

**Murata Manufacturing Co., Ltd.**  
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<https://corporate.murata.com/en-global/>

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

### **1. Basic Views**

The Company's mission is to carry out operations based on the following "Murata Philosophy" which is the most important management principles of the Company, and to contribute to the advancement of society and culture through the provision of products and services.

We contribute to the advancement of society by  
enhancing technologies and skills  
applying scientific approach  
creating innovative products and solutions  
being trustworthy and,  
together with all our stakeholders,  
thankful for the increase in prosperity.  
(Established in 1954, revised in 1979)

Based on this management principles, 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.

With the purpose of contributing to sustainable growth and increase corporate value over the mid- to long-term, 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](https://corporate.murata.com/en-global/company/corporate_governance)

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

The Company implements all principles of the Corporate Governance Code (revised June 11, 2021).

## **[Disclosure Based on 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 improvement of the Company's corporate value over the mid- to long-term.

#### **(2) Objectives and rationale for strategic shareholdings**

For all strategic shareholding stocks, the Board of Directors comprehensively examines the appropriateness of holding stocks every year from qualitative aspects such as the purpose of holding and transaction status, as well as quantitative aspects such as profitability relative to the cost of capital. For stocks for which the appropriateness of holding cannot be confirmed, the Board of Directors will engage in dialogue with the relevant party and reduce the number of stocks strategically held.

#### **(3) Standards on exercise of voting rights**

Regarding the exercise of voting rights for strategic shareholdings, the Company determines to vote for or against a proposal upon individually investigating whether the contents of each proposal do not fall under violation of laws and regulations, anti-social activities, or events that may be detrimental to shareholder value, or whether the proposal may lead to improvement of corporate value for the Company and the companies whose stocks are held by the Company from a medium- to long-term viewpoint through maintaining and strengthening business and cooperative relationships.

### **[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 342 mid-career hires (as of March 31, 2022) 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 Direction 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 Direction 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” 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. In addition, we have set employee engagement as a medium- to long-term KPI, and 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 Capital**

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#id2](https://corporate.murata.com/en-global/csr/environment_murata/climate_change#id2)

#### **[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]**

Please see “Independent Directors” “Matters relating to Independent Director” in “1. Organizational Composition and Operation” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

#### **[Supplementary Principle 4-11-1: 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, operation of each committee including voluntary advisory committee, 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, and discussions held by the Board of Directors in reference thereto, the Board of Directors of the Company has been assessed to be functioning with sufficient overall effectiveness in consideration of its duties and obligations.

- Regarding number of Directors and diversity, etc., composition of Board of Directors is generally appropriate. Proposals have been sufficiently submitted to the Board of Directors, and 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.
- When determining management strategies and plans, discussions are held with an awareness of profitability and capital efficiency, and basic sustainability policies and efforts to enhance them, as well as related information disclosure, are thoroughly discussed.
- Outside Directors actively provide advice from their expert perspectives and ask effective questions.
- The Nomination Advisory Committee and Remuneration Advisory Committee are functioning effectively.

In addition, the evaluation showed that, due to the measures taken, some improvement has been made in the following issues that were identified in the previous year.

- Improvement of reporting on ESG-related initiatives  
The evaluation showed that there is increased reporting and discussion of the basic sustainability policy and efforts to improve it, as well as related information disclosure.
- Enhancement of discussions on risk approach  
An agenda item on risk management was added to enhance reporting and discussion with a more bird's eye view approach. The report on risk management has been previously included in the reports from the committee that promotes sustainability (CSR Management Committee), which has been held twice a year at the Board of Directors meetings, but it was decided to separate risk management as an individual item and report it twice a year as a regular agenda item.
- Improvement of reporting and discussions on internal control systems, and expansion of discussion time
- Further improvement of the quality of discussions  
As a measure to make effective use of time at the Board of Directors meetings, we decided to provide Outside Directors with explanations of important agenda items, etc., in advance. These efforts to provide explanations in advance and corporate information was evaluated as effective in resolving information

asymmetry to a certain extent, ensuring more time for discussions at the Board of Directors meetings and enhancing discussions.

Furthermore, opportunities were set up and implemented outside of the Board of Directors meetings for exchanges of opinions and sharing of perceptions between Outside Directors and the management.

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.

- Measures to examine the desired direction of the Board of Directors and further enhance and energize discussions

With the aim of allocating more time for strategic discussions and discussions from a wider perspective, discussions have been started to move in the direction of revising the balance between decision-making functions, supervisory functions and advisory functions. Such examination and discussion will continue into the future.

