Company Group, we regard CS and ES* as important values, and we seek to realize innovation through continuous emphasis and improvement in the areas. To us, CS means "continuing to create and provide value that is recognized by the customer." And ES means that "every employee achieves satisfaction and continuing growth through the performance of their work duties." We strive to be a company in which these goals can be realized in employees' jobs daily. We will continue to foster diverse environments and implement a range of initiatives toward the cultivation of this type of corporate culture.

For details, please refer to the Company's website.

<https://corporate.murata.com/en-global/csr/people/employees>

*CS and ES

Generally speaking, CS means "customer satisfaction," and ES means "employee satisfaction." At Murata, however, we define CS as "creating and providing value" and ES as "motivation and growth."

(3) Investments to Intellectual Property

In our Company Group, after establishing the Basic Policy of Intellectual Property Activities, employees collaborate beyond the organization framework so as to engage in the intellectual property activities that would benefit the business.

For details of measures regarding Intellectual Property, please refer to the Murata value report and the Company's website.

<https://corporate.murata.com/en-global/csr/governance/ip>

(4) Responses to climate change

The Company Group has set “Strengthening climate change measures” as a materiality and is working to meet the various demands of society, and will contribute to the reduction of greenhouse gases in manufacturing through business operations in line with Science Based Targets (SBT), the recommendations of the Task Force on Climate-related Financial Information Disclosure (TCFD), and the RE100.

Specifically, the Climate Change Committee, chaired by the director in charge of climate change countermeasures, promotes measures such as energy conservation and renewable energy. In addition, we have established the Initiative Promotion Subcommittee and Renewable Energy Promotion Subcommittee under the Committee to discuss the strengthening of SBT, TCFD and RE100, and the strengthening of renewable energy initiatives, including solar power.

For details of responses to climate change and TCFD measures, please refer to “Responses to climate change” at the Company’s website.

https://corporate.murata.com/en-global/csr/environment_murata/climate_change

[Supplementary Principle 4-1-1: Duties of the Board of Directors and Definition of Range of Entrustment to Management]

The Board of Directors carries out functions including decision-making regarding management policy and execution of important operations as well as supervising the execution of duties by Members of the Board of Directors, and proposals and reports for the Board of Directors are defined within the Regulations of the Board of Directors.

To enable swift and resolute decision-making by the Executive Directors, certain individual decisions on important business execution, such as acquisition and disposal of important assets, or organization or personnel matters, are delegated to the Executive Directors.

[Principle 4-9: Independence Standards and Qualification for Independent Directors]

In addition to requirements for outside directors stipulated by the Companies Act and independence standards stipulated by the Tokyo Stock Exchange, five Independent Outside Directors have been appointed based on the Company’s Independence Criteria (Criteria for Independence of Outside Directors), and they have been submitted to the Tokyo Stock Exchange as Independent Directors.

The Criteria for Independence of Outside Directors of the Company are as follows.

1. The person is not an executive of the Company or its current subsidiary or a company that was a subsidiary within the past three years.
2. The person is not currently a major shareholder or an executive of a major shareholder.
3. The person is not an executive of a company, etc., that is currently a significant client or supplier or was a significant client or supplier within the past three years with the Company or its current subsidiary.
* “Significant client or supplier” refers to one with which the Company has transactions of 2% or more of consolidated net sales of the Company or of the client or supplier.
4. The person is not an executive of an organization that has received within the past three years a donation or grant of over 10.00 million yen per annum from the Company or its current subsidiary.
5. The person is not an executive of a company or a subsidiary of that company, that employs or has employed within the past three years a Board Member, Statutory Auditor, or Vice President of the Company or its current subsidiary.
6. The person does not have any significant transaction relationship with the Company, such as a consulting or advisory agreement, and has not had any significant transaction relationship in the past.
7. The person is not an executive of the Independent Auditor of the Company.

8. The person is not the spouse or a relative within the second degree of kinship, etc., of a Member of the Board of Directors, Statutory Auditor, or Vice President of the Company or its current subsidiary.
9. The person does not carry the risk of creating a constant substantial conflict of interest between the Company's general shareholders as a whole for reasons other than those considered in (1) through (8) above.

[Supplementary Principle 4-11-1: Overall Balance of Expertise, Experience, and Capabilities of the Board of Directors and View Regarding Diversity and Scale]

Please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

[Supplementary Principle 4-11-2: Status of Members of the Board of Directors Concurrently Serving as Officers of Other Listed Companies]

The Company nominates candidate Members of the Board of Directors who are able to dedicate the time and energy required to appropriately carry out the duties and obligations of a Member of the Board of Directors, and they do so in practice.

Significant concurrent positions of Members of the Board of Directors of the Company are stated in the “Convocation Notice for the Ordinary General Meeting of Shareholders.”

*Convocation Notice for the Ordinary General Meeting of Shareholders:

<https://corporate.murata.com/en-global/ir/info/meetings>

[Supplementary Principle 4-11-3: Analysis and Evaluation of Effectiveness of the Board of Directors]

The Company endeavors to improve the effectiveness of the Board of Directors by conducting an analysis and evaluation of the effectiveness of the Board of Directors as a whole once a year and discloses an overview of the procedure and results.

(1) Process of the analysis and evaluation

A questionnaire for all Members of the Board of Directors and interviews with Outside Directors were conducted and the analysis and evaluation was conducted through multiple discussions in the Board of Directors, making reference to the results of the questionnaire and interviews.

Through conducting the questionnaire and interviews, various confirmations were carried out regarding the composition of the Board of Directors, agenda items submitted to meetings, status of deliberation, personal participation of Director, and other matters regarding the operation of the Board of Directors. The implementation, tallying, analysis, etc. of the questionnaire was carried out by a third party.

(2) Results of the analysis and evaluation, and recognition of challenges

With use of the analysis and reports of the questionnaire results and interview content, the Board of Directors of the Company has been assessed to be functioning with sufficient overall effectiveness in consideration of its duties and obligations.

Proposals have been sufficiently submitted to the Board of Directors, and in particular, the evaluation showed that an atmosphere that enables Directors to speak out freely and openly is being cultivated and broadminded and constructive discussions and exchanges of opinion are taking place. In addition, the evaluation showed that there was certain improvement in discussions on business risks and materials for the Board of Directors meetings.

