Murata value report 2024

muRata

INNOVATOR IN ELECTRONICS

Publishing the *Murata Value Report*

The *Murata Value Report* is published with the purpose of sharing Murata's value creation story with shareholders, investors, and other stakeholders, thereby co-creating value through constructive stakeholder dialogue and creating value through resonance with employees.

Key points regarding *Murata Value Report 2024*

Murata strives for timely, accurate, and transparent information disclosure to stakeholders to increase the quality of dialogue. To help our readers better understand Murata's sustainable value creation and serve as an effective communication tool in the service of value co-creation, we focused on the following three points in compiling this year's report.

- **Communicate clearly the status of initiatives and issues that need to be addressed with respect to 3-layer portfolio management, which is at the core of our growth strategy**
- **Enhance disclosure pertaining to the various forms of management capital that are the sources of value creation, and highlight Murata's ability to execute on strategies**
- **Organize page and section structure to enhance linkage with our other media and better help readers to systematically understand Murata's value creation story**

How to read the *Murata Value Report*

This report includes navigation links for jumping between pages and accessing external websites.

Return to the contents page. | P.00 XXXXX Jump to the indicated page. | XXXXXXXXXX Open the referenced website. | Open the referenced website.

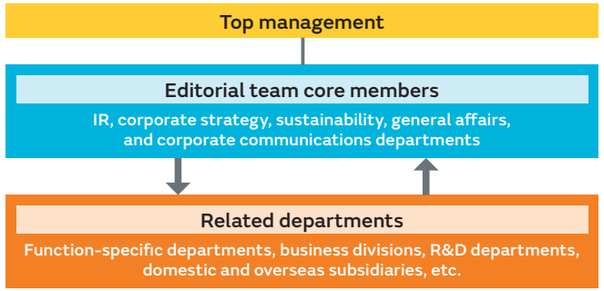
Click on a title in the navigation bar on the righthand side of the PDF to jump to the indicated page.

Cover design

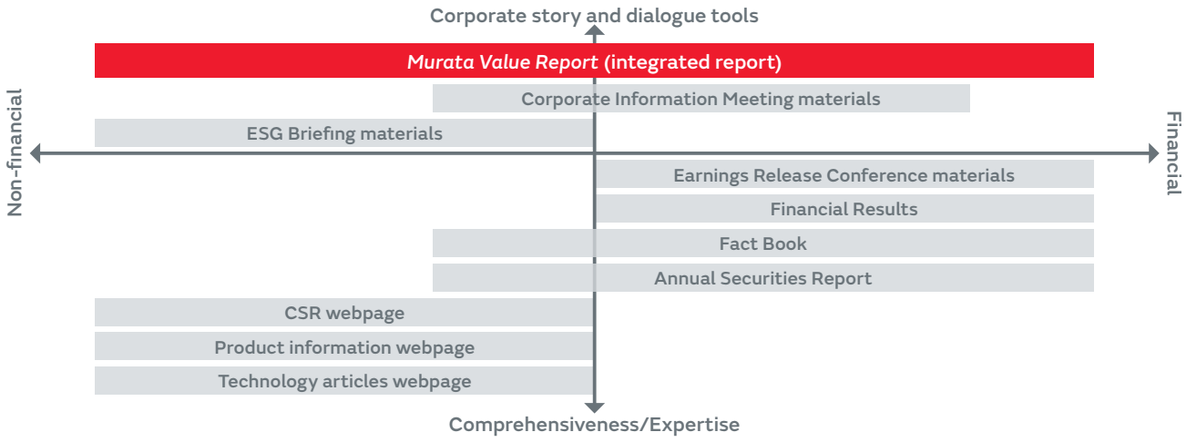
The cover design expresses the vibrant intertwining of Murata's DNA (Murata Red) and our 3-layer portfolio management (orange, blue, and green) as we seek to generate synergies and advance toward our vision for the future. It indicates Murata's bright outlook and strength as we head into the next growth phase on the path to achieving Vision 2030.

Editorial framework and internal use of the report

Top management, including the President, actively participate in the compilation of the report, which is published under the supervision of the director in charge of IR, Masanori Minamide. We make the report available in Japanese, English, and Chinese and share it with all employees. Many of our departments use the report in training as a tool for helping employees grasp the overall picture of the Company and contribute to our goal of decentralized autonomous organizational management.



Where to find information disclosure documents (Mapping by medium)



Editorial policy

With stakeholder dialogue being an important consideration, Murata has published the *Murata Value Report* since 2018 to better convey Murata's activities to improve corporate value over the medium to long term. In addition to growth strategies for realizing the future envisioned by Murata, the report describes ongoing corporate social responsibility (CSR) activities by the Company. We compiled and edited this report by summarizing the main points with the aim of communicating Murata's activities in a concise manner.

Detailed financial data and information on CSR activities that are beyond the scope of this report, as well as environmental data from each business site, are posted on the Murata website. Please refer to the chart above for where to obtain specifically required information. We will continue active information disclosure to help our stakeholders better understand Murata.

This report was compiled with reference to the IFRS's *International Integrated Reporting Framework*, the Japan Ministry of Economy, Trade and Industry's *Guidance for Collaborative Value Creation 2.0*, and the Japan Cabinet Office's *Intellectual Property and Intangible Assets Governance Guidelines*.

Environment Social Governance
Guidance for Collaborative Value Creation

知財・無形資産ガバナンスガイドライン

Website

Corporate website

- Top page
- Investor Relations
- CSR
- Products
- Articles

Contents

Murata
value report
2024

Period of this report: Between April 1, 2023 and March 31, 2024
(Some activities taking place on or before March 31, 2023, or on or after April 1, 2024, are covered in the report.)

Reporting scope: Murata Manufacturing Group (referred to as "Murata" or "the Group"), consisting of Murata Manufacturing Co., Ltd. (referred to as "Murata Manufacturing") and 85 subsidiaries inside and outside of Japan

Forward-Looking Statements
In addition to information on past and current performance, this report contains future forecasts, predictions, plans, and other forward-looking statements. These statements are based on assumptions or judgments made using information available at the time of publication, and hence are subject to uncertainties. Accordingly, actual results of future operating activities and future events may differ materially from forward-looking statements made in this report.