- Necessity to further enhance communications among Directors

Aiming to eliminate the information gap between Inside Directors and Outside Directors, and facilitate smooth communications among Directors, the Company is conducting various initiatives including providing explanations and company information to Outside Directors in advance, holding meetings between the Outside Directors and management, and holding meetings for only the Outside Directors as meeting opportunities outside of the Board of Directors meetings. By arranging opportunities for such meetings, the Company strives for more effective utilization of these initiatives.

### **(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.

- Examination of schemes to strike balance between the decision making function, supervisory function and advisory function and to improve the effectiveness of the respective functions
- Measures to conduct more strategic discussions and discussions from a wider perspective
- Clarification and shared understanding of the roles expected of Outside Directors
- Examination of arrangement and utilization of off-site meetings
- Commencement of executive sessions (review 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)	110,310,500	17.24
Custody Bank of Japan, Ltd. (Trust Account)	45,220,900	7.07
SSBTC CLIENT OMNIBUS ACCOUNT	16,660,274	2.60
Nippon Life Insurance Company	16,562,571	2.59
The Bank of Kyoto, Ltd.	15,780,069	2.47
Meiji Yasuda Life Insurance Company	15,722,700	2.46
STATE STREET BANK WEST CLIENT – TREATY 505234	9,935,706	1.55
THE SHIGA BANK, LTD.	9,153,174	1.43
Mizuho Bank, Ltd.	8,297,374	1.30
THE BANK OF NEW YORK MELLON 140042	8,154,812	1.27

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

(4) **Parent Company:** None

### (5) Supplementary Explanation:

1. Although the Company holds 35,982 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 March 22, 2022 by Sumitomo Mitsui Trust Bank, Limited. and its joint shareholders, it is stated as shown below regarding shareholdings as of March 15, 2022. However, as the Company cannot confirm the actual number of shares held by these companies as of March 31, 2022, 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 (%))]

Sumitomo Mitsui Trust Asset Management Co., Ltd. (27,996 thousand shares, 4.1%)

Nikko Asset Management Co., Ltd. (14,192 thousand shares, 2.1%)

Sumitomo Mitsui Trust Bank, Limited. (1,540 thousand shares, 0.2%)

Total: 43,729 thousand shares, 6.5%

### **3. Corporate Attributes**

- (1) Listed Stock Market and Market Section:** Tokyo Stock Exchange, Prime Market
- (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:** 15
- **Term of Office Stipulated in Articles of Incorporation:** 1 year
- **Chairperson of the Board of Directors:** Chairman of the Board
- **Number of Directors:** 10
- **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
Yuko Yasuda	From another company	—
Takashi Nishijima	From another company	h ○
Hyo Kambayashi	Certified public accountant	—
Takatoshi Yamamoto	From another company	h △
Naoko Munakata	Other	—

\* Categories for “Relationship with the Company”

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

“△” 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)

**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 by leveraging her experience and insight in managing the affairs of the Company.

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.

**Takashi Nishijima** (Independent Director)

### **[Supplementary Explanation of the Relationship]**

Yokogawa Electric Corporation, of which Takashi Nishijima serves as Chairman, and its consolidated subsidiaries have business relations with the Company Group including sales and purchases of products. However, sales involving the relations account for only less than 1% of the consolidated sales of Yokogawa group in each fiscal year and less than 1% of the consolidated sales of the Company Group in each fiscal year, indicating that there is no materiality that would affect his independence as Outside Director.

### **[Reasons for Appointment]**

Takashi Nishijima has been involved in business management in a company group corporations expanding business related to industrial automation globally and has extensive experience and insight as an executive and a board chairman. He is newly appointed as an Outside Director because the Company expects that he will strengthen the decision-making and supervisory functions of the Board of Directors from an independent perspective by leveraging his 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.

As an Outside Director and Audit and Supervisory Committee Member of the Company since 2018, he has contributed to strengthening the functions of the Board of Directors from an independent perspective by leveraging his experience and insight in managing the affairs of the Company.

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.

**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 2021, 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 continue to 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 and insight into the national administrative fields of economics, international trade and intellectual property, among others. As an Outside Director and Audit and Supervisory Committee Member of the Company since 2020, she has contributed to strengthening the functions of the Board of Directors by leveraging her experience and insight in managing the affairs of the Company from an independent perspective. Furthermore, while never having been involved in corporate management in any way other than serving as an outside officer, she possesses sufficient experience in organizational management in central bureaucracy. She is appointed as an Outside Director who is an Audit and Supervisory Committee Member because the Company expects that she will continue to strengthen decision-making functions and audit and supervisory functions of the Board of Directors.