On the other hand, it was recognized that mainly for the following points, there are some challenges and problems, and that more improvements are expected, and further efforts are needed in the future.

- Improvement of reporting on ESG-related initiatives

The outline of discussions at the committee that promotes sustainability (CSR Management Committee) is reported to the Board of Directors twice a year. This year, in addition to this, efforts to stimulate discussions, such as providing explanations to Outside Directors, have produced results, and we will continue our efforts to further enhance and stimulate discussions.

- Enhancement of discussions on risk approach

There was certain improvement in the discussions on business risks, but we aim to enhance the reports and discussions with a more bird's eye view approach.

- Improvement of reporting and discussions on internal control systems, and expansion of discussion time

- Further improvement of the quality of discussions

- Review of contents and methods of reporting, expansion of discussion time on portfolio strategies and risks

- Continue efforts to improve materials for the Board of Directors meetings, etc.

(3) Future initiatives

Based on the results of these evaluations and challenges to be considered, the Company will mainly take the following actions in the fiscal year under review.

- Enhancement and stimulation of ESG-related discussions

- Addition of agenda items related to risk management

- Enhancement of reporting on internal control systems

- Improvement of time utilization in Board of Directors meetings

- Establishing opportunities for Outside Directors and management to exchange opinions and share views outside of Board of Directors meetings

The Company will continue working to further improve the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2: Policy on Training for Members of the Board of Directors]

The Company's Members of the Board of Directors ensure that they acquire, verify and update the knowledge deemed necessary for carrying out their roles and responsibilities.

To acquire and verify knowledge deemed necessary for carrying out their roles and responsibilities, newly appointed Members of the Board of Directors undergo external training upon assuming office.

The Company provides opportunities for training in corporate governance, compliance and internal controls, etc. to Members of the Board of Directors.

The Company provides opportunities other than the Board of Directors meeting for the acquisition of knowledge relating to status of the Company's business and management issues, etc. to Outside Members of the Board of Directors.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

Please see "2. IR Activities" of "III. Implementation of Measures for Shareholders and Other Stakeholders" below.

2. Capital Structure

(1) **Foreign Shareholding Ratio:** More than 30%

(2) Status of Major Shareholders

Shareholder name	Number of shares held	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	78,876,200	12.33
Custody Bank of Japan, Ltd. (Trust Account)	34,810,300	5.44
Nippon Life Insurance Company	22,083,471	3.45
The Bank of Kyoto, Ltd.	15,780,069	2.47
Meiji Yasuda Life Insurance Company	15,722,700	2.46
SSBTC CLIENT OMNIBUS ACCOUNT	15,561,204	2.43
Custody Bank of Japan, Ltd. (Trust Account 7)	13,169,700	2.06
STATE STREET BANK WEST CLIENT – TREATY 505234	9,767,606	1.53
THE SHIGA BANK, LTD.	9,653,174	1.51
GOVERNMENT OF NORWAY	8,895,459	1.39

(3) **Controlling Shareholder (except for Parent Company):** —

(4) **Parent Company:** None

(5) Supplementary Explanation:

1. Although the Company holds 35,981 thousand shares of treasury stock, this stock does not have voting rights, and is excluded from the above Status of Major Shareholders.
2. Of the above number of shares held, the number of shares in trust operations are not stated as the Company cannot identify the details.
3. In the change report pertaining to the report of possession of large volume announced to the public on August 20, 2021 by Mizuho Bank, Ltd. and its joint shareholders, it is stated as shown below regarding shareholdings as of August 13, 2021. However, as the Company cannot confirm the actual number of shares held by these companies as of September 30, 2021, these companies are not included in the above Status of Major Shareholders. The content of the report of possession of large volume is as follows.

[Shareholder name (Number of shares held, Ownership ratio (%))]

Asset Management One Co., Ltd. (22,092 thousand shares, 3.3%)

Mizuho Bank, Ltd. (8,297 thousand shares, 1.2%)

Mizuho Trust & Banking Co., Ltd. (2,660 thousand shares, 0.4%)

Mizuho Securities Co., Ltd. (1,003 thousand shares, 0.2%)

Total: 34,053 thousand shares, 5.0%

3. Corporate Attributes

(1) Listed Stock Market and Market Section: Tokyo Stock Exchange First Section

(2) Fiscal Year-End: March

(3) Type of Business: Electric Appliances

(4) Number of Employees (consolidated) as of the End of the Previous Fiscal Year: More than 1000

(5) Sales (consolidated) as of the End of the Previous Fiscal Year: More than ¥1 trillion

(6) Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year:

From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

(1) **Organization Form:** Company with an Audit and Supervisory Committee

(2) Directors

- **Maximum Number of Directors Stipulated in Articles of Incorporation:** 20
- **Term of Office Stipulated in Articles of Incorporation:** 1 year
- **Chairperson of the Board of Directors:** Chairman of the Board
- **Number of Directors:** 12
- **Appointment of Outside Directors:** Appointed
- **Number of Outside Directors:** 5
- **Number of Independent Directors Designated from among Outside Directors:** 5

i) Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company
Takashi Shigematsu	From another company	h Δ
Yuko Yasuda	From another company	—
Hyo Kambayashi	Certified public accountant	—
Takatoshi Yamamoto	From another company	h Δ
Naoko Munakata	Other	—

* Categories for “Relationship with the Company”

* “○” when the director presently falls or has recently fallen under the category;

“Δ” when the director fell under the category in the past;

* “●” when a close relative of the director presently falls or has recently fallen under the category;

“▲” when a close relative of the director fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Executive or non-executive Director of the parent of the Company
- c. Executive of a fellow subsidiary of the Company
- d. Party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- k. Other

ii) Outside Directors' Relationship with the Company (2)

Takashi Shigematsu (Independent Director)

[Supplementary Explanation of the Relationship]

DENSO TEN Limited, of which Takashi Shigematsu has served as Chairman and Representative Director until June 2018, has business relations with the Company Group regarding sales and purchases of products. However, sales involving the relations accounted for only less than 1% of the Company's consolidated sales in fiscal 2020, indicating that there is no materiality that would affect his independence as Outside Director.

[Reasons for Appointment]

Takashi Shigematsu has extensive experience and insight as an executive in the manufacturing industry and the automotive industry in particular. As an Outside Director since 2015, he has contributed to strengthening the functions of the Board of Directors from an independent perspective.

