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The corporate governance of Murata Manufacturing Co., Ltd. (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

The Company positions corporate governance as one of its most important management issues, and while taking into consideration all stakeholders, strives to maintain a management control organization and system, plan and implement management strategies, enhance operational efficiency, strengthen management supervising functions, and strictly complies with laws and regulations.

Furthermore, at the Board of Directors meeting held on February 29, 2016, a resolution was passed that subject to approval by the 80th Ordinary General Meeting of Shareholders scheduled to be held in June 2016, the Company plans to transition from a “Company with Board of Statutory Auditors” to a “Company with a Board with Audit Committee Structure.” While realizing a swifter decision-making structure and an additional layer of strength in the supervisory functions of the Board of Directors through having Members of the Board of Directors who are Audit Committee Members possess voting rights in the Board of Directors, the Company will aim to further promote corporate governance and improve corporate value.

Furthermore, basic principles regarding the corporate governance of the Company have been established as the “Corporate Governance Guidelines” and are available on the Company’s website.  
(Corporate Governance Guidelines: See <http://www.murata.com/en-global/about/csr/management/governance>)

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Company has implemented each principle of Japan’s Corporate Governance Code.

## [Disclosure Based on the Principles of the Corporate Governance Code]

### [Principle 1-4: Cross-shareholdings]

#### (1) Policy regarding strategic shareholdings

In the electronics industry, with rapid changes in the market environment and technological innovation, to aim for sustainable improvement in corporate value, it is necessary for cooperative relationships with various companies in all areas of development, procurement, production, and sales. The Company holds stock in such counterparties with the aim of maintaining and strengthening transactional relationships with counterparties that will contribute to the maintenance and improvement of the Company's corporate value.

#### (2) Objectives and rationale for strategic shareholdings

For primary strategic shareholding stocks, the Board of Directors, in consideration of the risks and returns, examines whether or not the holding of such stocks over the medium to long term will contribute to the maintenance and improvement of the Company's corporate value.

#### (3) Policy on exercise of voting rights

Regarding the exercise of voting rights for strategic shareholdings, the Company determines to vote for or against a proposal upon individually investigating the effects on the improvement of corporate value for the Company and said company from a medium- to long-term viewpoint.

### [Principle 1-7: Related party transactions]

Concerning transactions involving conflicts of interests with Members of the Board of Directors, approval is required from the Board of Directors under the Companies Act, and after implementation, reports are made to the Board of Directors.

The presence of transactions between the Company and Members of the Board of Directors, Statutory Auditors, and relatives of these persons is confirmed with Members of the Board of Directors and Statutory Auditors. Additionally, transactions with related parties are disclosed in line with laws and regulations.

### [Principle 3-1: Full disclosure]

#### (i)-a: Management philosophy

The Company has established the basic philosophy of its management as its "credo" which all executives and employees share and aim to enact. Murata's philosophy is available on the Company's website.

(Philosophy: See <http://www.murata.com/en-global/about/company/philosophy>)

#### (i)-b: Management strategy, management plan

The Mid-term Direction for the three years from fiscal 2016 to fiscal 2018 is available on the Company's website.

Additionally, the Company holds corporate information meetings for institutional investors, and related materials are also available on the Company's website.

("Mid-term Direction": See <http://www.murata.com/en-global/about/company/mid-term%20direction%202018>)

Corporate information meeting materials: See <http://www.murata.com/en-global/about/ir/meetings>)

#### (ii) Basic view and basic policy regarding corporate governance

As stated in "1. Basic Views" above.

#### (iii) Policy and process for determining remuneration of Members of the Board of Directors

Please see "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below.

#### (iv) Policy and process for nominating candidates for Members of the Board of Directors and Statutory Auditors

Please see "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below.

#### (v) Explanation regarding individual appointment and nomination of candidates for Members of the Board of Directors and Statutory Auditors

Concerning candidates for Members of the Board of Directors and Statutory Auditors, personal histories are shown in the "Convocation Notice for the Ordinary General Meeting of Shareholders."

Additionally, reasons for appointment are stated regarding candidates for Outside Directors and Outside Statutory Auditors.

(Convocation Notice for the Ordinary General Meeting of Shareholders: See <http://www.murata.com/en-global/about/ir/meetings>)

[Supplementary Principle 4-1-1: Duties of the Board of Directors and definition of range of entrustment to management]

The Company has implemented a system of Vice Presidents, and the Board of Directors carries out functions including decision-making regarding management policy and execution of important operations as well as supervising the execution of duties by Members of the Board of Directors, and proposals and reports for the Board of Directors are defined within the Board of Directors Regulations. Concerning items not defined within the Board of Directors Regulations, decision-making is delegated to Executive Directors and Vice Presidents.

The “Board of Directors Regulations” defines the following items as proposals and reports for the Board of Directors.

<Proposals>

- (1) Items stipulated in laws and regulations and the Articles of Incorporation
- (2) Items authorized to the Board of Directors by resolution of a General Meeting of Shareholders
- (3) Other important items in management

<Reports>

- (1) Status of business execution
- (2) Items stipulated in laws and regulations
- (3) Other items deemed necessary by the Board of Directors

Additionally, in consideration of a transition to a Company with a Board with Audit Committee Structure, to enable swifter decision-making in management and flexible business execution, in line with stipulations of the Articles of Incorporation and resolutions of the Board of Directors, the Company plans to promote the delegation of decisions on important business execution to Executive Directors.