SECTION 01
ORIGIN

What we have accumulated

3 Murata's DNA
7 Murata's Growth Trajectory and Expansion in Field of Electronics
8 What We Have Accumulated and the Future According to Murata
9 Murata's Businesses

SECTION 02
MESSAGE FROM THE PRESIDENT

11 Message from the President

SECTION 03
TO THE FUTURE

Into the future

18 Process of Value Creation
19 Management Capital
20 Core Competencies
21 Vision 2030 and Medium-Term Direction 2024
23 3-Layer Portfolio Management
24 Business Opportunities
25 Message from the Director of Technology
28 Special Feature: New Initiatives to Resolve Social Issues
29 Murata's Materialities
31 Initiatives on Social Issues through Business Activities Overall—Environment—
32 Initiatives on Social Issues through Business Activities Overall—Social—
33 Initiatives on Social Issues through Business Activities Overall—Governance—
34 Stakeholder Engagement
35 Message from the Director of Corporate Unit
38 Medium-Term Direction 2024 Capital Allocation Policy
39 Progress under Medium-Term Direction 2024
41 Strategies for Each Business
48 Strengthening Human Capital
52 Strengthening Manufacturing Capital
55 Strengthening Intellectual Property Activities
57 Promoting DX

SECTION 04
MANAGEMENT FOUNDATION

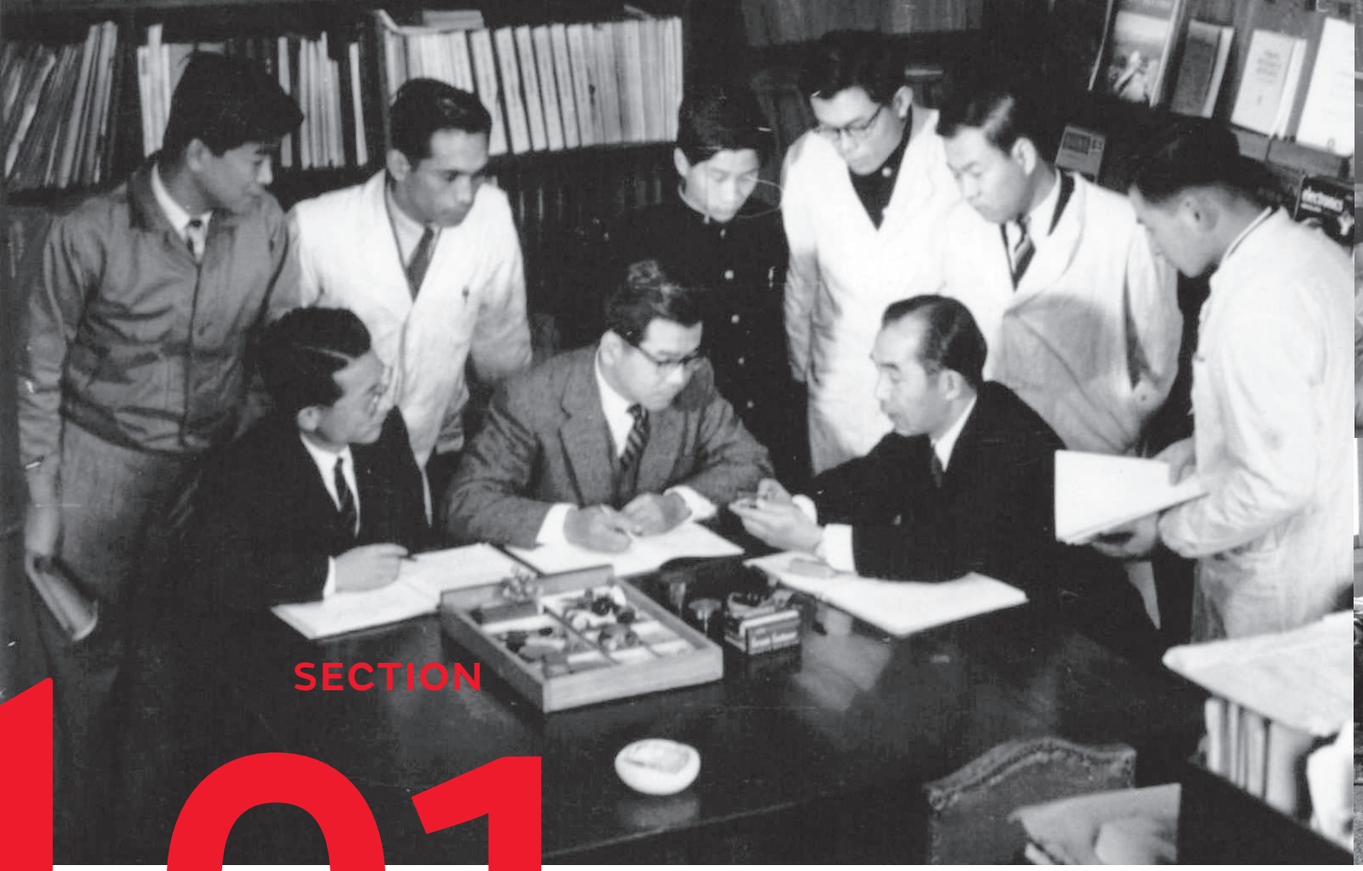
The infrastructure that supports management

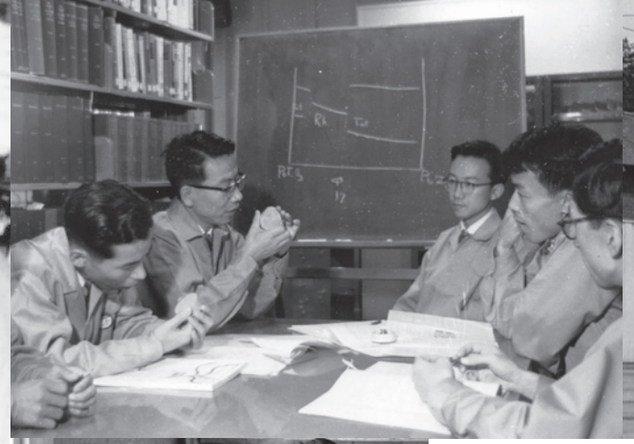
60 Strengthening Murata's Response to Climate Change (TCFD)
63 Use of Sustainable Resources
64 Coexistence with Local Communities
65 Respect for Human Rights
66 Promoting CSR Procurement
67 Risk Management
68 Executives
70 Message from the Chairman of the Board
71 Corporate Governance
77 Discussion with Outside Directors

SECTION 05
DATA

Murata in numbers

82 Financial Data Highlights
83 ESG Data Highlights
84 11-Year Consolidated Financial Summary
85 ESG Data
87 External Evaluations
88 Stock and Company Information











SECTION

01

ORIGIN

What we have accumulated

Murata's DNA

The Murata Philosophy was set forth in 1954 by the Company's founder, Akira Murata. Through social changes and technological progress, top management and employees across each generation have continued to pass down and put into practice that philosophy. With its unique technologies, spirit of challenge, and sincere customer service, Murata continues to expand as a global company.

