



Message from the Chairman of the Board

For the company's continuous development and growth



Chairman of the Board

Tsuneo Murata

An outside perspective

We recognize that governance has become an increasingly important charter for a company's sustainable growth

We have appointed outside executives since 1971, long before the legal requirement to do so. This includes Statutory Auditors and Outside Directors. This was based on the belief that incorporating external viewpoints and perspectives would lead to the company's sustainable growth and improvements in management transparency. When I joined Murata in 1974 it was clear that the positive impact was already embedded within the company. I feel that it is handed down to this day as we receive valued feedback from the Outside Directors who proffer their diverse experience and knowledge in various forums such as Board of Directors meetings.

In that sense, I am very pleased that the effectiveness of our corporate governance is affirmed by the evaluation of the effectiveness of the Board of Directors, which confirmed the active discussions at the Board of Directors and reflections on the advice from our Outside Directors.

For decades, Murata aimed to create a corporate culture where everyone can freely express their opinion. As Chair, I strive for the Board of Directors' meetings to be a place where all attendees, irrespective of whether they are inside or outside

Directors, can freely share opinions, ideas, and perspective in a collaborative environment – even those that can be perceived as critical. I believe it is easy for Outside Directors to make comments at our Board of Directors' meetings as the people on the execution side attend the meetings with eagerness to receive outside opinions. In fact, various Outside Directors have been quite critical in the past. Even when appointing Outside Directors, we look to people who respect this corporate culture and can fulfill their roles in that spirit.

I believe that part of our corporate culture is to be attentive and diligent in providing careful explanation of the information that forms the basis for discussion. We strive to provide Outside Directors with broad and deep knowledge of business status reports and other topics. We also focus on devising ways to provide information that enables vital discussions on our medium- to long-term strategy at the Board of Directors' level.

Outside Directors provide advice not only to the Board of Directors, but also to the Nomination Advisory Committee and the Remuneration Advisory Committee. I feel that this has led to increased transparency. In the future, I hope to provide further details on our systems, standards, and other areas to all our stakeholders to enable a better understanding of our governance initiatives.

Current corporate governance

One year has passed since the President changeover.

The operations are under the direction of President Nakajima and others, and I feel that his open style has permeated the organization such as through the creation of an autonomous and decentralized organizational structure. As Chairman of the Board, this initiative enabled me to evaluate the governance and corporate strategy from a broader perspective. My checks mainly focus on whether President Nakajima and others on the execution side are implementing operations focused on sustainable growth and increasing medium- to long-term corporate value. I believe that no management issues were raised during the past year, which builds confidence in this leadership team.

In terms of strengthening corporate governance, we evolved into a Company with an Audit and Supervisory Committee and are promoting initiatives such as having Outside Directors represent more than one-third of the Directors. We also strengthened the independence of both the Nomination and Remuneration Advisory Committees. However, current trends require even more enhancements. Being mindful of the formal standards but not adhering to them too closely, we will pursue an appropriate corporate governance structure that takes into consideration our own approach and corporate culture.

For sustainable growth

I believe that one of our strengths is encompassed in the Murata Philosophy and corporate culture. I believe the current conditions arise from the combination of our strengths – including our technological development capabilities and vast global network – coupled with the trust and respect instilled in the Murata Philosophy. I also believe that we have great resiliency in terms of facing change and challenges. We have optimal capacity to take on dynamic environments, including the rapidly changing electronics components industry and circumstances surrounding governance. However, it is our future challenges to strengthen our ability to autonomously create new things and our capacity to actively influence transformation of the surrounding environment.

“Autonomous and decentralized” has become important even in relation to the responsiveness to change and the management stance demanded by society. That said, developing our human resources is crucial for the realization of autonomous and decentralized organizational management.

Companies across the world are taking initiatives through trial and error, but it will also be important to have the capacity to create a continuous cycle of economic value and social value in areas such as Sustainable Development Goals (SDGs) and environmental management. I believe that diverse personnel are necessary to effectively respond to the shift to a sustainable society at a global level. In terms of human resources development initiatives, we will focus on this area even more and have regular reporting and monitoring by the Board of Directors.

Fortunately, Murata has become larger as an organization, and we now have more responsibility to society. Corporate management is required to drive the shift to a sustainable society, and there are demands that the response be made with even greater urgency. The issues that need to be addressed are also becoming more diverse. Furthermore, as the company grows, it undeniably becomes harder to instill the Murata Philosophy, which is the basis of our corporate culture. The Murata Philosophy was established about 70 years ago, but it clearly encompasses everything about the spirit that is required in today's world. By reflecting on Murata's style, we will continue to pursue the governance that is guided by this spirit.