[Principle 4-8: Effective use of Independent Directors]

[Principle 4-9: Independence standards and qualification for Independent Directors]

In addition to requirements stipulated by the Companies Act and independence standards stipulated by the Tokyo Stock Exchange, two Independent Outside Directors are appointed based on the Company’s independence standards (Independent Officer Appointment Standards), and they are submitted to the Tokyo Stock Exchange as Independent Directors.

Additionally, as a Company with Board of Statutory Auditors, three Outside Statutory Auditors are appointed, and each is submitted to the Tokyo Stock Exchange as an Independent Statutory Auditor.

The Independent Officer Appointment Standards of the Company are as follows.

- (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.
- (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, or a company or a subsidiary of that company that within the past three years has employed a Member of the Board of Directors, 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 transaction relationship in the past.
- (7) The person is not an executive of the Independent Auditor of the Company.
- (8) The person is not a relative within the third degree of kinship, etc., of a Member of the Board of Directors, Statutory Auditor, or Vice President of the Company or its current subsidiary.
- (9) The person does not carry the risk of creating a constant substantial conflict of interest between the Company’s general shareholders as a whole for reasons other than those considered in (1) through (8) above.

[Supplementary Principle 4-11-1: Overall balance of expertise, experience, and capabilities of the Board of Directors and view regarding diversity and scale]

Please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

[Supplementary Principle 4-11-2: Status of Members of the Board of Directors and Statutory Auditors concurrently serving as officers of other listed companies]

Members of the Board of Directors and Statutory Auditors of the Company who are appointed as candidates are expected to dedicate time and energy required to appropriately carry out the duties and obligations required of operations as a Member of the Board of Directors or Statutory Auditor, and it is put in practice.

Significant concurrent positions of Members of the Board of Directors and Statutory Auditors of the Company are stated in the “Convocation Notice for the Ordinary General Meeting of Shareholders” and the “Securities Report.”

(Convocation Notice for the Ordinary General Meeting of Shareholders: See

<http://www.murata.com/en-global/about/ir/meetings>

Securities Report: See <http://www.murata.com/ja-jp/about/ir/library/financial>)

[Supplementary Principle 4-11-3: Analysis and evaluation of effectiveness of the Board of Directors]

During the period from December 2015 to March 2016, the Company conducted an analysis and evaluation of the effectiveness of the Board of Directors. After implementing a questionnaire for all Members of the Board of Directors and Statutory Auditors, as well as conducting interviews with Outside Directors and Outside Statutory Auditors, constructive debates were held in the Board of Directors based on the results of the questionnaires and interviews to conduct analysis and evaluation.

As a result, the Board of Directors of the Company has been assessed to be functioning with sufficient overall effectiveness in consideration of its duties and obligations.

However, the Company recognizes that there are points for improvement in areas such as the selection method for agenda items and time allocation at its Board of Directors meetings.

Based on the above evaluation results, as well as the policy to transition to a Company with a Board with Audit Committee Structure, the Company will work to further strengthen and secure the effectiveness of the Board of Directors as a whole.

[Supplementary Principle 4-14-2: Policy on training for Members of the Board of Directors and Statutory Auditors]

The Company’s Members of the Board of Directors and Statutory Auditors ensure that they acquire, verify and update the knowledge deemed necessary for carrying out their roles and responsibilities.

To acquire and verify knowledge deemed necessary for carrying out their roles and responsibilities, newly appointed Members of the Board of Directors and newly appointed Statutory Auditors undergo external training upon assuming office.

The Company provides opportunities for training in corporate governance, compliance and internal controls, etc. to Members of the Board of Directors and Statutory Auditors.

The Company provides opportunities other than the Board of Directors meeting for the acquisition of knowledge relating to status of business and management issues, etc. to Outside Members of the Board of Directors and Outside Statutory Auditors.

[Principle 5-1: Policy for constructive dialogue with shareholders]

Please see “2. IR Activities” of “III. Implementation of Measures for Shareholders and Other Stakeholders” below.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
JP MORGAN CHASE BANK 380055	15,526,977	6.89
Japan Trustee Services Bank, Ltd. (Trust Account)	12,082,800	5.36
Nippon Life Insurance Company	7,361,157	3.27
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,801,600	3.02
STATE STREET BANK AND TRUST COMPANY	6,710,533	2.98
The Bank of Kyoto, Ltd.	5,260,023	2.34
Meiji Yasuda Life Insurance Company	5,240,900	2.33
The Shiga Bank, Ltd.	3,551,058	1.58
CBNY – GOVERNMENT OF NORWAY	3,350,214	1.49
STATE STREET BANK WEST CLIENT – TREATY 505234	3,014,027	1.34

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

### Supplementary Explanation

• Although the Company holds 13,560 thousand shares of treasury stock, this stock does not have voting rights, and is excluded from the above Status of Major Shareholders.

