

Murata's human capital - Strengthening human resources base and organizational capabilities -



Basic view

At Murata, the Murata Philosophy, our management philosophy, is at the core of our management and serves as the foundation for our decision-making and actions in the value creation process. In addition, we regard “CS and ES” as key values, and have strengthened our global outreach activities to ensure that employees deepen their understanding of these values along with the Murata Philosophy and put them into practice in their respective organizations and workplaces. We believe that these ongoing activities lead to employee satisfaction and growth, as well as to stronger organizational strength, which in turn becomes a human capital strength that contributes to solving our customers’ issues.

Dissemination of the Murata Philosophy SHAZE(management philosophy)

One of the management transformations in Murata’s “Vision 2030” is to practice “autonomous and decentralized organizational management.” With the rapid expansion of our business in recent years and the expansion of our global sites, each and every employee needs to aim in the same direction, using the Murata Philosophy as a compass, more than ever before. In order to increase opportunities for all employees to deepen their understanding of and become more familiar with the Murata Philosophy, we are working to spread it through a variety of initiatives. Since 2009, training sessions organized by executives to instill our philosophy have been held 427 times in total, and in fiscal 2021, 33 sessions were held with approximately 800 participants. In addition, every year in October, we observe a “SHAZE awareness Month” and create opportunities for employees to think about the connection between their work and the Murata Philosophy by holding workshops, dialogues, and other events at each workplace.



Training sessions by executives

Direction of maintaining and strengthening human capital

Murata has developed a multi-level remuneration system based on long-term career development. By aligning the company’s needs with the career plans of individuals, we have strengthened our human capital by developing rotations for growth, developing specialized skills for technological development and monozukuri, and fostering management skills to transform individual strengths into organizational strengths.

In Vision 2030, we aim to create innovation by expanding the scope of our value offering to include not only solutions to customer issues, but also solutions to social issues. In order to continue to enhance the power of individuals and the organization and achieve sustainable value creation, we will maintain and strengthen our human capital from the following two perspectives.

Developing diverse human resources that is active on a global scale

Murata views diversity and inclusion (D&I) as respecting and taking advantage of not only visible differences such as race, nationality, gender, and age, but also invisible diversity in terms of thoughts, knowledge, experiences, and perspectives, and aims to enhance the strength of the entire organization through friendly competition among diverse individuals and through trust and collaboration across teams. In addition, with the anticipated future labor shortage in Japan, human resource development at overseas sites will be an important issue for improving production capacity overseas over the medium to long term. In addition to dispatching Japanese employees overseas, which we have conventionally done, we will increase the percentage of overseas indirect employees with experience working at other sites to strengthen and develop human resources with global business experience. Through these efforts, we will expand production overseas and strengthen our front-line capabilities, along with the success of our diverse human resources and the enhancement of our employees' abilities and organizational strength, which will lead to increased economic value. We also view the promotion of women's advancement as a priority theme, and in Japan we have set targets and are stepping up our efforts. (▶P.75 Respect for human rights and diversity)

Improving employee engagement

CS and ES have been and will continue to be key values for Murata. Because the scope of CS is expanding to include the resolution of social issues, it is necessary to further enhance the ES of the employees who are responsible for CS. We believe that regularly checking how much employees themselves are experiencing satisfaction and growth in their daily work and implementing the necessary measures will enhance their vitality and help them get where Murata wants to be in Vision 2030. We will also promote health management that encompasses safety and security, based on the recognition that the foundation of CS and ES is the “physical and mental health of employees.” (▶P.73 Secure and safe workplace and health management)

We will improve employee engagement by realizing a corporate culture in which employees can feel satisfaction and growth through organizational culture reform, which has been an ongoing effort since 2004, and by continuously reviewing the working environment and systems to enable a variety of employees to demonstrate their abilities.

