

February 22, 2023

Company name:	Murata Manufacturing Co., Ltd.
Name of representative:	Norio Nakajima President and Representative Director (Code: 6981, Tokyo Stock Exchange Prime market)
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## **Establishment of Shareholding Guidelines for Members of the Board of Directors**

### **1. Purpose**

With respect to remuneration for Members 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 (excluding Outside Directors) is made up of (i) fixed remuneration for each Member of the Board of Directors, (ii) bonus with the aim of giving a short-term incentive, and (iii) share-based remuneration (non-monetary remuneration) with the aim of promoting the further co-creation of value with our shareholders by giving a medium- to long-term incentive.

In particular, in recent years, for (iii) share-based remuneration, in order to promote an increase in its remuneration and the establishment of a component linked to social value, the Company has introduced a system to reflect an evaluation of initiatives related to the creation of medium- to long-term social value and ESG for a portion of the share-based remuneration (approximately 20% of the total share-based remuneration). The Company has made other revisions to the share-based remuneration plan, such as setting a restricted period that lasts “until the date on which an eligible Director retires from both positions of Member of the Board of Directors and Vice President of the Company,” with the aim of further increasing the motivation to contribute to sustainable growth in our corporate value and achieving the sharing of values with our shareholders for as long as possible.

As part of this series of developments, the Company will introduce the Shareholding Guidelines, which set forth specific targets for the holding of the Company’s shares, in order to further strengthen awareness of sharing value over the medium and long term and sustainably growing corporate value.

## **2. Scope of Application**

These Guidelines shall apply to Executive Directors\* of the Company.

\* Refers to Members of the Board of Directors excluding Outside Directors and Members of the Board of Directors who are Audit and Supervisory Committee Members.

## **3. Guidelines**

From the perspective of strengthening the sharing of value with stakeholders, the Company has recommended shareholding as follows for Executive Directors.

- President: His or her target shall be to hold shares equivalent to 2.0 times fixed remuneration, within five years of being appointed to the relevant position
- Other Executive Directors: Their target shall be to hold shares equivalent to 1.5 times fixed remuneration, within five years of being appointed to the relevant position