• Of the above number of shares held, the number of shares in trust operations are not stated as the Company cannot identify the details.

• On the report of possession of large volume announced to the public on March 22, 2016 by Sumitomo Mitsui Trust Bank, Limited and its joint shareholders, it is stated as shown below regarding shareholdings as of March 15, 2016. However, as the Company cannot confirm the substantial number of shares held by said company, these are not included in the above Status of Major Shareholders. The content of the report of possession of large volume is as follows.

[Name or title (Number of shares held, ratio of shareholdings against total number of shares outstanding)]

Sumitomo Mitsui Trust Bank, Limited (9,415 thousand shares, 4.18%)

Nikko Asset Management Co., Ltd. (1,573 thousand shares, 0.70%)

Sumitomo Mitsui Trust Asset Management Co., Ltd. (355 thousand shares, 0.16%)

<Total: 11,344 thousand shares, 5.04%>

• On the report of possession of large volume announced to the public on January 25, 2016 by Capital Research and Management Company and its joint shareholders, it is stated as stated below regarding shareholdings as of January 18, 2015. However, as the Company cannot confirm the substantial number of shares held by said company, these are not included in the above Status of Major Shareholders. The content of the report of possession of large volume is as follows.

[Name or title (Number of shares held, ratio of shareholdings against total number of shares outstanding)]  
 Capital Research and Management Company (21,797 thousand shares, 9.68%)  
 Capital Guardian Trust Company (2,899 thousand shares, 1.29%)  
 Capital International Co., Ltd. (1,284 thousand shares, 0.57%)  
 Capital International Limited (556 thousand shares, 0.25%)  
 Capital International Inc (269 thousand shares, 0.12%)  
 <Total: 26,808 thousand shares, 11.90%>

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Group has listed subsidiaries, and respects their autonomy and independence as listed companies.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with <i>Kansayaku</i> Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	9
Number of Outside Directors	2
Number of Independent Directors	2

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hiroaki Yoshihara	Other												
Takashi Shigematsu	From another company								○				

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroaki Yoshihara	○	(No applicable items)	Hiroaki Yoshihara satisfies the Independent Officer Appointment Standards defined by the Company, and he was appointed to utilize his abundant consulting experiences with global companies and his deep insight as an accounting professional for the management of the Company.
Takashi Shigematsu	○	FUJITSU TEN LIMITED., of which Takashi Shigematsu serves as Chairman and Representative Director, has business relations with the Company regarding sales of electronic devices, etc. However, sales involving the relations accounted for less than 1% of the Company's consolidated sales in the most recent fiscal year, and he satisfies the Independent Officer Appointment Standards defined by the Company.	Takashi Shigematsu satisfies the Independent Officer Appointment Standards defined by the Company, and he was appointed to utilize his deep insight as a corporate executive and abundant business experience in the automotive industry for the management of the Company.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	<u>Established</u>
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Advisory Committee	Remuneration Advisory Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	1	2
Outside Experts	0	0
Other	1	0
Chairperson	Internal Member of the Board of Directors	Internal Member of the Board of Directors

Supplementary Explanation

Please see "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" of "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" below.

[*Kansayaku*]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	5
Number of <i>Kansayaku</i>	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

In order to secure effectiveness of audits by Statutory Auditors, Statutory Auditors and the Board of Statutory Auditors, including Outside Statutory Auditors, work in regular and close cooperation with the Office of Internal Audit, including indicating audit policies and audit plans of the Board of Statutory Auditors to the internal audit department (Office of Internal Audit), alongside receiving reports from the Office of Internal Audit on items concerning internal audit plans, implementation status, and other internal audit systems, and deliberates on the appropriateness of the audits of both parties.

The Office of Internal Audit, as an independent body, evaluates risks with Head Office departments (e.g., the General Administration Department, the Personnel Department, and the Accounting Department), which supervise each of Murata's business functions, and implements audits regarding the effectiveness of internal control within the Group.

Additionally, the Independent Auditor regularly meets with Statutory Auditors and the Board of Statutory Auditors, including Outside Statutory Auditors, and works in close cooperation such as reporting the audit plans and their implementation status. Furthermore, Statutory Auditors accompany the Independent Auditor on audit visits, implementing effective audits.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	3
Number of Independent <i>Kansayaku</i>	3

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masakazu Toyoda	Other													
Shizuo Nakanishi	Academic													
Kazuto Nishikawa	Other													

\* Categories for "Relationship with the Company"

- \* "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- \* "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. *Kansayaku* of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
- k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
- m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Masakazu Toyoda	○	(No applicable items)	Masakazu Toyoda satisfies the Independent Officer Appointment Standards defined by the Company, and he was appointed to utilize his deep insight and abundant experiences in the fields of economy and international trade for the audit of the Company.
Shizuo Nakanishi	○	(No applicable items)	Shizuo Nakanishi satisfies the Independent Officer Appointment Standards defined by the Company, and he was appointed to utilize his deep insight as an expert in the field of

			accounting for the audit of the Company.
Kazuto Nishikawa	○	(No applicable items)	Kazuto Nishikawa satisfies the Independent Officer Appointment Standards defined by the Company, and he was appointed to utilize his deep insight as an expert in the fields of tax practice and finance for the audit of the Company.

