

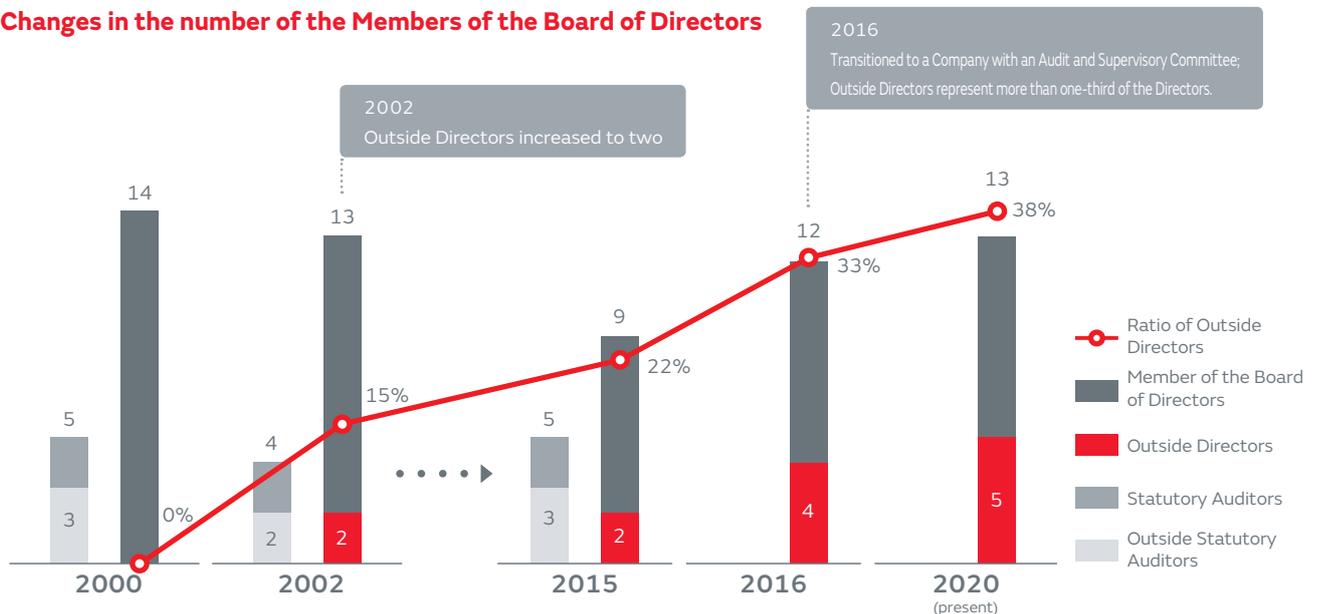
Our basic views on corporate governance and history of initiatives for reinforcement

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.

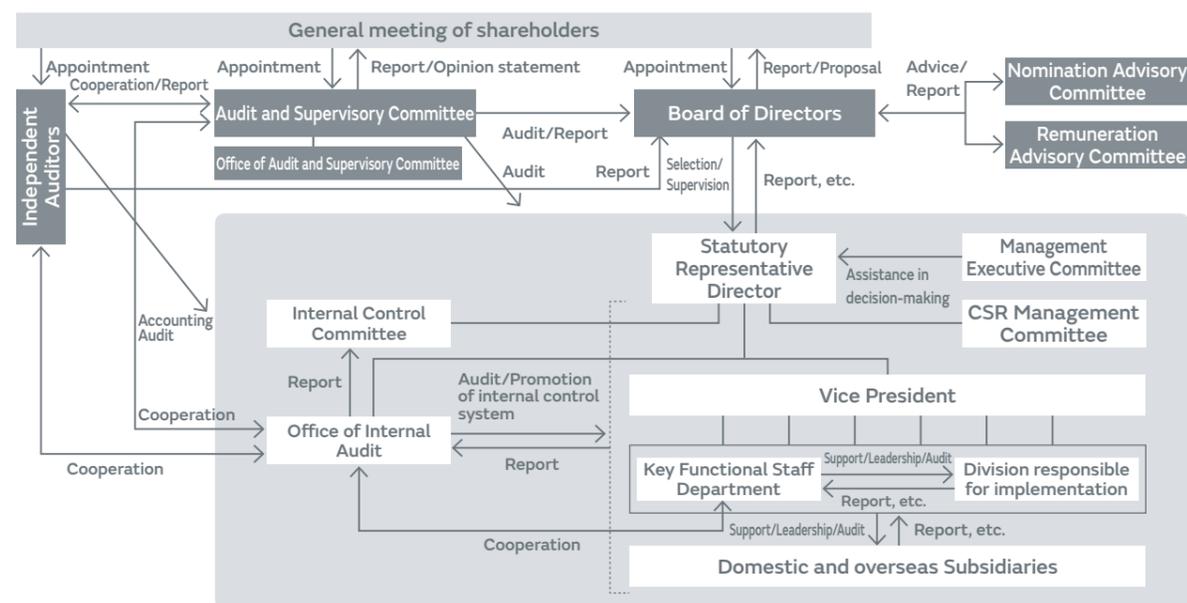
In addition to appointing outside executives, we have been making efforts to strengthen our corporate governance by steadily taking measures as below, in order to strengthen executive and supervisory functions and increase the transparency of management.