He is appointed as an Outside Director because the Company expects that he will continue to strengthen the decision-making and supervisory functions of the Board of Directors by leveraging his experience and insight in managing the affairs of the Company.

Yuko Yasuda (Independent Director)

[Supplementary Explanation of the Relationship]

(No applicable items)

[Reasons for Appointment]

Yuko Yasuda has engaged in introducing, assessing, and training of CEOs, and evaluating the effectiveness of boards of directors for many years as a Japan Director at company that searches for corporate executive candidates. She has extensive experience with and insight into fields concerning assessment and development of executive personnel and corporate governance. As Outside Director and Audit and Supervisory Committee Member since 2018 and as Outside Director of the Company since 2020, she has contributed to strengthening the functions of the Board of Directors from an independent perspective.

She is appointed as an Outside Director because the Company expects that she will continue to strengthen the decision-making and supervisory functions of the Board of Directors by leveraging her experience and insight in managing the affairs of the Company.

Hyo Kambayashi (Audit and Supervisory Committee Member / Independent Director)

[Supplementary Explanation of the Relationship]

(No applicable items)

[Reasons for Appointment]

Hyo Kambayashi has been engaged in affairs concerning financial auditing, internal control advising, risk management, and strengthening governance for many years as a certified public accountant and executive and has extensive experience and insight in corporate accounting, auditing and internal control.

He is appointed as an Outside Director who is an Audit and Supervisory Committee Member because the Company expects that he will continue to strengthen the decision-making functions and audit and supervisory functions of the Board of Directors from an independent perspective.

Takatoshi Yamamoto (Audit and Supervisory Committee Member / Independent Director)

[Supplementary Explanation of the Relationship]

CASIO COMPUTER CO., LTD, of which Takatoshi Yamamoto served as Executive Managing Director until June 2011, has business relations with the Company Group regarding sales and purchases of products. However, sales involving the relations accounted for only less than 1% of the Company's consolidated sales in fiscal 2020, indicating that there is no materiality that would affect his independence as Outside Director.

[Reasons for Appointment]

Takatoshi Yamamoto has extensive experience of corporate analysis of companies in Japan and overseas as a securities analyst, particularly in regard to the electronics industry, and has specialized insight in finance and accounting, in addition to a wealth of experience related to global corporate management. Leveraging his experience and insight in managing the affairs of the Company as an Outside Director since 2019 and as Outside Director and Audit and Supervisory Committee Member since 2020, he has contributed to strengthening the functions of the Board of Directors from an independent perspective. He is appointed as an Outside Director who is an Audit and Supervisory Committee Member because the Company expects that he will strengthen the decision-making functions and audit and supervisory functions of the Board of Directors.

Naoko Munakata (Audit and Supervisory Committee Member / Independent Director)

[Supplementary Explanation of the Relationship]

(No applicable items)

[Reasons for Appointment]

Naoko Munakata has extensive experience in the civil service and extensive insight into economics, international trade and intellectual property among others. She is appointed as an Outside Director who is an Audit and Supervisory Committee Member because the Company expects that she will strengthen the decision-making functions and audit and supervisory functions of the Board of Directors from an independent perspective.

(3) Audit and Supervisory Committee

i) Committee's Composition and Chairperson's Attributes

	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Inside director

Appointment of Directors and/or Employees to

Support Duties of the Audit and Supervisory Committee: Appointed

ii) Matters Related to the Independence of Such Directors and/or Employees from Executive Directors

To ensure the effectiveness of the audits of the Audit and Supervisory Committee, the Company has established the Office of Audit and Supervisory Committee to assist the Audit and Supervisory Committee in its duties and has stationed an appropriate number of employees. The employees shall not receive supervision or orders from the Executive Directors, and for human resources matters regarding

these employees, the Executive Directors shall consult with the Audit and Supervisory Committee and obtain the consent. Moreover, the Executive Directors have established a system for reporting to the Audit and Supervisory Committee and persons who make reports shall not receive any detrimental treatment for having done so.

iii) Cooperation among Audit and Supervisory Committee, Independent Auditor and Internal Audit Department

Please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

(4) Voluntary Committees

Voluntary Establishment of Committee(s) Equivalent to

Nomination Committee or Remuneration Committee: Established

i) Voluntary Establishment of Committee(s), Committee's Name, Composition, and Chairperson's Attributes

	Committee's Name	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Equivalent to Nomination Committee	Nomination Advisory Committee	5	0	2	3	0	0	Inside director
Committee Equivalent to Remuneration Committee	Remuneration Advisory Committee	5	0	2	3	0	0	Outside director

ii) Supplementary Explanation

The Nomination Advisory Committee considers criteria for selection of candidates for Members of the Board of Directors, independence standards for Independent Outside Directors, nomination of Members of the Board of Directors, nomination of Representative Directors and executive Members of the Board of Directors, and succession plans for the President and Representative Director, and reports its findings to the Board of Directors.

The Remuneration Advisory Committee deliberates on the remuneration system and levels for Members of the Board of Directors and reports its findings to the Board of Directors, and is entrusted from the Board of Directors to decide on the amounts of individual remuneration.

The members of these committees are selected by the Board of Directors from among its Members and Independent Outside Directors comprise the majority of the committee members in order to ensure the independence of the committees. Furthermore, at the Remuneration Advisory Committee, the chairperson is an Outside Director.

The current committee members were selected at the Board of Directors meeting held on June 29, 2021, and consist of the following.

▪Nomination Advisory Committee

Chairperson: Tsuneo Murata (Chairman of the Board and Representative Director)

Committee member: Norio Nakajima (President and Representative Director)

Takashi Shigematsu (Outside Director)

Yuko Yasuda (Outside Director)

Takatoshi Yamamoto (Outside Director, Audit and Supervisory Committee Member)

▪Remuneration Advisory Committee

Chairperson: Yuko Yasuda (Outside Director)

Committee member: Tsuneo Murata (Chairman of the Board and Representative Director)

Ryuji Miyamoto (Member of the Board of Directors)

Takashi Shigematsu (Outside Director)

Hyo Kambayashi (Outside Director, Audit and Supervisory Committee Member)

In fiscal 2020, the Nomination Advisory Committee met four times, and the Remuneration Advisory Committee met three times.