#### [Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	5
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Matters relating to Independent Directors/*Kansayaku*

Please see “I. Basic Views [Disclosure Based on the Principles of Japan’s Corporate Governance Code],” [Principle 4-9] of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” above.

#### [Incentives]

Incentive Policies for Directors	None
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Supplementary Explanation

Although stock options were issued four times between 2002 and 2005, all their exercise periods expired on July 31, 2011.

Recipients of Stock Options	
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Supplementary Explanation

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#### [Director Remuneration]

Disclosure of Individual Directors’ Remuneration	Selected Directors
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Supplementary Explanation

In the Business Report, remuneration paid to executives and other property benefits provided as consideration for execution of duties is disclosed with total amounts and the number of applicable persons, separately by Members of the Board of Directors and Statutory Auditors.

Additionally, in the Securities Report, the total amount of remuneration, total amount by category of remuneration, etc., and number of applicable persons is disclosed per category, separately by the categories of Members of the Board of Directors excluding Outside Directors, Statutory Auditors excluding Outside Statutory Auditors, and outside executives, which is the total number of Outside Directors and Outside Statutory Auditors.

The total amount of remuneration, etc., during fiscal 2015 was 294 million yen for five Members of the Board of Directors (excluding Outside Directors), 46 million yen for two Statutory Auditors (excluding Outside Statutory Auditors), and 48 million yen for five outside executives.

The maximum amount of remuneration for Members of the Board of Directors is 600 million yen per annum.

Additionally, for persons receiving remuneration, etc., in a total amount exceeding 100 million yen, individual remuneration is disclosed, and said remuneration is as follows.

Tsuneo Murata (Member of the Board of Directors): Total amount of remuneration, etc.: 105 million yen (of which, 76 million yen in basic remuneration, and 28 million yen in bonuses)

Policy on Determining Remuneration Amounts  
and Calculation Methods

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

•Basic policy regarding remuneration for Members of the Board of Directors and Statutory Auditors (“executive remuneration”)

Executive remuneration of the Company is set as worthy of the management of a globally competitive electronic device and parts manufacturer, and the basic policy is to have a system and level that allows for securing of superior personnel in comparison to competitors, raising of morale and motivation to improve business results, and contribute to enhancing corporate value.

•Remuneration for Members of the Board of Directors

Remuneration for internal Members of the Board of Directors is composed of monthly remuneration and performance-linked remuneration (executive bonuses), and monthly remuneration is a fixed remuneration varying for each Member of the Board of Directors, composed of a fixed portion as a Member of the Board of Directors, and a portion that takes into consideration factors such as the execution of business, weight of responsibility, and business results of the previous fiscal year. The total amount of performance-linked remuneration (executive bonuses) is determined according to the business results of the Company, and the allocation to each Member of the Board of Directors is determined by the level of contribution of each Member of the Board of Directors on an individual basis.

Remuneration for Outside Directors is composed only of monthly remuneration.

•Remuneration for Statutory Auditors

Remuneration for Statutory Auditors is composed only of monthly remuneration, and amounts are determined as individual fixed remuneration through deliberation of the Statutory Auditors.

Also, please see “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” below.

#### [Supporting System for Outside Directors and/or *Kansayaku*]

Activities of Outside Directors are assisted by the General Administration Department, and activities of Outside Statutory Auditors are assisted by the staff of Auditor’s office.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company is a Company with Board of Statutory Auditors, and has a structure of nine Members of the Board of Directors (two Outside Directors) and five Statutory Auditors (three Outside Statutory Auditors). The systems of Independent Outside Statutory Auditors and Independent Outside Directors were introduced in 1971 and 2001, respectively, and by securing outside viewpoints to increase management transparency, the Company has strengthened the audit functions of Statutory Auditors, and supervision functions of the Board of Directors.

Additionally, by introducing a system of Vice Presidents in 2000 with the Board of Directors carrying out its primary functions including decision-making regarding management policy and execution of important operations as well as supervising the execution of duties by members of the Board of Directors, while Vice Presidents assume the duty of daily operational executions whereby the Company aims to further enhance supervising function and operational execution functions.

Furthermore, as a deliberative body to assist the Board of Directors and the Statutory Representative Directors in their decision-making, the Company has established the Management Executive Committee, which comprises Members of the Board of Directors with Special Titles and Members of the Board of Directors who serve concurrently as Vice Presidents, and the Management Executive Committee has a framework in place in order for it to deliberate on the management matters set forth in internal regulations.

The Board of Statutory Auditors defines audit policies and audit plans, and based on these, Statutory Auditors attend Board of Directors meetings and other important meetings, while also conducting audits regarding the legality and appropriateness of the execution of duties of Members of the Board of Directors through investigation of the operations and asset conditions of the Company. Additionally, among the Statutory Auditors are persons who are experienced in finance and accounting operations, and have an appropriate level of knowledge regarding finance and accounting.

