

## Corporate governance

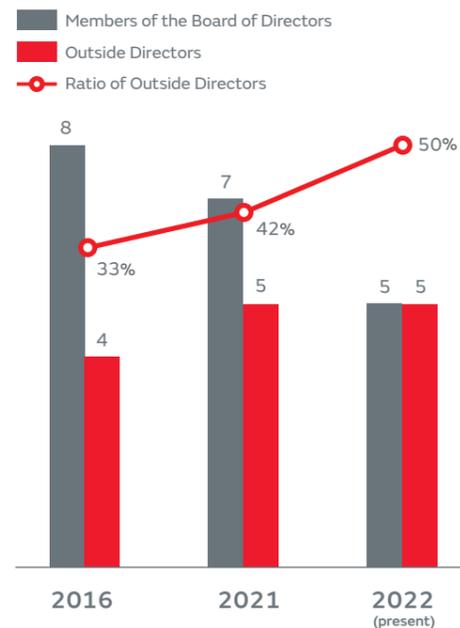
### Our basic views on corporate governance and history of initiatives for reinforcement

At Murata, we position corporate governance as one of our most important management focuses. Seeking to realize sound corporate growth and development while also considering all our stakeholders, we work constantly to establish and ensure the efficient functioning of optimal management systems.

Based on the idea that it is important to adopt “perspectives from outside the Company,” we first appointed Outside Statutory Auditors in 1971 and Outside Directors in 2001. In recent years, we have enhanced the diversity of Outside Directors and increased the ratio of Outside Directors. After transition to a Company with an Audit and Supervisory Committee in 2016, the ratio of Outside Directors is at least one-third. In addition to appointing outside executives, we are making efforts to strengthen our corporate governance by steadily taking measures as below, in order to strengthen executive and supervisory functions and increase the transparency of management.

2000	<ul style="list-style-type: none"> <li>Established a Vice President system and declared the appointment of Outside Directors</li> <li>Established the Management Executive Committee (currently Management Committee)</li> </ul>
2001	<ul style="list-style-type: none"> <li>First appointed Outside Director</li> <li>* In 2002, the number of Outside Directors was increased to two.</li> <li>* In 1971, we first appointed Outside Statutory Auditors. (We have had full-time Outside Statutory Auditors in the past.)</li> </ul>
2002	<ul style="list-style-type: none"> <li>Established the Corporate Ethics Policy and Code of Conduct</li> </ul>
2004	<ul style="list-style-type: none"> <li>Abolished the Directors' retirement benefits system</li> <li>Established the Remuneration Advisory Committee</li> <li>Established the Internal Control Committee and the Audit Office (currently Office of Internal Audit)</li> </ul>
2006	<ul style="list-style-type: none"> <li>Established the basic policy on the internal control system</li> </ul>
2007	<ul style="list-style-type: none"> <li>Established the Corporate Social Responsibility (CSR) Management Office</li> </ul>
2008	<ul style="list-style-type: none"> <li>Established the CSR Committee (currently the CSR Management Committee)</li> </ul>
2015	<ul style="list-style-type: none"> <li>Established the Corporate Governance Guidelines</li> <li>Established the Nomination Advisory Committee</li> </ul>
2016	<ul style="list-style-type: none"> <li>Transitioned to a Company with an Audit and Supervisory Committee</li> <li>* Outside Directors shall represent more than one-third of the Directors.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Introduced a restricted share remuneration plan</li> </ul>
2021	<ul style="list-style-type: none"> <li>Reviewed compositions of Nomination Advisory Committee/ Remuneration Advisory Committee</li> <li>* The majority of the members of each committee shall be Independent Outside Directors.</li> </ul>