For details regarding remuneration amounts and calculation methods thereof, please see “iv) Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” of “(7) Director Remuneration” below. For details regarding procedure for determining remuneration and policies and procedures for nomination, please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

(5) Independent Directors

i) Number of Independent Directors: 5

ii) Matters relating to Independent Directors

Please see “1. Basic Views [Disclosure Based on the Principles of the Japan’s Corporate Governance Code],” [Principle 4-9] of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information” above.

(6) Incentives

i) Implementation of Measures to Provide Incentives to Directors: Performance-linked remuneration

ii) Supplementary Explanation

Please see “iv) Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” of “(7) Director Remuneration” below.

iii) Recipients of Share Options: —

iv) Supplementary Explanation: —

(7) Director Remuneration

i) Disclosure (of individual directors’ remuneration): Selected directors

ii) Supplementary Explanation

The total amount of remuneration, etc. paid to Members of Board of Directors in fiscal 2020 was 578 million yen. Of this, the amount paid to Members of the Board of Directors who are not Audit and Supervisory Committee members was 505 million yen and the amount paid to those who are Audit and Supervisory Committee members was 73 million yen. Included in the above is the amount of restricted share remuneration (77 million yen for seven Members of the Board of Directors, excluding Members of the Board of Directors who are Audit and Supervisory Committee Members, and Outside Directors) for the fiscal year under review. Total remuneration, etc., provided to Outside Directors, was 78 million yen.

The maximum amount of remuneration for Members of the Board of Directors who are not Audit and Supervisory Committee Members is 700 million yen, and the maximum amount of restricted share remuneration is 300 million yen. The maximum amount of remuneration for Members of the Board of Directors who are Audit and Supervisory Committee Members is 100 million yen.

For persons receiving remuneration, etc., in a total amount exceeding 100 million yen, individual remuneration is disclosed in the Business Report (Attached Documents of the Convocation Notice for the Ordinary General Meeting of Shareholders) and the Company’s Annual Securities Report.

iii) Policy for Determining Remuneration Amounts or Calculation Methods Thereof: Established

iv) Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

To improve corporate governance as well as enhance objectivity and transparency, for the decision making process for matters related to the remuneration of Members of the Board of Directors, the

Company has established a Remuneration Advisory Committee, and the decision is made at the Board of Directors meeting based on reports received from that committee.

With respect to remuneration for Member of the Board of Directors, the Company makes it a basic policy to provide a system and level of remuneration that is considered suitable for executive-level managers of a globally competitive electronic equipment and component manufacturer in order to ensure recruitment of human talent considered to be excellent based on a comparison with same-industry competitors, to raise the morale and motivation to improve financial results and to contribute to the maximization of corporate value.

Remuneration for Member of the Board of Directors who are not Audit and Supervisory Committee Members is made up of (i) monthly remuneration, (ii) bonus with the aim of giving a short-term incentive, and (iii) share-based remuneration with the aim of making them share values with shareholders over the long term and increasing their motivation to contribute toward sustainable growth in corporate value by giving a medium- to long-term incentive.

The level and percentage of each type of remuneration are determined mainly based on benchmarking results with companies in similar industries or sizes in order to ensure that the remuneration is suitable for executive-level managers of a globally competitive electronic equipment and component manufacturer.

The composition ratio of these types of remuneration is largely as follows:

(i) Monthly remuneration: 52%-56%

(ii) Bonus: 26%-31%

(iii) Share-based remuneration: 16%-18%

(i) Monthly remuneration: The monthly remuneration is a fixed remuneration of an amount individually decided for each Member of the Board of Directors based on a fixed amount for service as Member of the Board of Directors, and an amount that is decided based on consideration of the level of importance of each Member of the Board of Directors' business execution allocation and responsibility and the previous fiscal year's financial performance.

(ii) Bonus: The total amount of bonus is decided according to the Company's financial performance, and the amount allocated to each Member of the Board of Directors is decided by giving consideration to the level of contribution to financial performance of each individual. The indicator used as a standard for bonus calculation is consolidated operating income per person after deducting capital cost, which measures the growth and productivity increase of the corporation. The bonus is calculated by adjusting a reference amount for each position based on this indicator. As for the timing of payments, the bonus is paid in two installments, once during a fiscal year and once after the end of fiscal year.

(iii) Share-based remuneration: Restricted share remuneration is introduced to improve corporate value in the medium to long term. The reference amount is set by position of each Member of the Board of Directors, and shares are allotted every July. Upon an eligible Member of the Board's retirement from both positions of Member of the Board of Directors and Vice President due to term expiration, compulsory retirement age, etc., transfer restrictions on the allotted shares are lifted.

The remuneration paid to Outside Directors who are independent from business execution (excluding Members of the Board of Directors who are Audit and Supervisory Committee Members) is only monthly remuneration, and is determined mainly based on benchmarking results with companies in similar industries or sizes.

The amount paid to Member of the Board of Directors who are Audit and Supervisory Committee Members is decided as a fixed individual remuneration through discussion by the Members of the Board of Directors who are Audit and Supervisory Committee Members.

When determining the amount of remuneration to be paid to individual Members of the Board of Directors, Remuneration Advisory Committee has been entrusted from the Board of Directors to make decisions within the range of each remuneration resolved at the General Meeting of Shareholders.

The Remuneration Advisory Committee appoints an external remuneration consulting company as an advisor. After fully understanding the recent environment and public trends surrounding remuneration for executives, the Committee examines the appropriateness of the level of remuneration and the remuneration system for Members of the Board of Directors and determines the amounts of individual remuneration, while utilizing remuneration benchmarks with companies similar to the Company in terms of business scale, industry and business category, and other information and advice obtained from the advisor. The Committee subsequently submits the necessary findings or reports to the Board of Directors.

(Please also see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.)

(8) Supporting System for Outside Directors

Activities of Outside Directors are assisted by the General Administration Department, and the Outside Directors who are Audit and Supervisory Committee Members are assisted with their duties by dedicated staff.