Furthermore, at the Board of Directors meeting held on February 29, 2016, a resolution was passed that subject to approval by the 80th Ordinary General Meeting of Shareholders scheduled to be held in June 2016, the Company plans to transition from a “Company with Board of Statutory Auditors” to a “Company with a Board with Audit Committee Structure.” While realizing a swifter decision-making structure and an additional layer of strength in the supervisory functions of the Board of Directors through having Members of the Board of Directors who are Audit Committee Members possess voting rights in the Board of Directors, the Company will aim to further promote corporate governance and improve corporate value.

• Policy and process for determining remuneration of management, Members of the Board of Directors, and Statutory Auditors

With the purpose of improving objectivity and transparency regarding determination of remuneration of Members of the Board of Directors, Vice Presidents, and Statutory Auditors (executive remuneration), the Company has established a Remuneration Advisory Committee, comprised of Members of the Board of Directors including Outside Directors, as an advisory organ of the Board of Directors. This committee studies systems and levels of executive remuneration, and reports its findings to the Board of Directors.

Based on reported findings of the Remuneration Advisory Committee, the Board of Directors determines standards regarding remuneration for Members of the Board of Directors and Vice Presidents.

• Policy and process for appointing candidates for Members of the Board of Directors and Statutory Auditors [Candidates for Members of the Board of Directors]

By implementing a system of Vice Presidents and separating execution and supervision, the Company has an appropriate scale in the number of persons for the Board of Directors to function.

In consideration of the business content, scale, and management environment, etc., of the Company, personnel with knowledge and experience 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 duties of Members of the Board of Directors) are selected as candidates for Members of the Board of Directors taking into account the balance and diversity in the expertise, experience, and capabilities of the overall Board of Directors as a whole.

Additionally, the Company appoints at least two Outside Directors, seeking personnel across a wide and diverse range, and works to secure candidates that satisfy independence standards of the Tokyo Stock Exchange and the Company.

The President and Statutory Representative Director makes recommendations for candidates, and after careful deliberation in the Board of Directors, candidates are determined.

[Candidates for Statutory Auditors]

In consideration of the business content, scale, management environment, and audit structure, etc., of the Company, personnel with a wealth of knowledge and experience regarding management administration and business operations 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 are selected as candidates for Statutory Auditors.

At least half of Statutory Auditors appointed by the Company shall be Outside Statutory Auditors. The Company seeks personnel across a wide and diverse range, and works to secure candidates that satisfy independence standards of the Tokyo Stock Exchange and the Company.

The President and Statutory Representative Director makes recommendations for candidates upon sufficiently hearing opinions from Statutory Auditors in advance, and after careful deliberation and resolution in the Board of Directors, candidates are proposed to the Board of Statutory Auditors, and then determined after receiving the consent of the Board of Statutory Auditors.

Additionally, on November 26, 2015, with the intent of improving the independence, objectivity, and transparency of the functions of the Board of Directors regarding the nomination of Members of the Board of Directors and Statutory Auditors, the Company established a Nomination Advisory Committee, which is comprised of Members of the Board of Directors and Statutory Auditors that include Independent Outside Members of the Board of Directors and Statutory Auditors as an advisory organ of the Board of Directors.

This committee considers criteria for selection of candidates for Members of the Board of Directors and Statutory Auditors, independence standards for Independent Outside Members of the Board of Directors and Statutory Auditors, nomination of Members of the Board of Directors and Statutory Auditors, and nomination of Statutory Representative Directors and Members of the Board of Directors with Special Titles, and reports its findings to the Board of Directors.

Furthermore, the Board of Directors determines the nomination of Members of the Board of Directors and Statutory Auditors based on the reported findings of the Nomination Advisory Committee.

• Establishment of other discretionary committees

Furthermore, in order to maintain a structure (internal control system) and implement continual improvement to ensure the appropriateness of its business operations, the Company has established the Internal Control Committee. Also, in order to continually and systematically promote CSR management, it has established the CSR Management Committee, which presides over other committees including the Compliance Promotion Committee and the Risk Management Committee.

### 3. Reasons for Adoption of Current Corporate Governance System

As stated in “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” above.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Basically dispatched approximately three weeks prior to the date of the General Meeting of Shareholders, and in 2015, it was dispatched on June 2 for the meeting held on June 26. Additionally, prior to dispatch, both Japanese and English versions are posted on the Company’s website, etc. (Posted on May 26, 2015)
Scheduling AGMs Avoiding the Peak Day	—

Allowing Electronic Exercise of Voting Rights	Voting rights may be exercised by connecting to the Internet from a personal computer, smartphone, and mobile phone.
Participation in Electronic Voting Platform	The Company participates in the Electronic Voting Rights Exercise Platform (ICJ) for institutional investors. Both Japanese and English versions of the Convocation Notice are posted on ICJ.
Providing Convocation Notice in English	An English Convocation Notice is prepared, and alongside the Japanese Convocation Notice, is posted on the Tokyo Stock Exchange, ICJ, and the Company's website.
Other	—