社　是

技術を練磨し
科学的管理を実践し
独自の製品を供給して
　文化の発展に貢献し
信用の蓄積につとめ
会社の発展と
　協力者の共栄をはかり
これをよろこび
　感謝する人びとと
　　ともに運営する

The Murata Philosophy

We contribute to the advancement of society by enhancing technologies and skills applying scientific approach creating innovative products and solutions being trustworthy and, together with all our stakeholders, thankful for the increase in prosperity.

Episode 01

Addition of the phrase "being trustworthy" to the Murata Philosophy

Murata had developed a lineup of unique products while securing the cooperation of others by cherishing relationships and working with sincerity, as enshrined in the Murata Philosophy.

However, in 1979, 35 years after the Company was founded, the founder felt that Murata's corporate culture and employees' attitude toward work were lacking in creativity and ability to predict the trends of the times, instead trailing behind its competitors.

He felt that many employees took the trustworthiness built up over the years for granted in their work, but trust is easily lost, and they needed to understand that trust would disappear if they did not consciously work to build it up at all times. Acting on this feeling, the founder added the phrase "being trustworthy" to the Murata Philosophy in 1979. Today, 80 years since our founding, the phrase "being trustworthy" refers to Murata's corporate culture of honesty and the need to work across national, regional, and industry boundaries to continue passing down this trustworthiness built up over many years. As such, this is a part of the philosophy that Murata employees empathize with in particular.


ムラタニュース
第359号
1979年11月1日 発行 株式会社 村田製作所
検査選別で不良を排除するのではなく
工程の中で品質をつくりだすという
考えを徹底していただきたい
……社長のことばから……（S. 54. 1）
創業35周年を祝う
社長あいさつ
進取の行動のなかに信用のつみ重ねを
創業35周年記念式典
今日あることをともに

Company newsletter *Murata News* (No. 359), November 1979

At the ceremony celebrating Murata's 35th anniversary, founder Akira Murata emphasized that "originality" and "building trustworthiness" would be essential to the Company's future success.

Episode 02

CS and ES: Values born from realizations in a downturn

In addition to practicing the Murata Philosophy, we declared becoming a customer-oriented company as the primary aim for our corporate culture, but after the bursting of the IT bubble in the 2000s, Murata's performance remained sluggish for a long period, even as other companies in our industry charted V-shaped recoveries.

The Company's management attributed this to our organizational culture at the time, which was characterized by the imposition of Murata's way of doing things on customers rather than giving them what they wanted, and exhaustion among hard-working employees. The management team realized that unless employees feel fulfilled and proud of their work, they would be unable to make great products and satisfy customers.

A drive to transform our corporate culture began in earnest in 2004, with all the executives holding ongoing discussions on what to do. An employee survey in 2005 highlighted the grim reality that Murata had succumbed to the common pitfalls that often afflict large organizations. As a result, the decision was made to revisit the Murata Philosophy and replace our old top-down management with one that emphasized "acknowledgment, delegation, and gratitude," and worked to create a corporate culture in which customer satisfaction (CS) and employee satisfaction (ES) are positioned as top-priority values. Subsequently, by having all employees place importance on dialogue, express their appreciation for each other, and strive to understand each other, numerous opinions began to emerge within the Company, and our corporate culture steadily improved.

As a result of business expansion, the hiring of experienced personnel, M&As, and other factors, Murata now has far more employees than it did back then, and they embody various different values, but the Murata Philosophy and the notions of CS and ES continue to resonate with them, and they engage in dialogue and friendly competition with each other on a daily basis.

Moreover, the motivation inspired by seeing joy and gratitude in customers who recognize the value provided by Murata remains unchanged even today, providing the inspiration for further growth. In this way, we believe that enhancing CS leads to satisfaction and growth among our employees and that enhancing ES leads to the provision of more value to customers. This belief informs the actions that we take.

Murata's key values: CS and ES

CS	Continuing to create and provide value that is recognized by the customer
ES	Every employee achieves satisfaction and continuing growth through their work



Workshop retreat for executives on the themes of CS and ES

Aiming to create further value based on the Murata Philosophy

As a company primarily specializing in electronic components, Murata has maintained its competitive edge while achieving technological innovations in products by serving the needs of customers, evolving as they do with the times. This section covers some of the value that Murata has provided with respect to customer needs.

Episode 03

Contributing to the industry with the development of multilayer ceramic capacitors by seeking a low-cost alternative

ISSUE Struggling with mass production despite the potential of a low-cost material

In 1966, when multilayer ceramic capacitors (MLCCs) made their global debut, they found limited applications due to the high cost of the precious metals used in their electrodes. In order to resolve this issue and find a cheaper substitute metal, it was necessary to develop a dielectric ceramic material that could be sintered at low oxygen concentrations to avoid oxidation. There were many technical hurdles to this, and our competitors had given up development. Nevertheless, Murata had a strong desire to contribute to the advancement of society by creating innovative products and solutions, and we persisted to somehow break down cost barriers and achieve mass production.

ACTION Breakthrough from the “russet-colored” test material

It was reduction-resistant barium titanate that would enable us to overcome these product development challenges. The development of this material began when one of the researchers recalled a test material that turned “russet-colored” during an experiment without acquiring semiconductor properties (it was normal for such a material to be reduced and turn black). As a document from the time said, “Even if you believe something to be impossible logically, it is important to first try and experiment as the true answer is in the laboratory.” This launched the development of dielectric ceramic materials, and in 1973 we successfully developed MLCC with nickel electrodes (Ni) that were both high-quality and low-cost. Murata worked on commercialization and the production process for this material for the next eight years, and finally introduced mass production in 1982. “Achieving mass production was many times harder than the development process, and it was essential for development personnel to work with production site engineers on the issue. Additionally, our focus on handling everything in-house, starting with the product materials, contributed significantly to our achievement of a stable level of product quality,” remembers a development engineer employed at the time.