(9) Status of Persons Who Have Retired as Representative Director and President

i) Names and other information regarding Former Representative Director and President as Senior Corporate Advisor (*Sodanyaku*), Corporate Advisor (*Komon*), or similar position

- Name: —
- Position/Title: —
- Description of tasks: —
- Working format and conditions (full/part time; with/without remuneration, etc.): —
- Date of retirement from President or similar position: —
- Term of Office: —

ii) Number of Former Representative Director and President as Senior Corporate Advisor (*Sodanyaku*), Corporate Advisor (*Komon*), or similar position: —

iii) Other items:

Systems are in place, but currently there are no people subject to these systems.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has long made efforts to strengthen its corporate governance. Initiatives include efforts to strengthen executive and supervisory functions and increase the transparency of management by establishing a Vice President system (in 2000), appointing Outside Officers (first Outside Statutory Auditors appointed in 1971 and Outside Directors in 2001), and establishing a Remuneration Advisory Committee (2004) and a Nomination Advisory Committee (2015). For its organizational design, the Company adopted “Company with an Audit and Supervisory Committee” structure in 2016 to reinforce the Board of Directors function and the supervisory function.

In a Company with an Audit and Supervisory Committee, a Board of Directors may delegate decisions on important matters for execution to Executive Directors. By delegating each decision on matters for execution to Executive Directors, more rapid management judgment and more flexible execution can be realized, while the Board of Directors can focus on discussion and monitoring relating to management policy and business strategy, leading to enhancement of the functions of the Board of Directors.

In addition, Member of the Board of Directors who are Audit and Supervisory Committee Members hold voting rights on agendas at the Board of Directors and rights to express their opinions as the Audit and Supervisory Committee concerning appointment and remuneration of Member of the Board of Directors at General Meetings of Shareholders. We believe that this ensures strong supervisory functions by Executive Directors.

The Board of Directors is made up of 12 Members (of whom 5 are Independent Outside Directors). Independent Outside Directors represent more than one-third of the Board of Directors.

The current composition of executives is posted on the Company’s website.

*“Executives”:

<https://corporate.murata.com/en-global/company/officers>

The Board of Directors decides on the basic management direction and particularly important matters for execution. In addition to delegating decisions on important matters for execution to the Executive Directors, in order to realize more rapid management judgments and more flexible execution, the Company is also working to strengthen monitoring functions. The Board of Directors is chaired by Chairman of the Board and Representative Director Tsuneo Murata. As indicated above, the Company has introduced a Vice President system, and the Vice Presidents are engaged in the day-to-day implementation of executive tasks. In fiscal 2020, the Board of Directors met ten times and the average overall attendance for Members was 100%.

The Audit and Supervisory Committee is made up of 4 members (of whom 3 are Independent Outside Directors) and chaired by Yoshiro Ozawa. The Committee includes members who possess a considerable degree of knowledge in the areas of finance and accounting.

The Company also established a Management Committee as a deliberative body chaired by Norio Nakajima, President and Representative Director and made up of executive Members of the Board of Directors and Members of the Board of Directors who concurrently serve as Vice Presidents, in order to assist the Board of Directors and the Representative Director in making decisions, creating a system for deliberation on management issues specified by the company regulations.

The CSR Management Committee, chaired by Norio Nakajima, President and Representative Director,

has been established to continuously and systematically promote CSR management, including initiatives related to sustainability. In addition, the Internal Control Committee, chaired by Masanori Minamide, a Member of the Board of Directors and Executive Vice President, has been established for the maintenance and continual improvement of the system to secure the appropriateness of company operations (the internal control system).

▪ **Procedure for determining remuneration for the Members of the Board of Directors**

With regard to remuneration for Members of the Board of Directors, to strengthen the independence, objectivity, and accountability of the Board of Directors function, a Remuneration Advisory Committee was established as an advisory organ to the Board of directors. The members of the committee are selected by the Board of Directors from among its Members. Furthermore, Independent Outside Directors comprise the majority of the committee members in order to ensure the independence of the committee, and the chairperson of the committee is an Outside Director in order to ensure objectivity. The Committee deliberates on the remuneration system and levels for Members of the Board of Directors and reports its findings to the Board of Directors, and is entrusted from the Board of Directors to decide on the amounts of individual remuneration.

The Board of Directors decides on the standards regarding remuneration for Members of the Board of Directors based on the report from the Remuneration Advisory Committee.

Specific remuneration amounts are calculated in accordance with the remuneration standards.

Individual remuneration of Members of the Board of Directors who are not Audit and Supervisory Committee Members is decided by the Remuneration Advisory Committee and individual remuneration of Members of the Board of Directors who are Audit and Supervisory Committee Members is decided by discussion with the Audit and Supervisory Committee.

▪ **Policies and procedures in the appointment and dismissal of senior management, and the nomination of candidates for Members of the Board of Directors**

By implementing a Vice President system and separating execution and supervision, the Company has an appropriate scale in the number of persons for the Board of Directors to function.

The Company appoints as senior management people who have the knowledge, experience, and qualities to contribute to business execution, taking into consideration the business content, scale, and management environment, etc., of the Company. Also, personnel with knowledge, experience, and qualities that can contribute to enabling the Board of Directors to function (determination of basic management principles and important business execution, as well as supervision of execution of duties of Members of the Board of Directors) are nominated as candidates for Members of the Board of Directors taking into account the balance and diversity in the expertise, experience, and capabilities of the overall Board of Directors as a whole. (The composition of the Board of Directors as well as primary skills, experiences, and knowledge held by each Member of the Board of Directors is disclosed on the Company's website.

*Composition of the Board of Directors and Skill Matrix:

https://corporate.murata.com/en-global/company/corporate_governance/system)

Members of senior management will be dismissed in the event that misconduct, significant legal violations, breaches of internal rules, or similar activities in his or her execution of operations are discovered or in the event that it is recognized that the individual is not adequately performing senior management functions.

Additionally, in nominating candidates for Outside Directors, the Company seeks personnel across a wide and diverse range, and works to secure candidates who satisfy the independence standards of the Tokyo Stock Exchange and the Company.

Especially, with regard to candidate Members of the Board of Directors who will be Audit and Supervisory Committee Members, as noted above, the Company nominates personnel with a wealth of knowledge and experience regarding management administration and business operations who have qualities that can contribute to improvement in the soundness and transparency of management and audit the business execution of Members of the Board of Directors from a fair and objective standpoint. At least half of the candidates for Members of the Board of Directors who are Audit and Supervisory Committee Members nominated by the Company is Outside Directors.