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

Changes in the number of the Members of the Board of 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 Member of the Board of Directors.
- **Audit and Supervisory Committee**
The Audit and Supervisory Committee audits duties implemented by Members of the Board of Directors and may state their opinions in relation to appointment and remuneration of Member 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.
- **Nominating 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. The members of these committees are selected by the Board of Directors from among Members of the Board of Directors, and include multiple Independent Outside Directors.

- **Management Executive Committee**
The Management Executive 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 executive Member of the Board of Directors and Member of the Board of Directors who concurrently serve as Vice Presidents, creating a system for deliberation on management issues specified by the Company regulations.
- **CSR Management Committee**
The CSR Management Committee has been established to promote CSR management continuously and systematically and further entrench CSR within the company and serves as a main office to handle issues outside the company.
- **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 the status of maintenance and operation of the system.
- **Vice President**
In order to realize more rapid management judgments and more flexible execution, a Vice President system has been introduced, and our Vice Presidents execute their duties with authority and responsibilities.

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.

Composition of the Board of Directors, etc. (as of June 26, 2020) ●: Chairman/committee chairperson ○: Member
*Independent outside directors are indicated in red

Position	Name	Board of Directors	Audit and Supervisory Committee	Nominating Advisory Committee	Remuneration Advisory Committee
Chairman of the Board	Tsuneo Murata	●		●	○
President	Norio Nakajima	○		○	
Member of the Board of Directors	Hiroshi Iwatsubo	○			
Member of the Board of Directors	Yoshito Takemura	○			
Member of the Board of Directors	Masahiro Ishitani	○			○
Member of the Board of Directors	Ryuji Miyamoto	○			
Member of the Board of Directors	Masanori Minamide	○			
Member of the Board of Directors	Takashi Shigematsu	○		○	
Member of the Board of Directors	Yuko Yasuda	○		○	●
Member of the Board of Directors (Audit and Supervisory Committee Member; full-time)	Yoshiro Ozawa	○	●		
Member of the Board of Directors (Audit and Supervisory Committee Member)	Hyo Kambayashi	○	○		○
Member of the Board of Directors (Audit and Supervisory Committee Member)	Takatoshi Yamamoto	○	○	○	
Member of the Board of Directors (Audit and Supervisory Committee Member)	Naoko Munakata	○	○		

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. The Group has also established common rules and procedures on decision making which are applicable across the Murata Group members, including domestic and overseas subsidiaries. Business operation of subsidiaries is discussed based on these rules and procedures, and information on business operation

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

Divisions that supervise the various business functions (general administration, personnel, accounting, etc.) of the 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 the Murata Group are conducted appropriately and efficiently, adhering to laws and regulations and the internal regulations, etc. of the company.

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.

● Analysis and evaluation process

A questionnaire for all Members of the Board of Directors and interviews with Outside Directors were conducted and the analysis and evaluation were 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 the Director, and other matters regarding the operation of the Board of Directors. Implementation, tallying, analysis, etc. of the questionnaire was carried out by a third party.

● Results of analysis/evaluation; future issues

Based on the questionnaire results and the analysis and report on the content of interviews, we have determined the company's Board of Directors is functioning effectively in light of its roles and responsibilities. In particular, we judged that an atmosphere that enables free expression of opinion is being cultivated and broadminded and constructive discussions and exchanges of opinion are taking place.

On the other hand, we recognized that we need to step up efforts to address the following aspects:

- Ensuring thorough monitoring of the execution of duties related to management policies and business strategies
- Enhancing discussions on risk management related to business operation
- Enhancing discussions on Environmental, Social and Governance (ESG) initiatives and actions for SDGs
- Enhancing supervision on internal control systems at overseas Group companies

Based on these evaluation results and issues to be discussed, the Company will continue working to further improve the effectiveness of the Board of Directors.

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.