OUTCOME MLCCs supported cultural and industry advances for years

Dramatic cost reductions strongly stimulated demand and established the foundation for subsequent cultural development as well. Today, MLCCs are an essential product for electronics and used in a wide range of markets including communications equipment, automobiles, home appliances, industrial equipment, and medical equipment, and have contributed to the development of industry. For each respective application, Murata strives to improve miniaturization and capacitance density while reducing production costs, and today we supply customers around the world with over 1 trillion MLCCs per year.

In March 2024, in recognition of the impact of MLCC commercialization on the development of industry, Murata received the IEEE Milestone Award from the Institute of Electrical and Electronics Engineers, the world’s largest international conference in the field of electrical and electronics. Receiving this award was the culmination of over 25 years of world-recognized achievements, and we could only have been possible thanks to the continuous support of our customers and suppliers for our products and businesses. As per the Murata Philosophy, it is our continual implementation of the principle of being “together with all our stakeholders, thankful for the increase in prosperity” that is the primary source of Murata’s strength today.

MLCC features

Exceptional RF properties and high-density mountability

In addition to exceptional frequency properties that meet the needs of power circuits for high-speed ICs and high-frequency RF circuits, the MLCC is compact, has a high capacitance density, and is surface-mountable, contributing to the high integration and improved transmission speeds of smartphones and other information devices.

High dielectric strength and reliability

MLCCs have high dielectric strength, a property that is essential in the field of power electronics, and are highly reliable. They are used in various power circuits, especially in car electronics.



Multilayer ceramic capacitors with nickel electrodes (Ni-MLCCs)

Episode 04

Development of multilayer LCP products, multilayer resin substrates made with a unique liquid crystal polymer

ISSUE Development began as a new technology to meet new needs in LTCCs

Multilayer resin substrates (multilayer LCP products) have properties that make them key to creating substrates and components that achieve low loss at high frequencies, and are especially useful for 5G and other ultra-high-speed communications. However, R&D on such materials actually began from a rejected technology developed to meet new needs in ceramic applied products, one of Murata's areas of strength. In this case the ceramic applied products was low-temperature co-fired ceramic (LTCC), which enables filters and similar functionality to be integrated into products by utilizing internal wiring in multilayer ceramics. However, they had an issue with being weak to impact shocks. Although resin materials could be used to prevent damage, resin has the drawback of properties changing due to sensitivity to humidity. Then-Executive Deputy President Tsuneo Murata instructed the engineering manager to use liquid crystal polymer (LCP, a resin material), which has low moisture absorption and is resistant to such property changes.
A moisture-resistant material that is difficult to crack was a direct competitor to LTCC and threatened its position. However, the engineering manager actually took an interest in these properties and ordered research into the circuit board applications of LCP. This led to the development of multilayer LCP products.

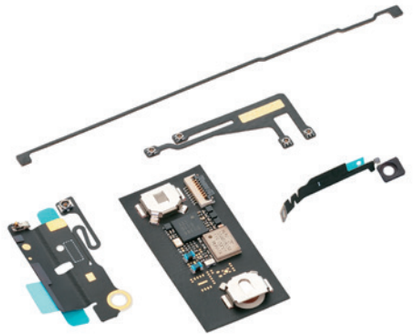
Note: "Multilayer LCP products" refer to multilayer resin substrates that enable free, three-dimensional wiring within a circuit board, as well as any products that utilize such substrates.

ACTION Aggregated technologies from inside and outside the Company for rapid commercialization

Development of our multilayer LCP products began in earnest when the developers visited trade shows in Japan for component materials and encountered startup companies that would become suppliers of LCP sheets. However, the development process was not straightforward. Since LCP is such a stable material, it actually could not be simply pressed to create multilayer substrates. Murata learned from other companies with expertise in multilayer technology and combined those lessons with Murata's own MLCC and LTCC technology to develop a unique molding technology that could achieve bulk multilayering without the use of adhesives. Another difficult issue was choosing what material to use for the "via holes" that are used to connect layers in multilayer substrates. There was nothing that could withstand the soldering process, but after several discussions that brought in materials researchers from other departments within Murata, we came across a via material that had a higher melting point after being melted once and could also be used for soldering. This material was highly compatible with multilayer technology and immediately helped establish multilayer resin substrates as a full product. Through this, Murata pushed ahead to set up mass production for the multilayer LCP products – our innovative multilayer resin substrate.

OUTCOME From extraordinary to ordinary and growth as an important technology

Technically difficult to implement, our multilayer LCP products initially made little headway as a substitute for LTCC. However, this all changed when Murata proposed to a major smartphone manufacturer the extraordinarily unusual idea of using LCP, a flexible substrate, for mobile phone transmission lines. This fit the customer's needs perfectly and the material was adopted by them in 2012. Demand then spread from transmission lines to antenna and similar applications, so Murata expanded production capacity to ensure a stable supply of the material. Today, our multilayer LCP products have become a key technology used to make smartphones and other high-performance electronic devices thinner and smaller.



Multilayer LCP product features

Low loss at high frequencies
Multilayer LCP products enable substrates and components that achieve low loss at high frequencies. They are especially useful for 5G and other ultra-high-speed communications.

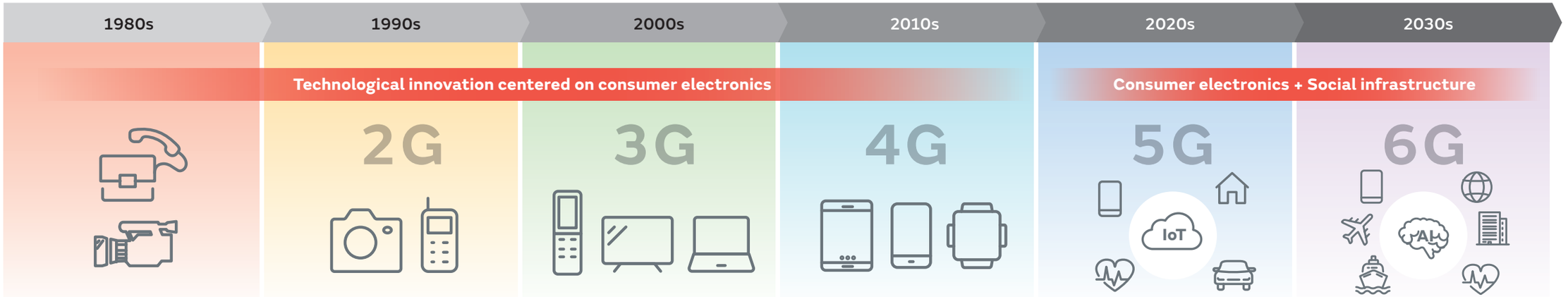
Ultra-thin complex shapes
When heated and bent, the material maintains its shape, enabling a high degree of freedom in terms of product shapes.