With the intent of improving the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination of Members of the Board of Directors, the Company established a Nomination Advisory Committee as an advisory organ of the Board of Directors. The members of the committee are selected by the Board of Directors from among its Members and Independent Outside Directors comprise the majority of the committee members in order to ensure the independence of the committee. The committee considers criteria for selection of candidates for Members of the Board of Directors, independence standards for Independent Outside Directors, nomination of Members of the Board of Directors, nomination of Representative Directors and executive Members of the Board of Directors, and succession plans for the President and Representative Director, and it reports its findings to the Board of Directors. The committee also considers the skill matrix of the Board of Directors and other key issues from the perspective of human resources so that the Board of Directors can continue to perform its functions, and supervises the appointment of Vice Presidents.

Furthermore, the Board of Directors determines the nomination of Members of the Board of Directors based on the reported findings of the Nomination Advisory Committee. Nominations for candidates for Members of the Board of Directors who will be Audit and Supervisory Committee members are subject to approval by the Audit and Supervisory Committee.

▪ **Auditing system**

The Audit and Supervisory Committee establishes auditing guidelines and plans, and based on these, in addition to attending important meetings, audits the legitimacy and appropriateness of duties implemented by the Members of the Board of Directors by conducting surveys of the status of operations and corporate finances with the cooperation of departments involved in the company's internal control system.

The Company Group's internal audits are conducted by the Office of Internal Audit (15 members), which was established as an independent organization.

The Office of Internal Audit establishes auditing guidelines and plans, and based on these, the Office evaluates and monitors that the Company Group's operations are appropriately and efficiently conducted based on laws and regulations, internal regulations of the Company, etc. with the cooperation of departments involved in the company's internal control system. The results are reported to the Representative Director, the Internal Control Committee, etc.

For financial audits, the Company has entered an audit agreement with Deloitte Touche Tohmatsu LLC. The audits are conducted by Designated Unlimited Liability Partners, Engagement Partners, and Certified Public Accountants Takashi Ishii and Yuya Minobe, assisted by 17 Certified Public Accountants, 12 Associate Members of the Japan Institute of Certified Public Accountants, and 27 others. The Company receives legal audits pursuant to the Financial Instruments and Exchange Act and the Companies Act and carries out constant checks for issues with accounting processes and audits.

The Audit and Supervisory Committee, the Office of Internal Audit, and the Independent Auditor maintain close coordination by holding regular meetings and reporting to one another on the audit plan and its implementation status.

▪ **Summary of liability limitation agreements**

The Company has entered into liability limitation agreement with Members of the Board of Directors (excluding those who are the executive officers) to restrict liabilities for damages as stipulated by Article 423, Paragraph 1 of the Companies Act based on the provisions of Article 427, Paragraph 1 of the Companies Act. The liability limit under these agreements is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

Please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” above.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	Basically dispatched at least approximately three weeks prior to the date of the General Meeting of Shareholders. The notification is announced electronically before dispatch, and Japanese and English versions are basically posted on the Company's website and so forth at least four weeks before the date of the General Meeting of Shareholders.
Allowing Electronic or Magnetic Exercise of Voting Rights	Voting rights may be exercised by accessing the Internet from a personal computer, smartphone, or other device.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the electronic voting platform (ICJ) for institutional investors. Both Japanese and English versions of the Convocation Notice are posted on ICJ.
Providing Convocation Notice in English (Translated Fully or Partially)	An English Convocation Notice is prepared, and alongside the Japanese Convocation Notice, is posted on the Tokyo Stock Exchange, ICJ, and the Company's website.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	<ul style="list-style-type: none"> •The Company's basic policy is to disclose information to stakeholders, including shareholders and investors, in a timely and appropriate manner. •The Company observes relevant laws and regulations, such as the Financial Instruments and Exchange Act, fair disclosure rules, and the timely disclosure rules of the Tokyo Stock Exchange and Singapore Exchange, on which the Company's shares are listed. The Company also strives to disclose information that it judges to be effective for understanding the Company, even if it does not correspond to the relevant laws and regulations or the timely disclose rules. •A disclosure policy has been established, stipulating policies and methods, etc., for information disclosure. The disclosure policy is posted on the Company's website. https://corporate.murata.com/en-global/ir/management_policy/disclosure

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	<ul style="list-style-type: none"> •As an opportunity for dialogue with institutional investors, a corporate information meeting is held by top management and officers in charge once a year, and an earnings release conference is held every quarter. •Regarding meetings with institutional investors, the Company strives to make accommodations within a reasonable scope. 	Provided
Regular Investor Briefings for Overseas Investors	<ul style="list-style-type: none"> •As an opportunity for dialogue with institutional investors, corporate information meetings are held by top management once a year in Europe and the United States. •Regarding meetings with institutional investors, the Company strives to make accommodations within a reasonable scope. 	Provided

	Supplementary Explanations
Posting of IR Materials on Website	<ul style="list-style-type: none"> Materials for corporate information meetings, earnings release conferences, and other information are posted on the Company's website to provide wide public disclosure. https://corporate.murata.com/en-global/ir
Establishment of Department and/or Manager in Charge of IR	<ul style="list-style-type: none"> Department responsible for IR: Strategic Finance Department (Contact office representative: Shuichiro Goto, General Manager, Strategic Finance Department)
Other	<ul style="list-style-type: none"> Although the Company does not conduct meetings with individual investors, the Company believes its active response to institutional investors and media outlets can lead to providing information to individual shareholders. To encourage interest in the Company from individual investors, the Company works to enrich its corporate PR and improve its website. Additionally, if inquiries are received via telephone, etc., from individual shareholders, the Company responds in a sincere manner. Feedback and opinions received from shareholders and investors through IR activities are reported to the Board of Directors appropriately as necessary.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company issues Murata value reports states its view on its relationships with stakeholders.
Implementation of Environmental Activities, CSR Activities, etc.	<p>The Company is promoting CSR management with the aim of continuing to be a company that is trusted by society. It has established the "CSR Charter" and is committed not only to compliance with laws and regulations, but also to highly transparent governance, respect for human rights, health and safety, social contribution and environmental preservation, etc., on the basis of high corporate ethics.</p> <p>Please also refer to the following parts of "[Supplementary Principle 3-1-3: Initiatives on Sustainability]" mentioned above.</p> <p>(1) Initiatives on Sustainability (4) Responses to climate change (Described in "1. Basic Views [Disclosure Based on the Principles of the Japan's Corporate Governance Code]" of "1. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information.")</p>
Formulation of Policies for Information Provision to Stakeholders	The Company has established a disclosure policy and stipulated information disclosure policies, methods, etc.
Other	<p>For information about policies for human resource development and internal environment development to ensure diversity, the status of their implementation, and initiatives to boost the promotion of women, foreign nationals and mid-career hires to managerial positions, as well as the current conditions, please see "[Supplementary Principle 2-4-1: Ensuring Diversity in the Promotion to Core Human Resources]" above.</p> <p>("1. Basic Views [Disclosure Based on the Principles of the Japan's Corporate Governance Code]," "1. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information")</p>

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development

The Company's Board of Directors has defined a basic policy regarding the maintenance of a system to secure the appropriateness of company operations (internal control system), as shown below. Based on this, the Company works to appropriately maintain and operate the internal control system.