## 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	<ul style="list-style-type: none"> <li>•The Company's basic information disclosure policy is to disclose accurate information to stakeholders, including shareholders and investors, in a timely and fair manner. The Company strives for timely disclosure of material facts in accordance with the timely disclosure regulations of stock exchanges on which the Company is listed, and also of other information which the Company considers to be effective for understanding the Company.</li> <li>•A disclosure policy has been established, stipulating policies and methods, etc., for information disclosure. The disclosure policy is posted on the Company's website. (See <a href="http://www.murata.com/en-global/about/ir/disclosure">http://www.murata.com/en-global/about/ir/disclosure</a>)</li> </ul>
Regular Investor Briefings for Individual Investors	—
Regular Investor Briefings for Analysts and Institutional Investors	<ul style="list-style-type: none"> <li>•As an opportunity for dialogue with institutional investors, a corporate information meeting is held by top management once a year, and an earnings release conference is held every quarter by executives in charge.</li> <li>•Regarding meetings with institutional investors, the Company strives to make accommodations within a reasonable scope.</li> </ul>
Regular Investor Briefings for Overseas Investors	<ul style="list-style-type: none"> <li>•As an opportunity for dialogue with institutional investors, a corporate information meeting is held by top management once a year in Europe and the United States as well.</li> <li>•Regarding meetings with institutional investors, the Company strives to make accommodations within a reasonable scope.</li> </ul>
Posting of IR Materials on Website	<ul style="list-style-type: none"> <li>•Materials for corporate information meetings, earnings release conferences, and other information are posted on the Company's website for public disclosure. (See <a href="http://www.murata.com/en-global/about/ir">http://www.murata.com/en-global/about/ir</a>)</li> </ul>
Establishment of Department and/or Manager in Charge of IR	<ul style="list-style-type: none"> <li>•Department responsible for IR: Accounting Department (Contact office representative: Yoshihiro Nishida, General Manager, Accounting Department)</li> </ul>
Other	<ul style="list-style-type: none"> <li>•Although the Company does not conduct meetings with individual investors, through active response to institutional investors and media outlets, the Company believes it can lead to providing information to individual shareholders. To encourage interest in the Company from individual investors, the Company works to enrich its corporate PR and improve its website. Additionally, if inquiries are received via telephone, etc., from individual shareholders, the Company is responding in a sincere manner.</li> </ul>

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	CSR Reports are issued, and the Company's views on relationships with stakeholders are stated.
Implementation of Environmental Activities, CSR Activities etc.	The "Environmental Charter" has been established, and the Company works for its implementation by stipulating environmental policies across the Group. The Company has established the "CSR Charter" with the aim of continuing to be a company that is trusted by society, by committing to compliance with laws and regulations, as well as to highly transparent governance, respect for human rights, health and safety, social contribution and environmental preservation, on the basis of high corporate ethics.
Development of Policies on Information Provision to Stakeholders	The disclosure policy has been established, and information disclosure policies, methods, etc. have been stipulated.
Other	

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The Company positions corporate governance as one of its most important management issues, and the Board of Directors has defined a basic policy regarding the maintenance of a system to secure the appropriateness of company operations (internal control system), as shown below.

Based on the above, the Company works to consider all stakeholders, maintain a management control organization and system, improve management efficiency, strengthen management monitoring functions, and strictly adhere to laws and regulations.

(1) System to secure compatibility between business execution of Members of the Board of Directors and employees with laws and regulations and the Articles of Incorporation

1) The Company shall appoint Outside Directors to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors.

2) The Company shall establish an organizational committee to evaluate the maintenance and operational conditions of the internal control system, and work to maintain and continuously improve the internal control system.

3) In order to fulfill corporate social responsibilities, the Company shall establish various organizational committees regarding areas such as compliance, risk management, and the environment, in addition to establishing an organizational committee to collectively manage these organizations, continuously and systematically promoting unified CSR management of the Group.

4) The Company shall establish an organization responsible for promotion of CSR activities. This organization will work in tandem with organizational committees related to CSR, and act as a central group to spread CSR within the Company and handle issues with the outside of the Company.

5) In order for Members of the Board of Directors, Vice Presidents, and employees to adhere to laws and



regulations and conduct business activities based on high ethical standards, the Company shall define and work to spread regulations regarding corporate ethical standards, action guidelines, and compliance, in addition to working to maintain and execute these systems.

- 6) In order to appropriately deal with issues related to compliance, the Company shall establish a reporting hotline within and outside of the Company, and ensure that measures are in place such that there is no detriment to reporters.
- 7) The Company shall clearly define within its corporate ethical standards and action guidelines to firmly refuse correspondence and contact with antisocial activities and organizations and to not resolve unreasonable requests received from anti-social forces via the use of cash, etc., and will appropriately deal with such events based on the standards and guidelines.
- 8) The Company shall establish an independent internal auditing department to evaluate and monitor the effectiveness of the internal control system.

(2) System to store and manage information regarding the execution of duties by Members of the Board of Directors

- 1) Minutes and group approval documents of the Board of Directors and other important documents concerning the execution of duties by Members of the Board of Directors shall be stored based upon internal regulations of the Company, and shall be suitably made available for viewing by Members of the Board of Directors and Statutory Auditors.
- 2) Basic items regarding storing and managing documents shall be defined within the internal regulations of the Company, and documents contained in the above item shall be appropriately stored and managed.
- 3) A meeting structure shall be established to deliberate the necessity and content of timely disclosure of company information, and company information shall be disclosed in a timely and appropriate manner.