### Changes in the number of the Members of the Board of Directors



### Adoption of “Company with an Audit and Supervisory Committee” as a governance system

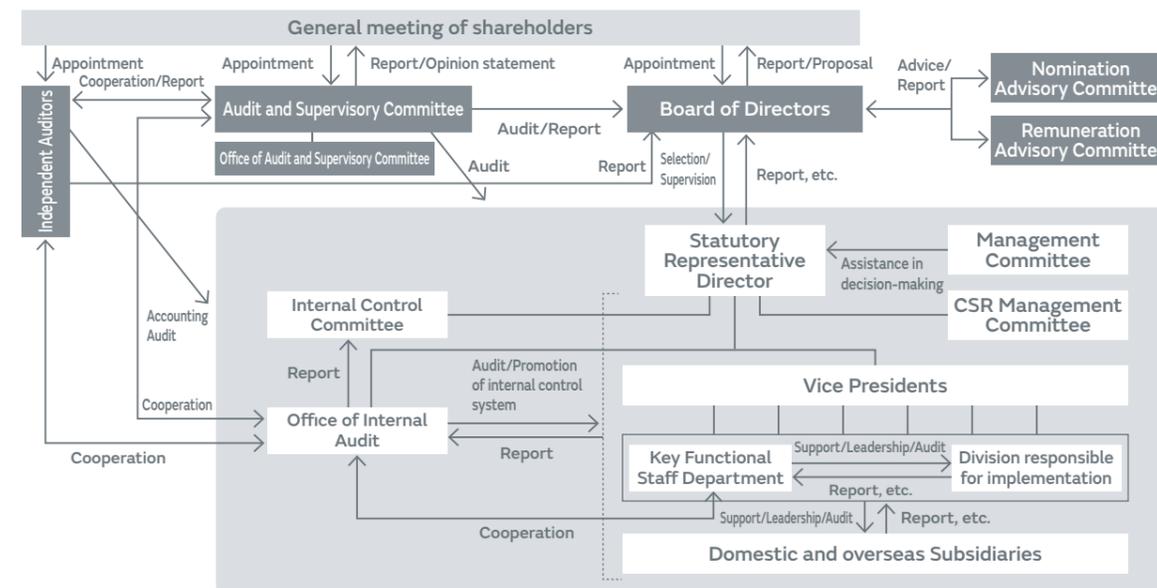
Murata Manufacturing Co., Ltd. adopted the Company with an Audit and Supervisory Committee structure as a corporate governance system.

In a company with an Audit and Supervisory Committee, a Board of Directors may delegate decisions on important matters for execution to Executive Directors. Delegating decisions on individual matters for execution to Executive Directors enables swift management decisions and flexible execution of duties. We believe this arrangement also helps strengthen the Board of Directors' functions where as it enables the Board

to focus more on discussion and monitoring of the company's management policies and business strategies.

In addition, Members 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 Members of the Board of Directors at General Meetings of Shareholders. We believe that this ensures strong supervisory functions by Executive Directors.

### Structure of corporate governance system



#### Board of Directors\*

The Board of Directors decides on our basic management direction and particularly important matters for execution, and supervises duties implemented by Members of the Board of Directors. Independent Outside Directors represent more than one-third of the Board of Directors.

#### Audit and Supervisory Committee\*

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 Committee may state their opinions in relation to appointment and remuneration of the Members of the Board of Directors at General Meetings of Shareholders.

Three of the Members of the Board of Directors who are Audit and Supervisory Committee Members possess a considerable degree of knowledge in the areas of finance and accounting.

The Committee has one full-time member who shares information concerning the status of operations and corporate finances with part-time members.

#### Nomination Advisory Committee/ Remuneration Advisory Committee\*

These Committees have been established as advisory bodies for the Board of Directors in order to enhance its independence, objectivity, and accountability in relation to the nomination and remuneration of executives. (▶P.92 Nomination Advisory Committee) (▶P.93 Remuneration Advisory Committee)

#### Management Committee

The Management Committee has been established as a deliberative body to assist the Board of Directors and the Representative Director in making decisions. It is made up of Members of the Board of Directors excluding Audit and Supervisory Committee Members and Outside Directors, creating a system for deliberation on management issues specified by the Company regulations.

#### Vice Presidents

In order to realize more rapid management judgments and more flexible execution in Board of Directors, a Vice President system has been introduced, and our Vice Presidents execute their duties with authority and responsibilities.

#### CSR Management Committee

The CSR Management Committee has been established to continuously and systematically promote CSR management, including initiatives related to sustainability, and further entrench CSR within the company and serves as a main office to handle issues outside the company. The CSR Management Committee regularly reports to the Board of Directors regarding the status of its activities.

#### Internal Control Committee

The Internal Control Committee is responsible for the maintenance and continual improvement of the system to secure the appropriateness of the company's operation (the internal control system) and evaluates and examines the status of maintenance and operation of the system. The Internal Control Committee regularly reports to the Board of Directors regarding the status of its activities.