- (1) System to secure compatibility between execution of duties of Members of the Board of Directors and employees with laws and regulations and the Articles of Incorporation
 - 1) The Company shall appoint a number of Outside Directors to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors.
 - 2) The Company shall establish an organizational committee to evaluate the maintenance and operational conditions of the internal control system, and work to maintain and continuously improve the internal control system.
 - 3) In order to fulfill corporate social responsibilities (CSR), the Company shall establish an organizational committee which manages activities regarding CSR areas such as compliance, risk management, and environment, etc., and promote CSR management of the Company and its subsidiaries (the "Company Group") continuously and systematically.
 - 4) The Company shall establish an organization responsible for promotion of CSR activities. This organization will work in tandem with organizational committees related to CSR, and act as a central group to spread CSR within the Company and handle issues with the outside of the Company.
 - 5) In order for Members of the Board of Directors, Vice Presidents, and employees to adhere to laws and regulations and conduct business activities based on high ethical standards, the Company shall define and work to spread Corporate Ethics Policy and Code of Conduct and regulations regarding compliance.
 - 6) In order to ensure early detection and prevention of non-compliant actions, the Company shall establish a reporting hotline within and outside of the Company, and ensure that measures are in place such that there is no detriment to reporters.
 - 7) The Company shall clearly define within its Corporate Ethics Policy and Code of Conduct to firmly refuse correspondence and contact with anti-social activities and organizations and to not resolve unreasonable requests received from anti-social forces via the use of cash, etc., and will appropriately deal with such events based on the policy and the code.
 - 8) The Company shall establish an independent internal auditing department to evaluate and monitor the effectiveness of the internal control system.
- (2) System to store and manage information regarding the execution of duties by Members of the Board of Directors
 - 1) Minutes and group approval documents of the Board of Directors and other important documents concerning the execution of duties by Members of the Board of Directors shall be stored based upon internal regulations of the Company, and shall be suitably made available for viewing by Members of the Board of Directors.
 - 2) Basic items regarding storing and managing documents shall be defined within the internal regulations of the Company, and documents contained in the above item shall be appropriately stored and managed.
 - 3) A meeting structure shall be established to deliberate the necessity and content of timely disclosure of company information, and company information shall be disclosed in a timely and appropriate manner.

- (3) Regulations and other systems regarding management of risks of loss
 - 1) Regulations shall be defined regarding risk management, and the division that supervises each business function shall conduct risk management.
 - 2) Deliberations regarding the Company Group's risk management structure and operational status and examination of measures for Group-wide risks shall be conducted at an organizational committee regarding risk management.
 - 3) Twice a year, the departments in charge of each risk will extract and evaluate the risks that the Group is currently facing or are expected to face in the near future and formulate countermeasures. The Risk Management Committee will review these matters and direct additional measures as necessary.

- (4) System to secure efficient execution of duties by Members of the Board of Directors
 - 1) The Company shall formulate medium and long term policies and based on such long and medium term policies formulate yearly policies, budgets, and action plans, and manage the progress and confirm status of the achievement.
 - 2) The Company shall implement a Vice President system, and by separating decision making for management policies and important business execution with daily business execution, strengthen monitoring functions and business execution functions.
 - 3) To conduct appropriate decision making, approval regarding matters that are defined in the internal regulations of the Company shall be conducted via group approval procedures, through deliberation by concerned Members of the Board of Directors, Vice Presidents, etc.
 - 4) As a body to supplement decision making by the Board of Directors and Representative Directors, the Company shall establish the Management Committee.
 - 5) Various information regarding the status of business execution shall be provided to concerned Members of the Board of Directors, Vice Presidents, and employees periodically or as required, and a system to share information shall be established.

- (5) System to secure appropriate business in the Company Group, composed of the Company and its subsidiaries
 - 1) The Company Group shall share corporate policy that acts as a fundamental management policy, in addition to strictly enforcing and sharing Corporate Ethics Policy and Code of Conduct established to materialize the corporate policy, and regulations regarding compliance.
 - 2) The Company Group shall establish regulations and procedures regarding common decision making. Based on these, deliberations will be made with subsidiaries regarding the business operations of subsidiaries, in addition to sharing various information regarding business operations of the Company Group. Projects that meet the agenda criteria will be discussed and deliberated by Management Committee Board of Directors.
 - 3) Divisions that supervise the various business functions of the Company shall define frameworks, processing procedures, and judgment standards for duties to ensure that duties within the Company Group are performed appropriately and efficiently, in addition to providing appropriate direction to subsidiaries as required.
 - 4) The Internal Audit Department shall evaluate and monitor whether or not duties within the Company Group are conducted appropriately and efficiently, adhering to laws and regulations and the internal regulations, etc. of the Company.
 - 5) Members of the Board of Directors, Vice Presidents, and employees of subsidiaries shall report to the Company matters defined in items 2) through 4) above, and other items regarding the execution of duties.