(3) Regulations and other systems regarding management of risks of loss

- 1) Regulations shall be defined regarding risk management, and the division that supervises each business function shall conduct risk management.
- 2) Deliberations regarding the Group's risk management structure and operational status shall be conducted at an organizational committee regarding risk management. Additionally, evaluations will be made regarding countermeasures against significant risks, driving forward the activities of the Group.

(4) System to secure efficient execution of duties by Members of the Board of Directors

- 1) The Company shall formulate long and medium term policies and based on these policies, yearly policies, budgets, and action plans, and manage progress and confirm status of achievement.
- 2) The Company shall implement a Vice President system, and by separating decision making for management policies and important business execution with daily business execution, strengthen monitoring functions and business execution functions.
- 3) To conduct appropriate decision making, approval regarding matters that are defined in the internal regulations of the Company shall be conducted via group approval procedures utilizing information

technology (IT), with deliberation from concerned Members of the Board of Directors, Vice Presidents, and significant employees.

4) As a deliberation body to supplement decision making by the Board of Directors and Statutory Representative Directors, the Company shall establish a management execution committee composed of executive Members of the Board of Directors and Members of the Board of Directors who concurrently serve as Vice Presidents. The management execution committee shall receive reports and deliberate on matters that are defined in the internal regulations of the Company.

5) Various information regarding the status of business execution shall be periodically and as required provided to concerned Members of the Board of Directors, Vice Presidents, and employees, and a system to share information shall be established via the use of IT.

(5) System to secure appropriate business in the corporate group, composed of the Company and its subsidiaries

1) The Group, shall share corporate policy that acts as a fundamental management policy, in addition to strictly enforcing and sharing regulations regarding the corporate ethical standards, action guidelines, and compliance.

2) The Group shall establish regulations and procedures regarding decision making. Based on these, deliberations will be made with subsidiaries regarding the business operations of subsidiaries, in addition to sharing various information regarding business operations of the Group.

3) Divisions that supervise the various business functions of the Company shall define frameworks, processing procedures, and judgment standards for duties to ensure that duties within the Group are performed appropriately and efficiently, in addition to providing appropriate direction to subsidiaries as required.

4) The Internal Audit Department shall evaluate and monitor whether or not duties within the Group are conducted appropriately and efficiently, adhering to laws and regulations and the internal regulations of the Company, etc.

5) Members of the Board of Directors, Vice Presidents, and employees of subsidiaries shall report to the Company matters defined in items 2) through 4) above, and other items regarding the execution of duties.

6) The Company shall direct each subsidiary to establish and operate internal control systems that are appropriate for the content and scale of each business.

(6) Matters regarding employees in the event that Statutory Auditors request employees to assist in their duties, matters regarding the independence of these employees from Members of the Board of Directors, and matters regarding securing the ability to execute orders from Statutory Auditors given to these employees

1) The Company shall establish a Statutory Auditor Office to assist the duties of Statutory Auditors, and station an appropriate number of dedicated employees.

2) Employees of the Statutory Auditor Office shall not receive supervision or orders from Members of the Board of Directors. Additionally, for matters regarding human resources of employees of the Statutory Auditor Office, Members of the Board of Directors must consult with and obtain permission from Statutory Auditors.

(7) System for reporting to Statutory Auditors and system to ensure that parties that report to Statutory Auditors do

not receive detrimental treatment as a result of reporting

- 1) Members of the Board of Directors, Vice Presidents, and employees shall submit to Statutory Auditors minutes and materials from management execution meetings, etc., group approval documents of the Group, and periodic reports of business reports, etc., and also report on facts that may conflict with the corporate ethical standards and action guidelines, status of risks and risk management, status and content of reports to the internal reporting hotline, and audit results of external public institutions.
  - 2) In the event that facts are discovered regarding the business execution of the Group that conflict with laws and regulations, the corporate ethical standards, action guidelines, or other internal regulations of the Company, or may cause significant harm to the Group, Members of the Board of Directors, Vice Presidents, and employees shall immediately report to the Statutory Auditors.
  - 3) In the event that facts are discovered regarding the business execution of the Group that conflict with laws and regulations, the corporate ethical standards, action guidelines, or other internal regulations of the Company, or may cause significant harm to the Group, Members of the Board of Directors, Vice Presidents, and employees or parties that received such reports shall report to the Statutory Auditors.
  - 4) Apart from the previous items, if requested by Statutory Auditors, Members of the Board of Directors, Vice Presidents, and employees shall submit requested documents, etc., or report as required.
  - 5) Regarding the previous items, the Company shall not give detrimental treatment to reporters as a result of reporting.
- (8) Other systems to secure the effectiveness of audits by Statutory Auditors
- 1) Members of the Board of Directors shall maintain an environment that allows for Statutory Auditors to attend important meetings.
  - 2) Members of the Board of Directors and employees shall conform to the “Audit Plan” as formulated on a yearly basis by the Board of Statutory Auditors, and cooperate to allow for effective audits.
  - 3) Members of the Board of Directors and employees shall cooperate with and fulfill the requests of Statutory Auditors in the event that evaluation hearings are required with lawyers or the Independent Auditor.
  - 4) Fees, etc., incurred as a result of the execution of duties by Statutory Auditors shall be borne by the Company.
  - 5) Members of the Board of Directors and employees shall cooperate with and fulfill the requests of Statutory Auditors during the course of cooperation between the Statutory Auditors and the Independent Auditor.
  - 6) The Internal Audit Department shall work to cooperate with the Statutory Auditors.
  - 7) Statutory Representative Directors, etc., shall hold periodic meetings with Statutory Auditors and work to exchange information.