### (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 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.

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 Remuneration Advisory Committee appointed an external remuneration consulting company, WTW (Willis Towers Watson) as an advisor. Sufficiently understanding the recent environment surrounding executive remuneration and societal trends, making practical use of remuneration benchmarks of corporations, etc., similar in scale to the Company's business, type of industry, and business conditions, and other information and advice gleaned from the advisor, we verify the validity of remuneration standards for Members of the Board of Directors and the remuneration system along with determining individual payments, and report necessary findings to the Board of Directors.

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. At the Nomination Advisory Committee, the Chairman of the Board and Representative Director, who embodies Murata's Philosophy and engages in management strategy and governance from an overall perspective that is independent from business execution, sets the discussion plans and agenda items in light of the Company's circumstances and situation of individuals, etc., and leads the meeting proceedings as the chairperson of the committee.

The current committee members were selected at the Board of Directors meeting held on June 29, 2022, and consist of the following.

▪ **Nomination Advisory Committee**

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

Committee member: Masanori Minamide (Member of the Board of Directors)

Yuko Yasuda (Outside Director)

Takashi Nishijima (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)

Masanori Minamide (Member of the Board of Directors)

Takashi Nishijima (Outside Director)

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

In fiscal 2021, the Nomination Advisory Committee met four times, and the Remuneration Advisory Committee met nine times.

The Nomination Advisory Committee deliberates on the annual discussion plans at its first meeting of each fiscal year and upon setting each item, the trends inside and outside the Company and the opinions

of each committee member are reflected. In fiscal 2021, in addition to conducting the nomination of candidates for Directors, the nomination for candidates for the Representative Directors and executive Members of the Board of Directors, the reporting of findings to the Board of Directors, and the supervision of the appointment of Executive Officers as in previous years, the committee also conducted discussions in accordance with the revisions of the Japan's Corporate Governance Code regarding the approach, authorities and roles relating to the independence of the composition of the Nomination Advisory Committee, the skills that should be possessed by the Board of Directors in light of management strategies, and the approach regarding the diversity and suitable size of the Board of Directors overall. Regarding the succession plan for the President and Representative Director, the Company has already established the conditions required as President, such as "giving highest value to Murata's Philosophy, and embodying it," and the status of the plan has been reviewed, including the measures and procedures to be taken if an emergency situation were to arise.

Activities of the Remuneration Advisory Committee held in fiscal 2021 is as follows.

April 26, 2021	Consideration of decision policy on Director remuneration for the 86th fiscal term
May 18, 2021	Consideration of Director remuneration standards for the 86th fiscal term
June 24, 2021	Considerations of fixed individual Director remuneration of the 86th fiscal term and operation of the Committee for the next term
July 21, 2021	Determination of the details of fixed individual Members of the Board of Directors remuneration amount, etc.
September 13, 2021	Verification of the latest trends surrounding Director remuneration, consideration of the issue of the Director remuneration system
November 10, 2021	Consideration of revising the Director remuneration system (remuneration policy, remuneration composition)
December 16, 2021	Consideration of revising the Director remuneration system (remuneration incentive)
February 2, 2022	Consideration of revising the Director remuneration system (remuneration incentive)
March 24, 2022	Consideration of standards for remuneration for the next fiscal term based on results of investigation of Director remuneration standards

For details regarding policies and procedures for determining remuneration, please see "iv) Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof" of "(7) Director Remuneration" below. For details regarding 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**

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.

## **(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 2021 was 642 million yen. Of this, the amount paid to Members of the Board of Directors who are not Audit and Supervisory Committee members was 569 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 (81 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 75 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**

The Company aims to enhance objectivity and transparency regarding the amount of compensation, etc., of Directors of the Company and decision policy on individual compensation, etc., concerned with determination of calculation methods and the Board of Directors makes decisions based on reports from the Remuneration Advisory Committee, which was established to improve corporate governance. For details regarding the composition, duties and other key issues of the Remuneration Advisory Committee, please see "Supplementary Explanation" of "Voluntary Committees" above.

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 Members 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 (non-monetary remuneration) with the aim of making them further share values with our shareholders by giving a medium- to long-term incentive.

