

Opinion from a third party

This is the first integrated report published by Murata. I highly commend this leading company in Japan for embarking on this initiative. The organic fusion of sustainability and economic activities is the theme of the report. Looking ahead, I hope that Murata can remain constant in its commitment to achieving this goals.

The key to combining sustainability and economic activities is the business philosophy. Murata Philosophy is also stated at the beginning of the integrated report, and the content of the report embodies its spirit. Particularly important are values centered on customer and employee satisfaction, as emphasized in the Message from the President. A commendable point is the maintenance of overall consistency by making the stated commitment to ensuring corporate growth by increasing the satisfaction of customers and employees a core precept of the integrated report as well.

The most difficult aspect of compiling an integrated report is deciding what the values at issue actually are. Because there is no point to an integrated report if such values are subsumed in financial values. What is important is “financial values plus α .” In the case of Murata, I believe that this α -factor is the linkage of customer and employee satisfaction. Looking ahead, I think the question will be how to evaluate such new values using Key Performance Indicators.

I also highly commend the fact that governance matters are disclosed in a very detailed way. In particular, it is highly significant for the Company as a corporate citizen that messages from Outside Directors are included. Looking ahead, I think this will be a very meaningful report if it follows up how these opinions reflected in management. Society is watching how Board Members address sustainability issues.

This is the first year of the integrated report. There will be issues that remain to be addressed in more detail in future. For example, responses to Sustainable Development Goals (SDGs) likewise cited in the Message from the President are becoming an important issue for Japanese companies generally. Additionally, risk management measures are thoroughly detailed, but I think more information should be given on how Murata balances risk and opportunity. It could also consider enriching the content by including more material on flexible working practices, a strength of Murata. I look forward to further development of the report.



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