Humidity resistant
No adhesive is required to connect substrate layers, enabling highly humidity-resistant and reliable products.

Murata always strives to be an Innovator in Electronics and has achieved a strong presence by always predicting the next wave of the future in the field.

Murata's Growth Trajectory and Expansion in Field of Electronics

With 6G projected to arrive in 2030 and communications to further evolve as social infrastructure, we expect to enter a world where everything is connected via communications systems. In response to such technological innovations, the electronics field will continue to expand, and business opportunities for Murata will also multiply.

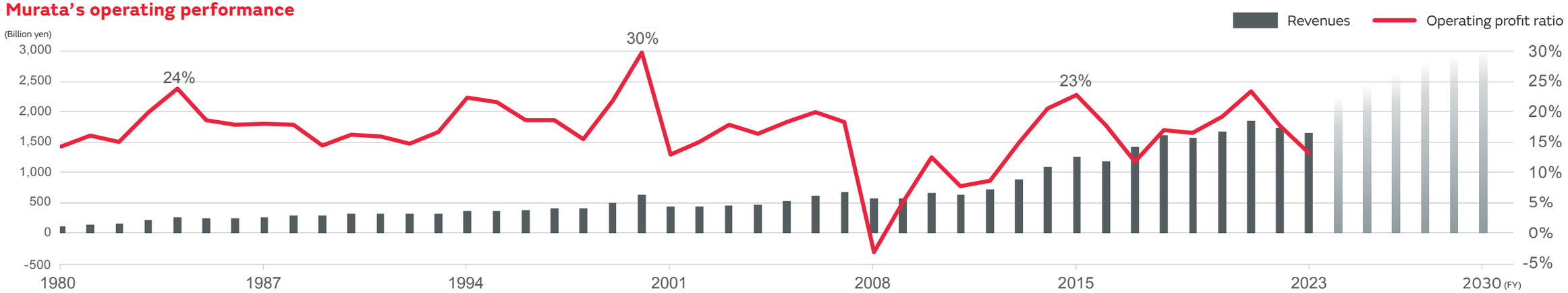


Providing value not only through hardware, but also in combination with software and solutions

Specific application proposals optimized with customers

Providing cutting-edge electronic components that contribute to the evolution of hardware

Murata's operating performance



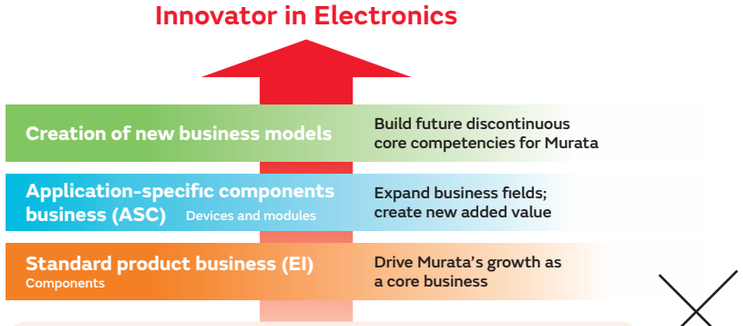
SECTION 01 ORIGIN
What we have accumulated

What We Have Accumulated and the Future According to Murata

Various experiences of our founder led to the formulation of Murata Philosophy, which has defined the direction the Company should take. Underlying the Murata Philosophy is our corporate culture of prioritizing CS and ES.

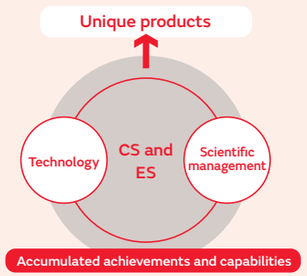
To continuously increase our corporate value while retaining the mindset of our founder, in 2021 we formulated Vision 2030 which sets out our long-term direction and the preparations that we need to make. Murata has lived up to its slogan, "Innovator in Electronics," which embodies our desire to be "a leader in innovation for the electronics industry." By putting this idea into practice and by building solid, trusting relationships with our customers, Murata has established a global brand of capacitors and communications components. On the other hand, to respond to the intensifying changes in our environment and proactively create value as a true Innovator in Electronics, we believe it is important that we expand the scope of the value we provide from just "innovation for customers" to also include "innovation for solving social issues."

3-layer portfolio



Accumulated achievements and capabilities

Various experiences of our founder led to the formulation of the Murata Philosophy, which has defined the direction the Company should take. Part of the philosophy, "together with all our stakeholders, thankful for the increase in prosperity," reflects a desire to prosper together with our stakeholders. The philosophy and initiatives of those who have come before us have led directly to the Murata of today.



Page 23: 3-Layer Portfolio Management

Four business opportunities

Core fields

Fields where we will continue to provide value through further technological innovation by leveraging our accumulated strengths and properly grasping diversifying applications and changing structure of our customer base

Communications

Mobility

Challenge fields

Fields where we will aim to provide new value by leveraging our knowledge and technologies for innovation as the electronics field expands

Environment

Wellness

Page 24: Business Opportunities

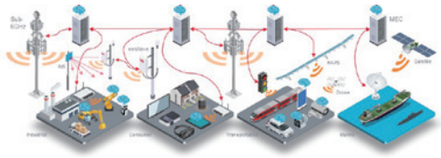
Market expansion in the infrastructure business domain

Future of communications

Network side

Market trends
- Emergence of large-capacity optical communications to support ultra-high-speed communications and large-scale computation
- Transmission ranges are limited, so high-efficiency relay devices and base stations will increase
- The processing and communications capability of devices and other hardware will also support high-speed communications

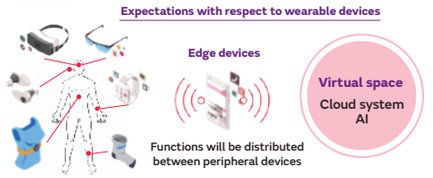
Business opportunities
- Increasing requirements for high performance and high reliability to support network connectivity
- Increase in demand for components due to more connected devices and processing capability improvements