- (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. Also, the timing of payments will be monthly payments.
- (ii) Bonus: The bonus is cash remuneration that is provided as an incentive to create economic value in each fiscal year and, in principle, is paid in June after the end of the fiscal year. The amount is calculated by multiplying a reference amount for each position by a factor (variable within a range of 0% to 200%) according to the level of achievement of the targets for the performance evaluation indicators. The performance evaluation indicators are consolidated operating income and ROIC (pre-tax basis), which are indicators related to the Group-wide management targets for economic value in the Mid-term Direction 2024. The Company selected these indicators in order to provide an incentive to increase net sales, which are associated with profit margins that the Company emphasizes, and efficiently generate profits from invested capital.
- (iii) Share-based remuneration: The Company's share-based remuneration aims to increase the willingness to contribute to the continuous enhancement of share values and corporate value spanning the long term between the Company's Members of the Board of Directors and shareholders.

According to the reference amount set for each position of each Member of the Board of Directors, restricted shares will be allotted every July. Furthermore, because a portion of the share-based remuneration (approximately 20% of the total share-based remuneration) is based on an evaluation of initiatives related to the creation of medium- to long-term social value and ESGs, every fiscal year the Remuneration Advisory Committee evaluates the progress of the initiatives for achieving the Group-wide management targets related to social value in the Mid-term Direction 2024 and adjusts the amount of such portion within a range of  $\pm 20\%$  of the reference amount set for each position. In addition, restrictions of the allotted restricted shares will be lifted when Eligible Members of the Board of Directors' term of both positions as Member of the Board of Directors and Vice President expires, or retires due to the compulsory retirement age or resigns.

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. 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.

Each standard and composition ratio of monthly remuneration, bonus, and share-based remuneration is based on the "Executive Compensation Database" operated by the external consultant WTW (Willis Towers Watson) and will be determined by performing benchmarks on corporations similar to the Company's type of industry and scale and verifying the validity.

Furthermore, the composition ratio of remuneration elements of remuneration of the President and Representative Director is largely as follows. The composition ratio of remuneration elements for other inside Members of the Board of Directors who are not Audit and Supervisory Committee Members is set so that the ratio of bonuses and share-based remuneration is higher for upper ranking positions according to the responsibilities, etc. of each position.

- (i) Monthly remuneration: approximately 43%
- (ii) Bonus: approximately 40%
- (iii) Share-based remuneration: approximately 17%

• **Repayment of remuneration, etc. (malus and clawback provision)**

In order to ensure soundness of the remuneration system for Members of the Board of Directors, the Company has established a provision (a so-called malus and clawback provision) whereby, based on the decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, the right to receive a bonus before it is paid and share-based remuneration before the transfer restrictions are lifted are fully or partially forfeited under certain circumstances, such as misconduct or retrospective adjustments to financial statements due to fraudulent accounting. This provision applies to bonuses to be paid and share-based remuneration to be allotted after the 86th Ordinary General Meeting of Shareholders held in June 2022 and will remain in effect for all periods thereafter.

**(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 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 made up of 10 Members, and the Board is chaired by Tsuneo Murata who is Chairman and Representative Director. The five Members of the Board of Directors are Independent Outside Directors, and the company appoints at least one-third of their directors as independent directors. In fiscal 2021, the Board of Directors met twelve times and the average overall attendance for Members was 95.2%.

In addition, one resolution is deemed to have been made by the Board of Directors by written resolution based on the provisions of Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company.

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

\*“Executives”:

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

The Company also established a Management Committee as a deliberative body chaired by Norio Nakajima, President and Representative Director and made up of members of the Board of Directors excluding Audit and Supervisory Committee Members and Outside Directors, 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.

In addition, 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.

The Audit and Supervisory Committee is made up of 4 Directors who are Audit and Supervisory Committee 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 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).

• **Policies and procedures in nomination and remuneration decisions**

**(1) 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](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 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.

For details regarding the composition, duties and other key issues of the Nomination Advisory Committee, please see “Supplementary Explanation” of “Voluntary Committees” above.

## **(2) 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.

For details regarding the composition, duties and other key issues of the Remuneration Advisory Committee, please see “Supplementary Explanation” of “Voluntary Committees” above. For details regarding policies and procedures for determining remuneration, please see “Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” of “Director Remuneration” above.