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 Murata Manufacturing Co., Ltd.

In particular, 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

The Nomination Advisory Committee deliberates on criteria for the nomination 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 President, and reports its findings to 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.

Remuneration for Member of the Board of Directors

● Policies regarding remuneration

With respect to remuneration for Member 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.

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 with the aim of making them further share values with our shareholders by giving a medium- to long- term incentive.

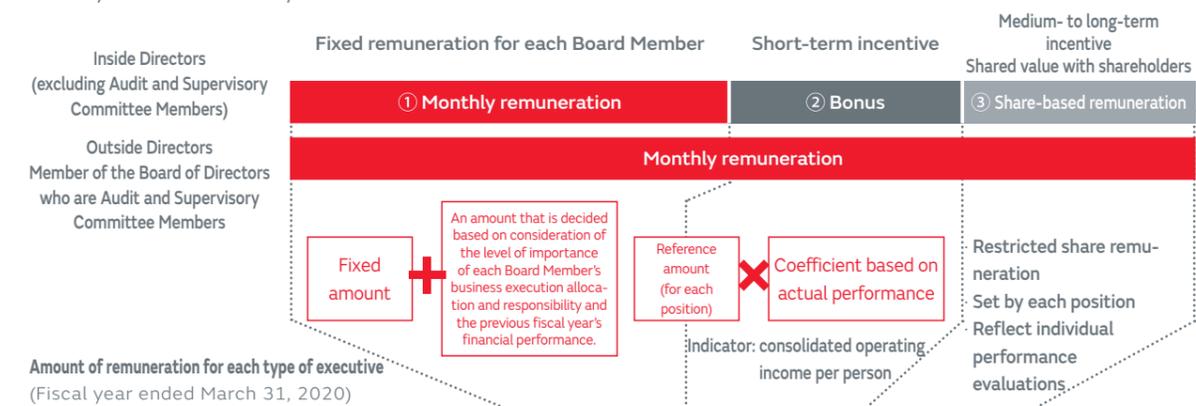
The remuneration paid to Outside Directors who are not Audit and Supervisory Committee Members and to Member of the Board of Directors who are Audit and Supervisory Committee Members is monthly remuneration only.

● Procedures for determining remuneration

The Remuneration Advisory Committee deliberates on the remuneration system and levels for Member of the Board of Directors and reports its findings to the Board of Directors. The Board of Directors decides on the standards regarding remuneration for Member of the Board of Directors based on the report from the Remuneration Advisory Committee.

Specific remuneration amounts are calculated in accordance with the remuneration standards. Individual remuneration of Members of the Board of Directors who are not Audit and Supervisory Committee Members is decided upon consultation with the Remuneration Advisory Committee.

Remuneration for each Member of the Board of Directors who is an Audit and Supervisory Committee Member is decided as a fixed individual remuneration through discussion by the Members of the Board of Directors who are Audit and Supervisory Committee Members.



	Number of applicable executives (persons)	Total amount per type of remuneration (Millions of yen)			Total amount of remuneration (Millions of yen)
		Monthly remuneration	Bonus	Share-based remuneration	
Member of the Board of Directors (excluding Audit and Supervisory Committee Members)	11	310	99	71	480
Member of the Board of Directors (Audit and Supervisory Committee Members)	4	73	—	—	73
Total	15	383	99	71	553

(Notes) 1. The above number includes one Member of the Board of Directors (who is not an Audit and Supervisory Committee Member) who retired during the fiscal year ended March 31, 2020.
2. Out of the total shown above, total compensation, etc., provided to six Outside Directors, is 86 million yen.

(i) Monthly remuneration: The monthly remuneration is a fixed remuneration of an amount individually decided for each Member of the Board of Directors based on a fixed amount for service as Member of the Board of Directors, and an amount that is decided based on consideration of the level of importance of each Member of the Board of Directors' business execution allocation and responsibility and the previous fiscal year's financial performance.
(ii) Bonus: The total amount of bonus is decided according to the Company's financial performance. The important indicator used as a standard for bonus calculation is consolidated operating income per person taking capital cost into account, which measures the growth and productivity increase of the corporation. The bonus calculation is not premised on a set target value, but is calculated by multiplying a reference amount for each position by a coefficient based on actual performance.
(iii) Share-based remuneration: Restricted share remuneration leading to improved corporate value over the medium to long term. The share-based remuneration is set by position of each Member of the Board of Directors. It reflects their individual performance evaluations.

Summary of the Criteria for Independence

- (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 a 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 Board Member, Statutory Auditor, or Vice President of the company or its current subsidiary.
- (9) 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.