Device side

Market trends
- Increasing shift toward wearable and implantable devices
- Acquire and digitalize all types of information
- Development of advanced modules and sensors
- Need for miniaturization, enhanced energy saving, and improved reliability in order to make devices more portable and wearable

Business opportunities
- Increase in demand for small and high-performance components and modules
- Increasing technical requirements to reduce electricity consumed and improve efficiency
- Added value will shift to hardware combined with software and solutions

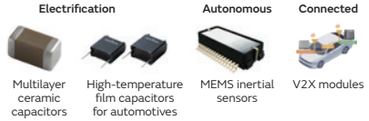


Future of mobility

In-car domain

Market trends
- Evolution of autonomous driving technology alongside shift to xEVs*
- Greater importance of ECUs due to more data processing and increasing complexity of controls

Higher demand for electronic components



* Various categories of electric vehicles including hybrid electric vehicles

Out-car domain

Market trends
- Expansion of vehicle-based services such as MaaS (Mobility as a Service) due to the connection of vehicles to social platforms via communications technology
- Robot taxis, micro mobility, and flying cars (eVTOLs) are emerging as new modes of transportation

Growth of mobility business through technological innovation for CASE (connected, autonomous, shared, and electric) vehicles

Murata's initiatives
- We will use our knowledge gained from the communication field to provide new value, including software and solutions
- Exploration of business opportunities in the out-vehicle domain

SECTION 01 ORIGIN
What we have accumulated

Murata's Businesses

Murata creates unique products and provides cutting-edge electronic components for all sorts of electronic devices in everyday life, including smartphones and PCs. Murata holds a large market share in a wide range of products, from our mainstay capacitors to inductors (coils), filters, lithium-ion secondary batteries, sensors, and other components, and modules comprised of these components. As an innovator in the electronics industry, we will continue to provide new value in the expanding business opportunities such as communications, mobility, environment, and wellness, and contribute to the advancement of society.

Murata by the numbers (As of March 31, 2024)

Revenue
1,640.2 billion yen

Operating profit ratio
13.1%

ROIC (pre-tax basis)
10.0%

Capital expenditures
219.5 billion yen

R&D expenses
132.5 billion yen

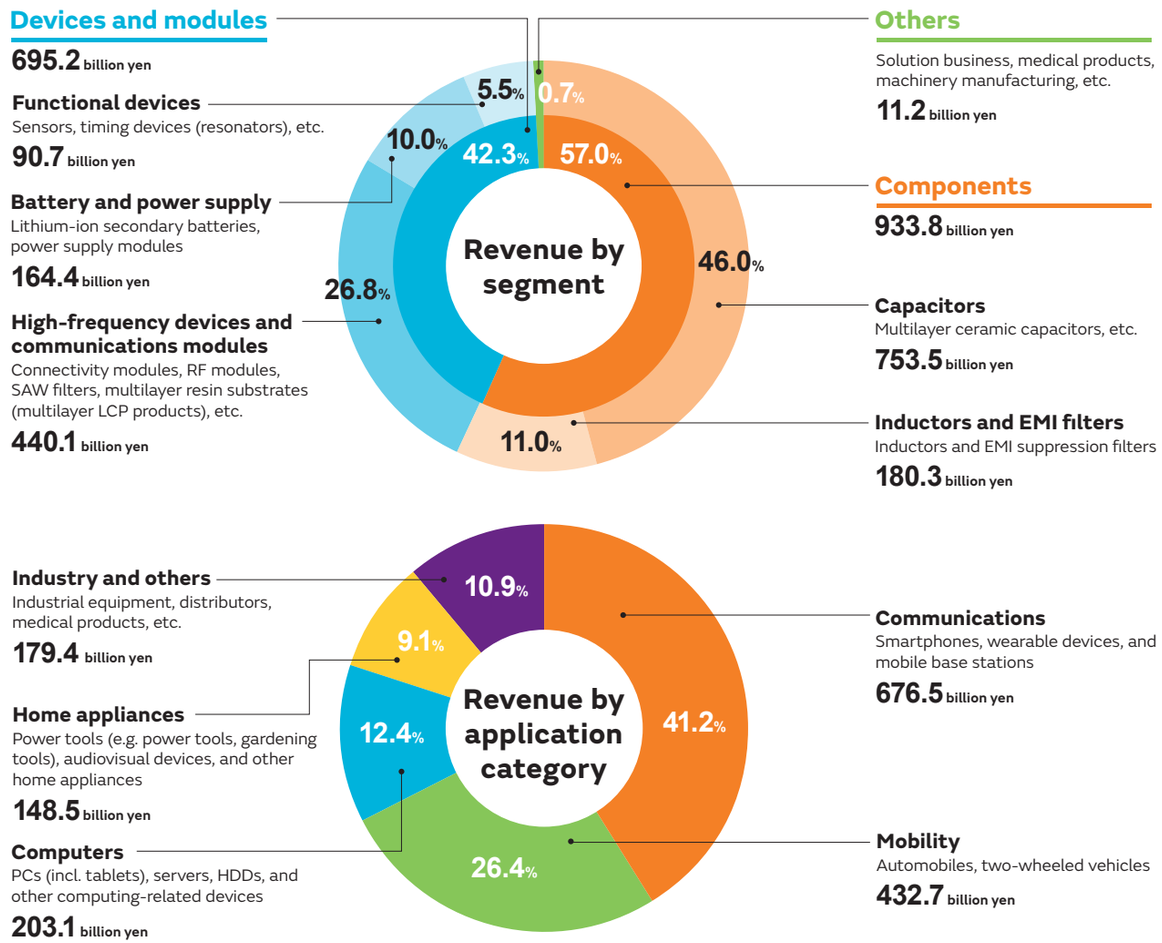
Ratio of sales outside of Japan
90% or higher

Number of employees (consolidated)
73,165

Number of companies
85

DOE
4.0%

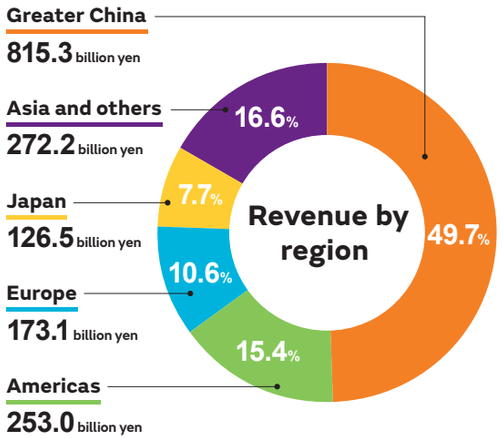
Revenue by product for fiscal 2023



SECTION 01 ORIGIN
What we have accumulated

Murata's Businesses

Revenue by region for fiscal 2023



Global network

Greater China
Number of employees: Approx. 17,500
Number of companies: 17

Americas
Number of employees: Approx. 1,400
Number of companies: 13

Europe
Number of employees: Approx. 1,900
Number of companies: 9

Japan
Number of employees: Approx. 33,900
Number of companies: 31

Asia and others
Number of employees: Approx. 18,500
Number of companies: 15



Murata products

Multilayer ceramic capacitors
Indispensable to electronic circuits, these components serve to store and adjust flows of electricity.