## 2. Basic Views on Eliminating Anti-Social Forces

In the Company’s “Corporate Ethics Policy and Code of Conduct,” the Company promises “to resolutely respond to all antisocial forces and activities and avoid using money for solution,” and the “Transaction Guide” “requests suppliers to refrain from dealing with companies that have ties to antisocial forces,” clearly demonstrating the Company’s stance on fulfilling its social responsibility not only at the Company, but across the supply chain, including suppliers.

Additionally, from the viewpoint of preventing involvement of antisocial forces in management activities and preventing damages from such entities, the General Administration Department is the internal department responsible for dealing with these forces, and a structure is in place to respond with the entire organization.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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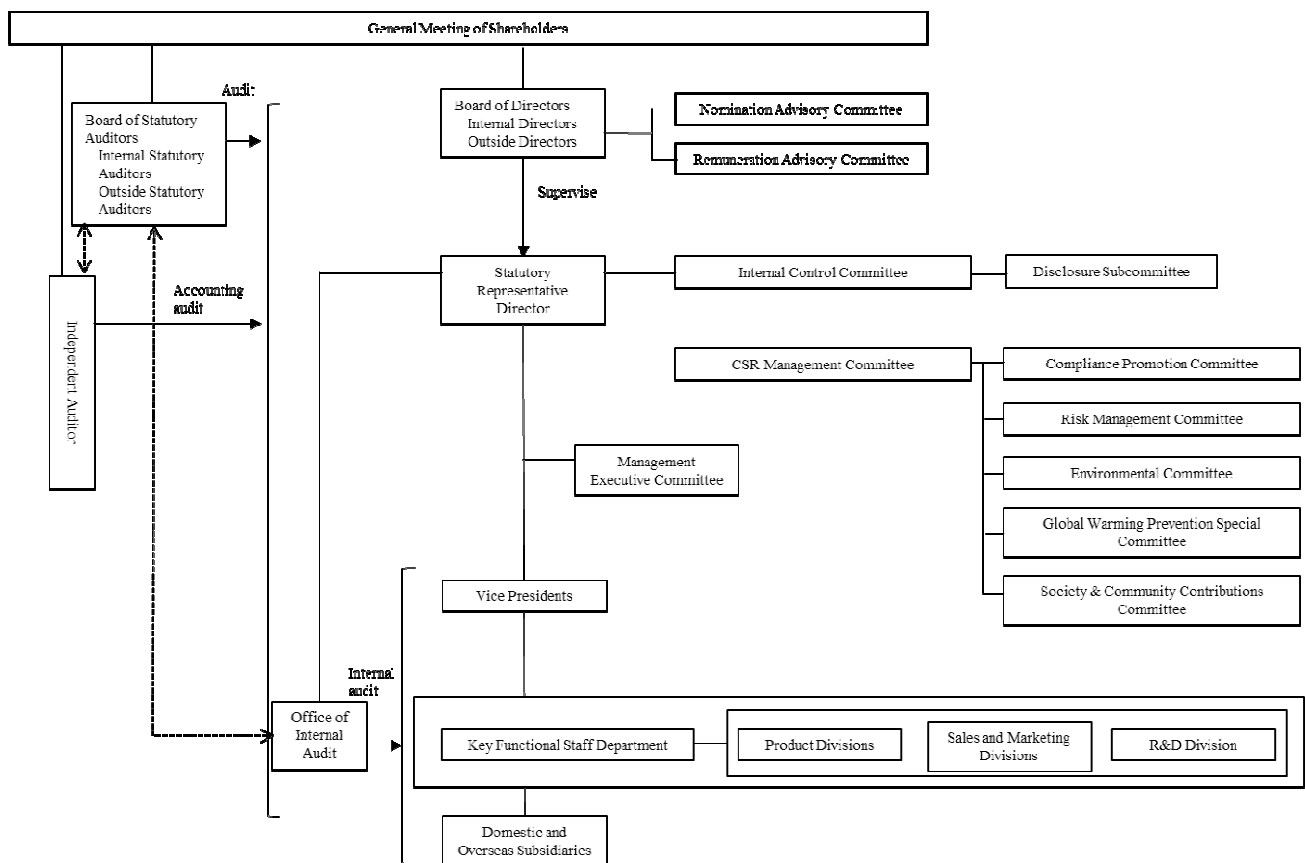
Supplementary Explanation

There are no applicable items.

### 2. Other Matters Concerning to Corporate Governance System

There are no applicable items.

[Reference material: Organization chart] Structure of business execution, supervision, and internal control system



[Reference material: Organization chart]

Summary of structure for timely disclosure