\* Please refer to the ESG data collection for information on the number of meetings and attendance rates of Board of Directors and each committee. (▶P.113 ESG data Governance)

## Internal control system

The Board of Directors of Murata Manufacturing Co., Ltd. has defined a basic policy regarding the maintenance of a system to secure the appropriateness of company operations (internal control system). Based on this, the company works to maintain and operate the internal control system appropriately.

The Murata Group shares the Murata Philosophy, which acts as a fundamental management policy, and in order to embody it, we have defined a fundamental policy and code of conduct, which have been distributed across the Group including domestic and overseas subsidiaries. The Group has also established common rules and procedures on decision making which are applicable across the Group. Business operation of subsidiaries is discussed based on these rules and procedures, and information on business operation of

Murata is shared. Matters that satisfy specified criteria are submitted to the Management Committee or the Board of Directors for deliberation and discussion.

Divisions that supervise the various business functions (general administration, personnel, accounting, etc.) of Murata Group define frameworks, processing procedures, and judgment standards for duties to ensure that duties within the Murata Group are performed appropriately and efficiently, in addition to providing appropriate direction to subsidiaries as required. As an independent body, the Internal Audit Department (Office of Internal Audit) evaluates and monitors whether duties within Murata are conducted appropriately and efficiently, adhering to laws and regulations and the internal regulations, etc. of the company.

## Nomination of candidates for Members of the Board of Directors

### Nomination policies

In consideration of the business content, scale, and management environment, etc., of Murata, we nominate 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) as candidates for Members of the Board of Directors. In nominating the candidates, we take into account the balance and diversity in the expertise, experience, and capabilities of the Board of Directors as a whole.

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. Additionally, under the standards established by the company, we take into consideration the ability of the candidate to perform his/her duties as a director with the expectation that directors will attend at least 75% of Board of Directors meetings.

With regard to candidates for 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 are Outside Directors.

### Nomination procedures

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 candidates for 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.

## Composition of the Board of Directors and Skill Matrix

\*○ ... Committee chairperson. Independent ... Independent Outside Director

Positions in the Company Name	Nomination Advisory Committee	Remuneration Advisory Committee	Corporate and business management	Technology, research, and development	Insight into industry	Internationality and global experience	Finance and accounting	Legal affairs and compliance	HR, personnel affairs, and human resource development	Sales and marketing	Industrial and trade policy	Governance and risk management
Chairman of the Board and Representative Director Tsuneo Murata <b>Chairman of the Board of Directors</b>	○	●	●	●	●	●				●		●
President Norio Nakajima			●	●	●	●				●		
Member of the Board of Directors Senior Executive Vice President Hiroshi Iwatsubo			●	●	●	●				●		
Member of the Board of Directors Executive Vice President Masanori Minamide	●	●	●		●	●	●	●			●	●
Outside Director Yuko Yasuda <b>Independent</b>	●	○	●			●			●			●
Outside Director Takashi Nishijima <b>Independent</b>	●	●	●	●	● Solution business	●				●		●
Member of the Board of Directors who is an Audit and Supervisory Committee Member (Full-time) Yoshiro Ozawa <b>Chairperson of the Audit and Supervisory Committee</b>					●	●	●		●			●
Outside Director who is an Audit and Supervisory Committee Member Hyo Kambayashi <b>Independent</b>		●	●			●	●	●				●
Outside Director who is an Audit and Supervisory Committee Member Takatoshi Yamamoto <b>Independent</b>	●		●		●	●	●			●		
Outside Director who is an Audit and Supervisory Committee Member Naoko Munakata <b>Independent</b>				●		●					●	●

### Nomination Advisory Committee

#### ● Composition and Duties

The Nomination Advisory Committee deliberates on criteria for the selection of candidates for Members of the Board of Directors, independence standards for Independent Outside Directors, nomination of candidates for Members of the Board of Directors, nomination of candidates for Representative Directors and executive Members of the Board of Directors, and succession plans for the President, and reports its findings to the Board of Directors. The committee also considers the skill matrix of Members 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 members of the 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. At the Nomination Advisory Committee, the Chairman of the Board and Representative Director, who embodies Murata 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.

#### ● Activities

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 Members of the Board of 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 Vice Presidents 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, 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.

