Murata's value creation story

Murata's management capital and core competencies

Murata's mission is to "contribute to the advancement of society," and we believe that Murata exists for this purpose. In order to realize this mission through the efforts of all employees, the values of "CS and ES" are regarded as key values in our management. In addition, "management capital" that has been developed through the implementation of the Murata Philosophy will continue to be the source of value creation in the future. Murata will demonstrate its core competencies by utilizing such capital, while continuing to drive the business by carrying out "CS and ES" at a high level.

Murata will continue to create value as an Innovator in Electronics by reinforcing the capital, cherishing the spirit of the Murata Philosophy and further developing the core competencies.

Key values CS and ES

At Murata, CS means "continuing to create and provide value that is recognized by the customer," and ES means "every employee achieves satisfaction and continuing growth through the performance of their work duties." Enhancing CS leads to satisfaction and growth of our employees, and enhancing ES leads to the provision of more value to customers. We practice these values based on our desire to be a company that can realize them in our daily business.

Management capital Source of value creation nurtured through the implementation of the Murata Philosophy

Murata's management capital

Human capital	• Global penetration of Murata Philosophy (management philosophy) • Employees who sympathize with the Murata Philosophy and sincerely practice it • CS and ES as key values • An organizational culture that utilizes diverse individuals and helps their collaboration	▶P.59	Murata's human capital - Strengthening human resources base and organizational capabilities -
		▶P.73	Secure and safe workplace and health management
		▶P.75	Respect for human rights and diversity
Organizational capital	• Business management philosophy and management systems backed by scientific management • Solid corporate governance that is trusted by stakeholders and enables us to grow together	▶P.19	Message from the Director of Corporate Unit
		▶P.89	Corporate governance
		▶P.101	Risk management
Monozukuri capital	• Production technology and management systems that are highly integrated, from materials to final products • A strong "Kaizen" mindset and management technology to promote improvement activities • Quality control technology and quality management systems that extend back to the origin	▶P.31	Murata's monozukuri (manufacturing) which creates core competencies
Intellectual and technological capital	• Unique platform technology, core technology, and intellectual property that Murata has built and expanded as an Innovator in Electronics	▶P.23	Message from the Director of Corporate Technology & Business Development Unit
		▶P.61	Strengthening technological capabilities for the future and underpinning intellectual property activities
Customer and business partner capital	• Customer and sales networks we have built by providing global No. 1 products • Networks and teamwork among sites around the globe • Global partner network in the supply chain • Trust and credibility we have earned through our solid networks	▶P.77	Coexistence with local communities
		▶P.81	Supply chain management
Financial capital	• Financial base to support sustained growth and prepare for changes in the environment and various risks and opportunities • An investment strategy that emphasizes ROIC (pre-tax basis) and aims to increase capital efficiency in the long term • Credibility earned through dialogue with stakeholders and capital markets	▶P.19	Message from the Director of Corporate Unit

Core competencies 1 The power to read the future

Since most of our sales are generated from products with high shares in global markets, we have opportunities to communicate with customers in a wide range of industries, which allows us to stay ahead of and anticipate customer needs.

Even in a vastly changing business environment, we are able to continue to provide value to our customers by boosting cooperation of each function, formulating four roadmaps, anticipating customer needs, and preparing optimal solutions as a company. The sales and marketing department produces the Market Roadmap based on general trends in the market. It is then integrated with medium- to long-term customer needs of the sales promotion department of the business divisions, thereby composing the Needs Roadmap. These are connected to the Product Roadmap and the Technology Roadmap by the development department, which in turn are linked to R&D and product development. Using "marketing by everyone" as our motto, we leverage our global network to anticipate customer needs ahead of any other company, and each employee maximizes value offered to customers.
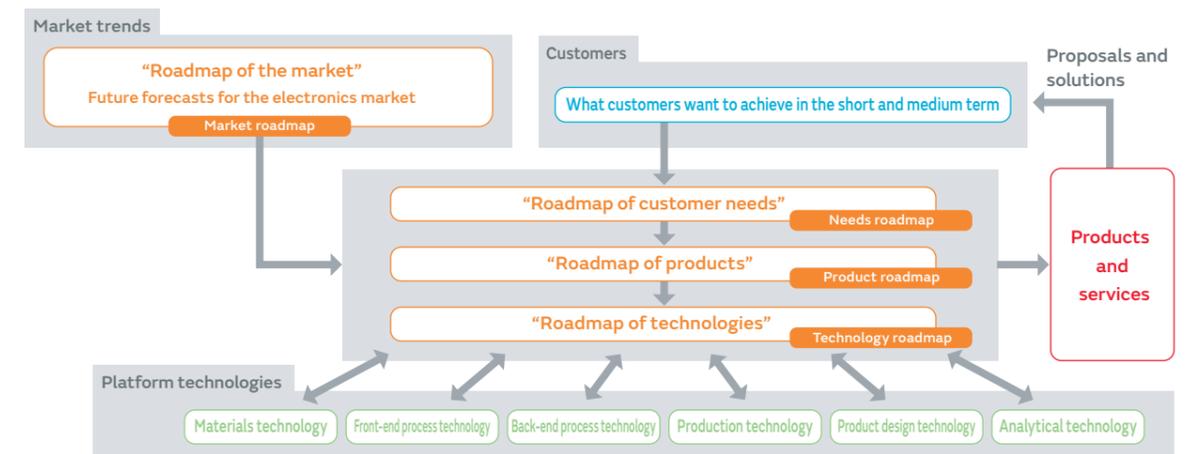
Core competencies 2 The power to give shape to needs / **Core competencies 3** The power to deliver value

Murata has built a vertically integrated production system ranging from raw materials to finished products, continuously investing in the development of technologies in areas such as materials, processes, production, product design, analysis, and evaluation. The elemental technologies that we have developed and acquired independently serve as platforms that we deploy in a variety of products and processes. (▶P.61 Platform technologies and core technologies)
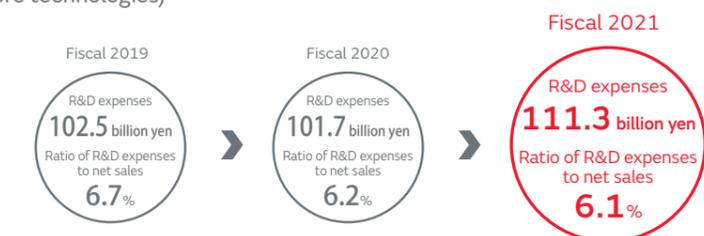
Within the engineering chain management (ECM) axis, we closely align the functions of material development, product development, production technology, and manufacturing. As we do so, we use these platform technologies to optimize development the entire Group. We continuously create new products, thereby giving shape to customer needs.

In addition, processes, equipment, and new products created in the ECM axis are mass-produced in the supply chain management (SCM) process system. Combining these with our customer information and production information in our production management system enables us to deliver value to customers in a speedy and timely manner. (▶P.31 Murata's monozukuri (manufacturing) domains)