Developing diverse human resources that is active on a global scale

Target
Percentage of overseas indirect employees*1 with experience working at other sites
FY2024: 7%, FY2030: 10%

- Actions
- Promote an internal rotation system
 - Introduce and disseminate an evaluation system based on GLC*2
 - Selective training for employees
 - Strengthen coordination of global human resources functions

*1: Overseas local staff excluding expats from Japan

*2: Global Leadership Competency: A set of human resource requirements for leaders in order to nurture the leaders who will lead Murata in the future.

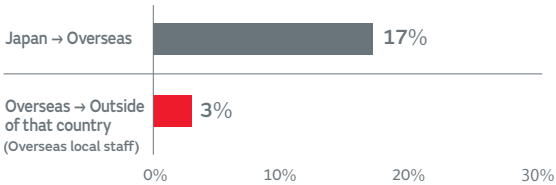
In fiscal 2021, the percentage of overseas indirect employees with experience working at other sites was 3%, and we intend to improve this ratio. Up until now, Murata has conducted global rotations, mainly from Japan to overseas. Every year, many personnel are stationed overseas to gain experience working in different cultures, and as of fiscal 2021, approximately 40% of managers in Japan have overseas work experience. In the future, we will further increase the number of human resources with experience working in other sites outside of Japan and create new value by promoting opportunities for diverse human resources to collaborate globally.

In terms of systems, we have clarified our basic approach to human resources as a global policy in order to create an environment in which overseas members with diverse cultures and ways of thinking can demonstrate their capabilities regardless of their location. At each site, we will strengthen human capital by linking and coordinating a series of human capital-related processes, including

recruitment, training, placement, and compensation.

In addition, we continue to implement selective training programs to identify and develop future management talent candidates on a global basis. A cumulative total of approximately 90 members have participated to date, both in Japan and overseas, with about half of them holding positions at the department general manager level and above. By encouraging behavioral change through the program, we will focus our efforts on the continuous development of global leaders.

Percentage of overseas indirect employees with experience working at other sites (FY2021)



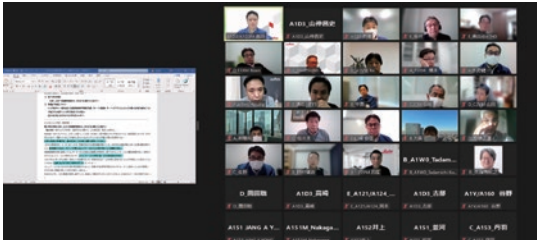
Improving employee engagement

Target
Positive employee engagement response rate
FY2024: 70% or higher, FY2030: 76% or higher*3

- Actions
- Meeting to share case studies of organizational culture reform initiatives
 - Executive discussion on improving engagement
 - Engagement workshop among department heads
 - Continuous review of working environment

*3 Above average level of global high-performing companies

In fiscal 2021, we conducted an employee survey of all employees, which was approximately 75,000 persons globally. The survey results show a 68% positive response rate for engagement, up approximately 10 percentage points from the last survey conducted in fiscal 2019. This was mainly due to an increase in the percentage of overseas respondents, who tended to respond in the affirmative. For further improvement, in addition to the efforts of each organization using the survey results, we believe that action is needed, especially at the level of those close to the manufacturing site, and are taking measures including promoting dialogues with employees and supervisors working on the site and reviewing their working methods. In addition, to further accelerate the efforts of each organization and workplace, the status of discussions on improving engagement among executives is communicated to employees. Among the issues raised during the discussion were: “It is important to have opportunities for communication between supervisors and subordinates,



Executive discussions on improving engagement

such as making jobs meaningful and career dialogue,” and “Speeches alone will not resonate with employees. Dialogue is important for the company’s initiatives to resonate with employees.” We will promote activities to improve engagement across the whole Group by interacting with each other beyond the boundaries of our offices, both in Japan and overseas.

In addition, we will further improve the working environment by constantly updating our competitive remuneration design, personnel system, and structure.