Murata's global market share: 40%

Noise suppression products EMI suppression filters
These components eliminate electromagnetic noise and protect delicate electronic circuits.



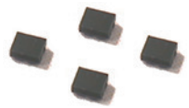
Murata's global market share: 40%

Radio frequency (RF) inductors
Electronic components that are used in exchanging high-frequency signals, such as wireless signals in smartphones.



Murata's global market share: 60%

SAW filters
Filters that extract only the required portion of a radio signal are key devices in high-frequency circuits.



Murata's global market share: 40%

Note: The global market share of our main products is just our estimate. It may vary depending on the market and usage.

Number of products required per end-product

Product name	Smartphone	Laptop PC	Tablet PC	Automobile	Television	Smartwatch
Multilayer ceramic capacitors (MLCCs)	1,200	800	600	5,000-8,000	600	350
EMI suppression filters (EMIFIL®)	60	60	90	270-400	50	30
Inductors (coils)	300	30-50	200	400-500	30	30-50
SAW filters	10-70	0-30	10-70	0-30	—	0-30
Multilayer LC filters (filters, couplers, baluns, etc.)	2-20	2-4	2-20	2-8	2	3-6

Note: Estimates by Murata. The above figures are the total number required per end-product and are not an indicator of the actual number of our products used.

SECTION

02

MESSAGE FROM THE PRESIDENT

Accelerating growth: Advancing the 3-layer portfolio management strategy to realize Vision 2030

Norio Nakajima
President



INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 > Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 02

MESSAGE FROM THE PRESIDENT

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 > Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

SECTION 05 Data

Following the 2024 Noto Peninsula Earthquake

Before discussing the Company's business performance, I would first like to express my heartfelt sorrow for the lives lost in the 2024 Noto Peninsula Earthquake, and my deepest sympathies to everyone affected. I sincerely hope for a swift recovery in the areas impacted by the disaster.

The earthquake caused damage at several of our factories, primarily at Anamizu Murata Manufacturing and Wakura Murata Manufacturing, both located in Ishikawa Prefecture. In line with the Company's business continuity management (BCM) policy, we quickly established a crisis response team and collaborated with Group subsidiaries at other locations to provide support to the affected sites. All factories have now resumed production, thanks in large part to the support and cooperation from members of the local community and partner companies. I would like to take this opportunity to express my deep gratitude to everyone who contributed their support in this matter.

I take pride that Murata employees successfully prevented any significant disruptions in component supply to our global customers and quickly recovered from the event, while resuming production and business activities by shifting operations to alternate sites. Regarding business continuity, I am confident that our organizational strength – where employees at each site are empowered to take initiative – will be a significant advantage as we move forward.

Medium-Term Direction 2024: Second-year results and emerging issues

As we strive to make Murata the Global No. 1 Component & Module Supplier and the preferred choice for customers and society, we are advancing the Medium-Term Direction 2024 initiatives as the initial phase in realizing our long-term Vision 2030. As part of Medium-Term Direction 2024, we have established targets for both economic value and social value as our key management objectives. In today's capital markets, companies are assessed not only on their capacity to generate economic value but also on their contributions to addressing social issues. Sustainably enhancing corporate value requires implementing a management cycle that connects social value to the generation of economic value, thereby lowering the cost of capital.

In terms of progress toward our targets, we are on track to meet or exceed the social value goals as planned. However, we are significantly behind on achieving our fiscal 2024 economic value targets. Amid changes in the business environment, such as the impact of COVID-19 and global inflationary trends, the decline in overall demand for electronics has been more pronounced than expected. At Murata, we have been evaluating the effectiveness of our strategies across each business unit and implementing feasible initiatives during fiscal 2024. Any outstanding issues will be addressed in our upcoming medium-term direction.

Alongside the factors previously mentioned and the sluggish overall demand for electronic components, our fiscal 2023 business results were affected by a decline in sales related to portfolio reviews for connectivity modules, as well as reduced demand for our lithium-ion secondary batteries due to extended inventory adjustments in the power tools market. Consequently, our revenues experienced a year-over-year decline. Regarding other factors impacting profit, we took decisive action to reduce inventory assets in order to align inventory levels with demand forecasts. This led to a decreased facility operating rate and an impairment loss of 49.5 billion yen on equipment for cylindrical lithium-ion secondary batteries and other assets. As a result, we experienced a year-over-year decline in profit. ROIC (pre-tax basis) declined year-over-year as a result of a reduction in the operating profit margin and a decline in the working capital turnover ratio, attributable to ongoing upfront investments aimed at future market growth.

In the lithium-ion secondary batteries sector, we focused efforts on the power tools market, considering its growth potential, material properties, and our competitive advantages in the operating environment. This market experienced rapid growth alongside the rising demand for DIY products, which surged from 2020 during the COVID-19 pandemic. To capitalize on this increased demand, we continued to invest in plants and equipment, enhancing our production capacity. However, the power tools market began to stagnate abruptly in 2022, leading to a decline in demand for our products due to a market correction following the rapid expansion. By the end of fiscal 2023, we revised our business plan to concentrate on areas where we hold a stronger competitive advantage. We believe these operations can play a direct role in addressing environmental and social issues, and they will expand as we integrate social value with the generation of economic value. Our strategy moving forward is to maintain our presence in the power tools market, which indicates a strong medium- to long-term growth potential. We will continue to implement our energy storage systems at our facilities, supporting our goal of achieving 100% renewable energy. Additionally, we will showcase these systems to create new business opportunities. To achieve this, we need to enhance our manufacturing (*monozukuri*) capabilities further. Additionally, by bolstering our organizational strength through effective personnel rotation and better utilization of human and organizational resources, we aim to grow our lithium-ion secondary batteries business into one of Murata's core businesses.

