Further strengthening corporate governance and meeting the expectations of stakeholders

With the Ordinary General Meeting of Shareholders that was held in June 2016, Murata has transitioned from its previous “Company with a Board of Statutory Auditors” to a “Company with Audit and Supervisory Committee”. Historically, Murata positions corporate governance as one of our most important issues in management and, in giving due consideration to all of our stakeholders, we have been working to reinforce corporate governance by strengthening our supervisory and executive functions through the introduction of a system of Vice Presidents and by improving the transparency of management through the election of multiple independent Outside Directors.

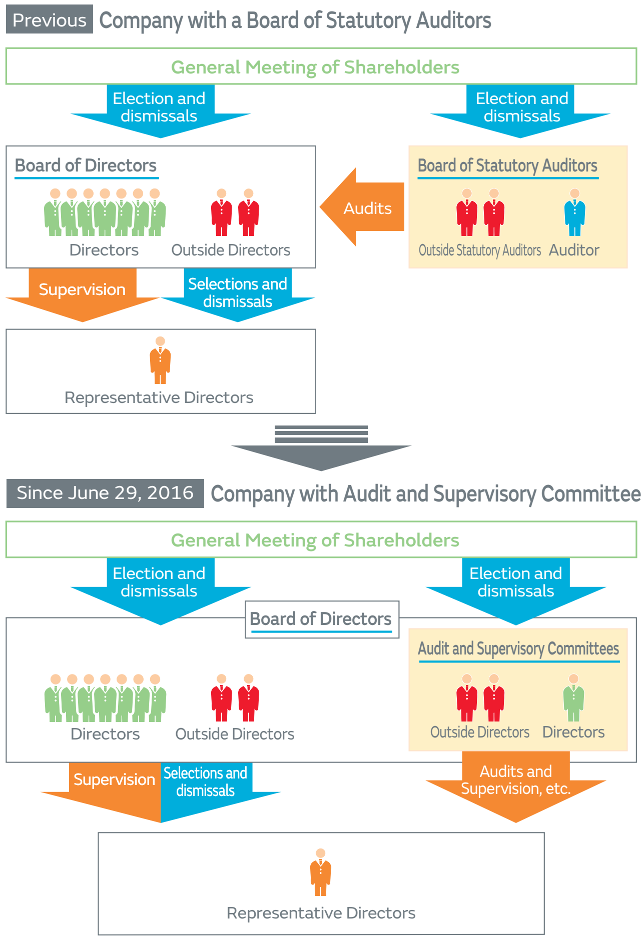
This time, in order to further improve our corporate governance while also increasing the company’s corporate value, we have transitioned to a Company with Audit and Supervisory Committee with the following purposes.

① Out of the 12 directors, 4 shall be independent Outside Directors, thus increasing the proportion of independent Outside Directors within the overall Board of Directors[1]. This will further ensure that perspectives from outside the company are taken into account, and it can be expected to improve the transparency of management.

② By giving the Directors who are the Audit and Supervisory Committee Members voting rights on agendas at Board of Directors, it will be possible to strengthen the supervisory function in relation to executive officers.

③ In accordance with the provisions of the Articles of Incorporation and a resolution of the Board of Directors, it will promote decisions on important business operations being delegated to the executive officers, management decisions being made more rapidly, and more agility will be available in the execution of business as the scope of the company’s dealings expands.

④ A Company with Audit and Supervisory Committee is a system that is more easily accepted worldwide as a global standard. Murata has been developing our business globally[2], our ratio of foreign stockholders is high[3], and it is our belief that this will also meet the expectations of our many stakeholders.



1: There were two independent Outside Directors out of the nine Directors in FY2015 (Percentage of independent Outside Directors: 22.2%)
2: Overseas sales ratio: 93.5% (from the results of the full-year ending March 31, 2016)
3: Ratio of stock held by foreign companies: 41.8% (as of March 31, 2016)

* What is a Company with an Audit and Supervisory Committee?
With the revision of the Companies Act, which was entered into force on May 1, 2015, a Company with Audit and Supervisory Committee is an organizational structure for a newly formed corporation that facilitates the functions of Outside Directors. Without Auditors (nor a Board of Auditors), the establishment of an Audit and Supervisory Committee (consisting of three or more members from the Board of Directors, and with the majority being Outside Directors), this Committee is responsible for audits and has the right to state opinions at the General Meeting of Shareholders in regard to matters concerning Directors (nomination and remuneration). By adding specific provisions in the Articles of Incorporation, it is also possible to delegate decision-making on important individual business operations to the executive officers.

Improving the transparency of management and the company’s corporate value