- 6) The Company shall direct each subsidiary to establish and operate internal control systems that are appropriate for the content and scale of each business.
- (6) Matters regarding Members of the Board of Directors and employees who assist the duties of the Audit and Supervisory Committee, matters regarding the independence of these employees from Members of the Board of Directors who are executive officers, and matters regarding securing the ability to execute orders given to these employees
 - 1) The Company shall establish a division to assist the duties of Audit and Supervisory Committee, and station an appropriate number of dedicated employees to assist the duties of Audit and Supervisory Committee.
 - 2) These employees shall not receive supervision or orders from Members of the Board of Directors who are executive officers. Additionally, for matters regarding human resources of these employees, Members of the Board of Directors who are executive officers must consult with and obtain permission from the Audit and Supervisory Committee.
- (7) System for reporting to the Audit and Supervisory Committee and system to ensure that parties that report to the Audit and Supervisory Committee do not receive detrimental treatment as a result of reporting
 - 1) Members of the Board of Directors who are executive officers, Vice Presidents, and employees shall submit to the Audit and Supervisory Committee minutes and materials from Management Committee, etc., group approval documents of the Company Group, and periodic reports of business reports, etc., and also report on facts that may conflict with the Corporate Ethics Policy and Code of Conduct, status of risks and risk management, status and content of reports to the internal reporting hotline, and audit results of external public institutions.
 - 2) In the event that facts are discovered regarding the business execution of the Company Group that conflict with laws and regulations, the Articles of Incorporation, Corporate Ethics Policy and Code of Conduct, or other internal regulations of the Company, or may cause significant harm to the Company Group, Members of the Board of Directors who are executive officers, Vice Presidents, and employees shall immediately report to the Audit and Supervisory Committee.
 - 3) In the event that facts are discovered regarding the business execution of the Company Group that conflict with laws and regulations, the Articles of Incorporation, Corporate Ethics Policy and Code of Conduct, or other internal regulations of the Company, or may cause significant harm to the Company Group, officers, statutory auditors, and employees of subsidiaries or parties that received such reports from the Members of the Board of Directors, Vice Presidents, and employees of subsidiaries shall report to the Audit and Supervisory Committee.
 - 4) Apart from the previous items, if requested by the Audit and Supervisory Committee, Members of the Board of Directors who are executive officers, Vice Presidents, and employees shall submit requested documents, etc., or report as required.
 - 5) Regarding the previous items, the Company shall not give detrimental treatment to reporters as a result of reporting.
- (8) Other systems to secure the effectiveness of audits by the Audit and Supervisory Committee
 - 1) Members of the Board of Directors who are executive officers shall maintain an environment that allows for Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee to attend important meetings.
 - 2) Members of the Board of Directors who are executive officers and employees shall conform to the “Audit Plan” as formulated on a yearly basis by the Audit and Supervisory Committee, and cooperate to allow for effective audits.

- 3) Members of the Board of Directors who are executive officers and employees shall cooperate with and fulfill the requests of the Audit and Supervisory Committee in the event that evaluation hearings are required with attorneys-at-law or the Independent Auditor.
- 4) Fees, etc., incurred as a result of the execution of duties by Audit and Supervisory Committee Members shall be borne by the Company.
- 5) Members of the Board of Directors who are executive officers and employees shall cooperate with and fulfill the requests of the Audit and Supervisory Committee during the course of cooperation between the Audit and Supervisory Committee and the Independent Auditor.
- 6) The Internal Audit Department shall work to cooperate with the Audit and Supervisory Committee as requested.
- 7) Representative Directors, etc., shall work to exchange information with the Audit and Supervisory Committee.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

The Company has made a commitment within its “Corporate Ethics Policy and Code of Conduct” to “firmly refuse correspondence and contact with anti-social activities and organizations and to not resolve unreasonable requests received from anti-social forces via the use of cash, etc.” In the “business transaction guidebook,” the Company also requires its suppliers “not to deal with companies that have relationships with anti-social forces,” and has stated a clear position of upholding its social responsibility in the supply chain, not only of the Company, but also of its suppliers.

Furthermore, with a view to preventing the involvement of anti-social forces with management activities, as well as damage by such forces, the Company has made the General Administration Department the internal department for dealing with such matters and established a response structure for the entire organization.

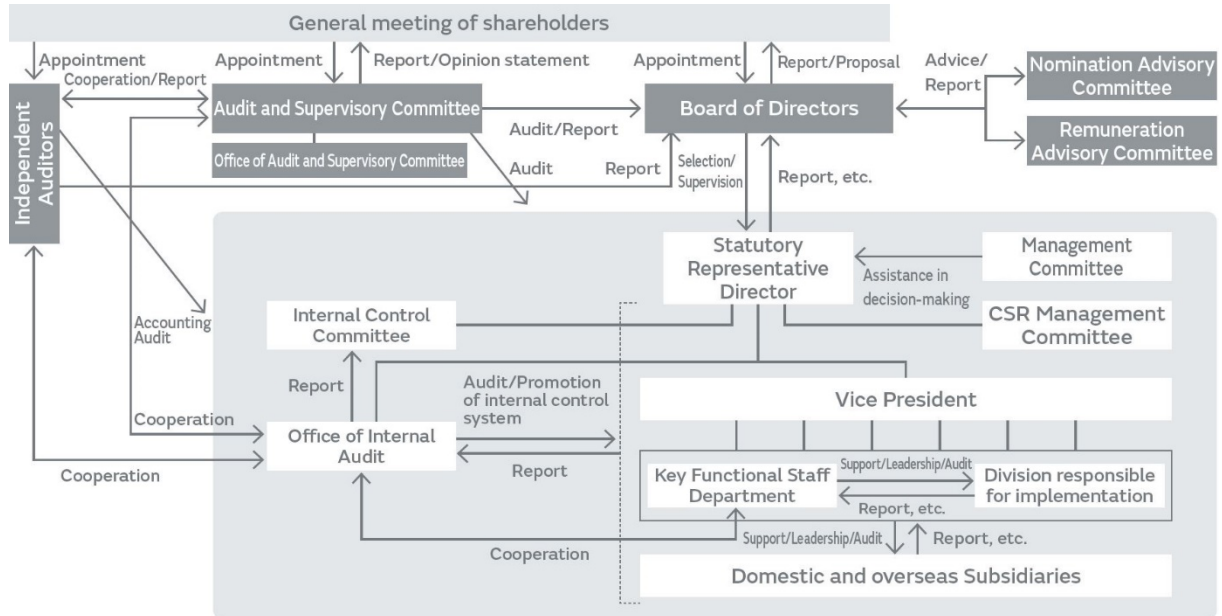
V. Other

1. **Adoption of Anti-Takeover Measures:** Not adopted

2. **Other Matters Concerning Corporate Governance System:** There are no applicable items.

[Reference material: Organization chart]

Summary of structure of corporate governance system



Summary of structure for timely disclosure