### [Summary of the Criteria for Independence]

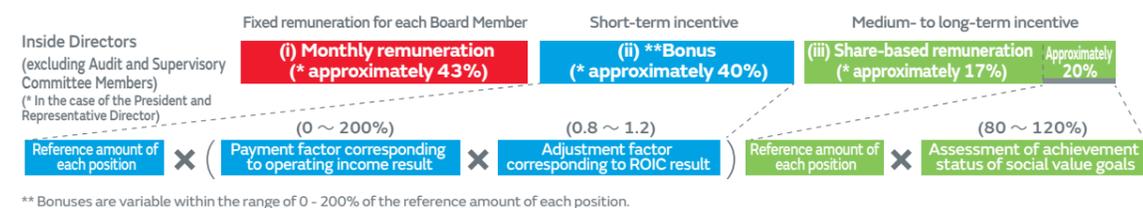
- The person is not an executive of the company or its current subsidiary or a company that was a subsidiary within the past three years.
- The person is not currently a major shareholder or an executive of a major shareholder.
- The person is not an executive of a company, etc., that is currently a 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.
- 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.
- 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.
- The person does not have any significant transaction relationship with the company, such as a consulting or advisory agreement, and has not had a significant transaction relationship in the past.
- The person is not an executive of the Independent Auditor of the company.
- The person is not the spouse or a relative within the second degree of kinship, etc., of a Board Member, Statutory Auditor, or Vice President of the company or its current subsidiary.
- The person does not have the risk of constantly creating a substantial conflict of interest with the company's general shareholders as a whole for reasons other than those considered in (1) through (8) above.

## Remuneration for Members of the Board of Directors

### Policies regarding remuneration

With respect to remuneration for Members of the Board of Directors, Murata Manufacturing Co., Ltd. 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. Based on this basic policy, the remuneration system was revised in fiscal 2022.

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 co-creating values with our shareholders by giving a medium- to long-term incentive. The remuneration paid to Outside Directors who are not Audit and Supervisory Committee Members or members of the Board of Directors who are Audit and Supervisory Committee Members is only monthly remuneration.



(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.

(ii) Bonus: The bonus is cash remuneration that is provided as an incentive to create economic value in each 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 operating income and ROIC (pre-tax basis), which are indicators related to the Group-wide management targets for economic value in the Medium-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: As the Company's share-based remuneration, restricted shares will be allotted with the aim to increase the willingness to contribute to the co-creation of values and continuous enhancement of corporate value spanning the long term between the Company's Members of the Board of Directors and shareholders. 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 for social value in the Medium-term Direction 2024 and adjusts the amount of such portion within a range of ±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.

[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.

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.

### Procedures for determining remuneration

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.

### Remuneration Advisory Committee

The Remuneration Advisory Committee deliberates on the remuneration system and levels for Members of the Board of Directors and reports its findings to the Board of Directors, and is entrusted from the Board of Directors to decide on the amounts of individual remuneration. The members of the committees are selected by the Board of Directors from among its Members and a majority of the committee comprises Independent Outside Directors. The chairperson is selected by resolution of the Board of Directors among members who are Independent Outside Directors.

For details on the activities of the Remuneration Advisory Committee, please see here.  
[https://corporate.murata.com/en-global/company/corporate\\_governance/compensation](https://corporate.murata.com/en-global/company/corporate_governance/compensation)

## 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.

Survey method	Questionnaire for all Members of the Board of Directors and interviews with Outside Directors
Confirmation items	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
Analysis/evaluation	The implementation, tallying, analysis, etc. of the questionnaire was carried out by a third party. Survey results were discussed multiple times by the Board of Directors with reference to the results of the questionnaire and interviews

### Results of the analysis and evaluation, and recognition of challenges

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.

Our recognition of the challenges is as follows.

- The evaluation showed that, due to the measures taken, some improvement has been made in the following issues that were identified in fiscal 2020.
- On the other hand, it was recognized that there are some new challenges and problems, and that more improvements are expected, and further efforts are needed in the future. We will continue working to further improve the effectiveness of the Board of Directors in this fiscal year as well.

### Achievements of initiatives in fiscal 2021

- 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 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.

### Challenges and problems identified in the evaluation of effectiveness for fiscal 2021

- 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.

### Initiatives in fiscal 2022

- 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)