### **▪ 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 16 Certified Public Accountants, 7 Associate Members of the Japan Institute of Certified Public Accountants, and 24 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"> <li>•The Company's basic policy is to disclose information to stakeholders, including shareholders and investors, in a timely and appropriate manner.</li> <li>•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.</li> <li>•A disclosure policy has been established, stipulating policies and methods, etc., for information disclosure. The disclosure policy is posted on the Company's website. <a href="https://corporate.murata.com/en-global/ir/management_policy/disclosure">https://corporate.murata.com/en-global/ir/management_policy/disclosure</a></li> <li>•The Company ensures in managing information of unreleased important facts based upon its internal regulations defined with the purpose of preventing insider trading.</li> </ul>

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	<ul style="list-style-type: none"> <li>• As an opportunity for dialogue with institutional investors, a corporate information meeting is held by top management and officers in charge of IR once a year, and an earnings release conference is held every quarter.</li> <li>• Regarding dialogue with institutional investors, the Company strives to facilitate participation by Directors within a reasonable scope.</li> <li>• The department responsible for IR coordinates between the management strategy division and each business division, as well as the division responsible for public relations, the sustainability promotion division, the general administration division, etc. and carries out information collection and information dissemination as required to promote constructive dialogue with shareholders and investors.</li> </ul>	Provided
Regular Investor Briefings for Overseas Investors	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Regarding meetings with institutional investors, the Company strives to make accommodations within a reasonable scope.</li> </ul>	Provided

	Supplementary Explanations
Posting of IR Materials on Website	<ul style="list-style-type: none"> <li>• Materials for corporate information meetings, earnings release conferences, and other information are posted on the Company's website to provide wide public disclosure. <a href="https://corporate.murata.com/en-global/ir">https://corporate.murata.com/en-global/ir</a></li> </ul>
Establishment of Department and/or Manager in Charge of IR	<ul style="list-style-type: none"> <li>• Department responsible for IR: Strategic Finance Department Investor Relations Section</li> <li>• Officer in charge of IR: Masanori Minamide, a Member of the Board of Director and Executive Vice President, Director of Corporate Management Group.</li> <li>• Contact office representative: Shuichiro Goto, General Manager, Strategic Finance Department</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Feedback and opinions received from shareholders and investors through IR activities are reported to the Board of Directors appropriately as necessary.</li> </ul>

**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 “I. 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],”            “I. 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.

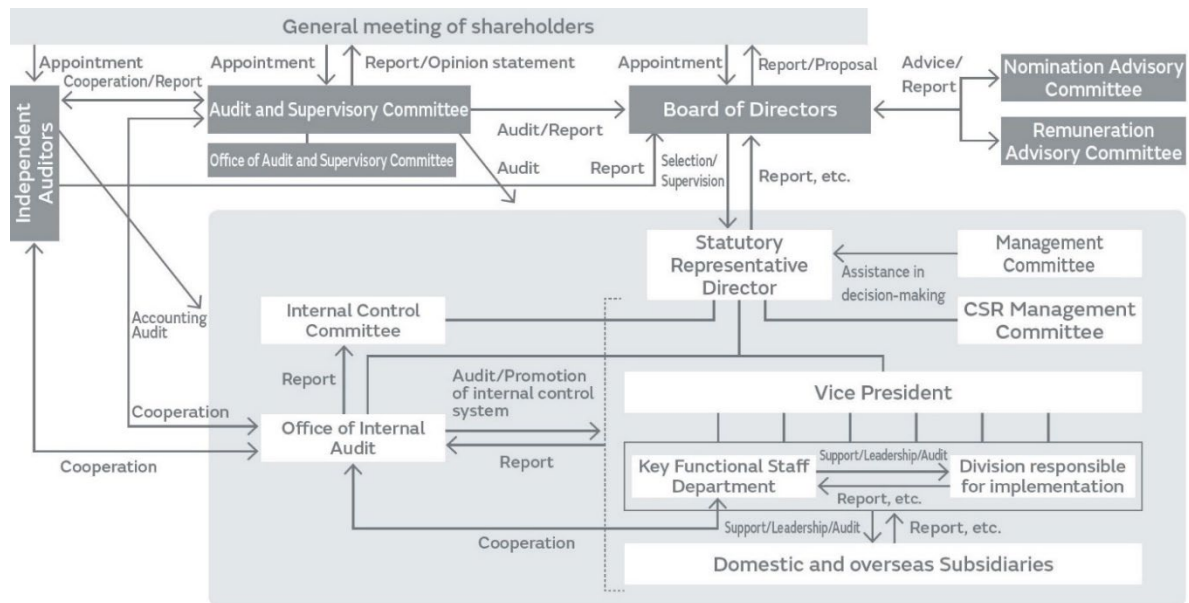
## V. Other

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

