

Interview with
Outside Directors

Achieve further leaps as a global company with strength in a strong governance structure

We have asked Mr. Hiroaki Yoshihara, an Outside Director who has worked on enhancing Murata's governance for years, and Ms. Yuko Yasuda, who was newly appointed as an Outside Director and Audit and Supervisory Committee Member last year, to discuss Murata's current situation and issues.

Regarding the operational status of the Board of Directors

Yasuda: Opinions have been exchanged actively at meetings of Murata's Board of Directors, and it maintains a good sense of tension, as harsh questions are asked by Outside Directors depending on the agenda. Meanwhile, I feel that each Director trusts President Murata, with a sense of unity as the Board of Directors. I believe we have an open and positive culture.

Yoshihara: As Ms. Yasuda has pointed out, we have an environment in which discussions can be conducted honestly and openly, as well as constructively. The management engages in earnest discussions with Outside Directors, and responds with sincerity when providing information required by Outside Directors. This proves that the management in the past has shared the awareness that governance is important for a company's healthy growth.

This year marks my 12th year since appointment, and what has never changed since the beginning is the Company being honest, valuing basics, and being humble with a strong desire for improvement. On the other hand, what has changed dramatically is that we have transitioned into a Company with an Audit and Supervisory Committee, and the separation of execution and supervision has further progressed. We are now spending a lot of time on strategically important discussions, including formulation and execution of business plans, business reports, and corporate acquisitions and alliances.

Yasuda: I was appointed in June of last year, and I believe there is a lot of support to help Outside Directors understand the business. Activities such as tours of factories are very meaningful for learning about

manufacturing sites, and through the tours, I experienced the precision in the manufacturing process only capable at Murata, as well as the magnitude of the business scale.

What is expected of Outside Directors

Yasuda: What I value the most is to watch over the execution status and provide support, while maintaining objectivity. Especially because I am the first female Director, I personally would like to contribute to supporting the success of women from the perspective of diversity. In addition, I hope to provide support for operating corporate governance appropriately in line with global standards and developing leadership based on my experience of working on services for Boards of Directors and development of leaderships at a global consulting firm.

Yoshihara: Actually, when I was asked to be appointed as an Outside Director by Mr. Yasutaka Murata, the former President, he passionately told me, "I would like to develop Murata into a company truly valued on a global stage, while maintaining Murata's strengths. I would like your support in accomplishing this." I remember very well feeling Murata's strong will to become a true global leader at that time. The role that is expected of me, who has been working on solving management issues at global organizations over the years, is to provide meaningful support in terms of both management's decision-making and execution processes, so that Murata can execute high quality growth strategies. With Murata's ratio of sales outside of Japan to net sales exceeding 90%, we must identify and evaluate management issues and risks from a global perspective.

Issues regarding governance

Yasuda: I was impressed by the fact that ideals for corporate governance, as well as the stance of Murata Manufacturing Co., Ltd., are well thought out. I have the impression that the Company is diligently working on the Corporate Governance Code, such as by making regular opportunities for the Representative Directors and Outside Directors to directly communicate with each other. In addition, the effectiveness of the Board of Directors is evaluated humbly and strictly.

If I must point out an issue, I would suggest disclosing these honest initiatives to external parties more proactively. In recognition of the fact that we are globally focused, Murata should disseminate not only its excellent technologies and innovations, but also its sincere efforts toward governance as a company.

Yoshihara: I believe Murata is in a period of transition. While our business has grown rapidly on a global scale with the sales tripling over the past 10 years, the current management environment contains a complex mixture of risks and opportunities, including uncertain international circumstances and acceleration of technological innovations such as the IoT, AI, and 5G.

In light of this management environment, I believe Murata largely has four issues regarding governance. First of all, to continuously review and evolve its business portfolio with an awareness of competitive advantage; second, to further strengthen its R&D capabilities for creating breakthroughs in the market; third, to strengthen recruitment and development of diverse human resources who can succeed globally; and fourth, to establish smarter supply chain management and management foundations on a global scale, including monozukuri (manufacturing) and demand forecasting. I believe there are great expectations from our stakeholders as to how much we can continuously improve our corporate value over the medium to long term by formulating and executing management strategies toward these issues.

How Murata should be as a company going forward

Yasuda: I would like Murata to continue maintaining its stance of achieving growth through its unique technologies and products. Amid technological innovations, I believe many issues still remain in new businesses. In addition, I hope Murata will further strengthen its efforts toward sustainable growth while recognizing issues found in past PMI (post-merger integration: the integration process af-

ter the completion of a merger or acquisition).

Inheritance of the Murata Philosophy is also important. The past management teams have valued the intentions of the founder, practiced them by demonstrating leadership, and strived to instill the Murata Philosophy across the Company. I would like the Company to continue valuing the Murata Philosophy based on the spirit of foundation, and share it with companies that newly became subsidiaries through mergers and acquisitions.

Yoshihara: To be honest, I believe Murata is already an excellent company at the moment. In the 75 years since its establishment, Murata has grown and developed in the global market while valuing the strong passion engrained in the Murata Philosophy. With companies being expected globally to contribute to resolving social issues including the SDGs, Murata's corporate goal of being an "Innovator in Electronics," which aims to contribute to the achievement of people's enriched lives in a true sense, is the representation of the Company proactively working to fulfill these expectations.

What stakeholders expect from companies evolves along with the times. What Murata is expected to be is to continuously improve its corporate value by recruiting and developing diverse human resources, having each and every employee strongly recognize the Murata Philosophy, and achieve innovations and breakthroughs in perpetuity in all processes of global organizations toward contributions to solving social issues with strong passion in daily work, in order to meet those expectations.



Mr. Hiroaki Yoshihara
Outside Director
Nomination Advisory Committee Member

Ms. Yuko Yasuda
Outside Director
Audit and Supervisory Committee Member,
Remuneration Advisory Committee Member