Page 35: Message from the Director of Corporate Unit

Page 39: Progress under Medium-Term Direction 2024

SECTION 02

MESSAGE FROM THE PRESIDENT

Murata's near-term operating environment

Regarding the business environment in fiscal 2024, the smartphone market – one of our key sectors – is experiencing a decline in sales, partly due to an extended upgrade cycle. However, demand is expected to recover thanks to rising sales of smartphones in emerging economies like India and Africa, where population growth is significant. This has resulted in a rise in the percentage of middle-to-low-end devices sold, and we anticipate a shift in sales volume from high-end to the middle-to-low-end segments. Murata will maintain its focus on advanced technological fields. However, we also recognize the importance of capitalizing on our position in the high-volume segments of expanding markets. Achieving success in this competitive landscape will require further enhancing of our cost competitiveness through robust on-site capabilities developed from ongoing site improvements.

At the same time, demand for components in the mobility market remains strong, driven by growth in electric vehicles (EVs), advanced driver assistance systems (ADAS), and in-vehicle infotainment (IVI) systems. We anticipate an expansion of business opportunities with the electrification of vehicles, leading to an increase in the number of installed electronic components and a rising demand for high-quality, high-performance, and highly reliable products. To address this, we will integrate quality into our processes to improve overall standards and mitigate any potential issues. Additionally, we will diligently strengthen our technological capabilities and supply capacity.

We are seeing rapid growth in demand for components for data centers, primarily for AI servers. As such, the need for electronics in IT infrastructure continues to expand. In other areas, we expect a rebound in component demand across various applications following inventory adjustments, and we are moving forward with the development of a production system to accommodate this anticipated growth.

Expansion in the electronics industry with a focus on 2030

In last year's report, I shared my perspective on how the electronics industry might evolve by 2030, and I would like to revisit that topic now. First, looking back, I believe that Murata has successfully established its presence during each of the approximately 15-year cycles of significant innovation in the electronics industry.

For instance, when I joined the Company in 1985, we were witnessing the rapid miniaturization of handheld video cameras, consumer electronics and home appliances. During this time, Murata made a significant impact by offering a range of lighter, thinner, shorter, and smaller products. Then in 2000, as laptop computers and mobile phones evolved, our high-frequency modules, filters, and other products gained

We will undertake the necessary preparations and utilize our robust position in the electronics industry to respond to anticipated social changes and harness related business opportunities.



INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 > Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 02

MESSAGE FROM THE PRESIDENT

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 > Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

SECTION 05 Data

widespread adoption. In 2015, the smartphone market expanded rapidly with the evolution of communications systems, with many of Murata's products playing a crucial role in the global proliferation of smartphones. As we head toward the next 15-year cycle starting in 2030, I believe the next growth triggers in the electronics industry will be the widespread adoption of AI, digital twins, and the metaverse. During this period, the physical realm of the real world will be connected to the cyberspace of virtual reality and simulations through AI. Decisions made and actions taken in cyberspace will be optimized and manifested in the physical world through feedback mechanisms. If realized, this paradigm will change the very way people live. Interactive simulations in cyberspace are already improving the accuracy of automobile accident prevention in the tangible world.

Going forward, as the demand for acquiring and digitalizing various types of information grows, we anticipate the emergence of game-changing applications and edge computing devices that leverage AI in the physical space. As the adoption of wearable and implantable devices continues to grow, I believe there will be an increasing demand for technologies that showcase Murata's strengths, including innovations that make devices lighter, thinner, shorter, and smaller, as well as modular designs and advanced sensor technologies. In the networking sector, we forecast a higher demand for high-performance, high-reliability components for use in infrastructure that supports super high-speed communications and large-scale calculation processing, which will present us with even more business opportunities. Murata will continue to capitalize on its position in the electronics industry by avoiding short-term thinking and instead embracing a hypothesis-driven approach. This perspective will enable us to envision future developments and technological innovations while making the necessary preparations to seize emerging opportunities.

Page 7: Murata's Growth Trajectory and Expansion in Field of Electronics

Page 8: What We Have Accumulated and the Future According to Murata

Value creation through 3-layer portfolio management

Change in the electronics industry is often dramatic. In this dynamic environment, Murata must develop a distinctive growth narrative that capitalizes on our strengths to ensure sustained value creation as an Innovator in Electronics. We have implemented 3-layer portfolio management, classifying our businesses into tiers based on their business models. This approach allows us to foster the development of future innovations with a long-term focus and achieve significant growth breakthroughs. With this business portfolio in mind, we consider the environment and wellness as "challenge fields" that present substantial business opportunities, alongside our "core fields" of communications and mobility. Given that, we aim to create additional value by refining our management strategies in these areas.

The first layer consists of businesses that offer standardized products, such as capacitors and inductors, which are characterized as "product-out" businesses. We have a solid understanding of the future demand growth and the necessary technologies. As such, it is necessary to enhance our supply capacity in anticipation of this expansion and leverage cutting-edge technologies to maintain a competitive edge. In fiscal 2023, we diversified our supply chains and strengthened our production capacity to address the medium- to long-term growth in component demand within the communications and mobility markets. This effort included completing plants in Thailand and Vietnam, as well as beginning construction on a new facility in the Philippines. Additionally, we began construction of the Ceramic Capacitor R&D Center, which will strengthen our technological capabilities capacitor development and manufacturing. We also initiated critical projects vital for our medium- to long-term growth, including the establishment of a joint venture company to secure a stable supply of barium titanate, a key material used in capacitors. Looking ahead, as our competitors strive to quickly close the gap, we expect them to actively invest in areas projected for significant growth. In our pursuit of becoming the Global No. 1, we will leverage our collective strengths – such as technological capabilities, high quality, and supply capacity – to build competitive advantages.

The second layer encompasses the application-specific components business, including modules and sensors. This "market-in" approach focuses on developing solutions through collaboration with our customers' engineering teams. The primary strategy for businesses in this layer is to clearly identify potential customers and competitors, refine the technologies that set Murata apart from others, and systematically bring products to market. Doing so will require us to enhance both our proprietary technologies and those acquired through M&As and showcase the distinct advantages of Murata products in terms of their properties and structural characteristics. We forecast expansion in various applications and customer needs, particularly within the IoT and mobility markets, as wireless communications technologies continue to advance. Additionally, we are actively engaged in projects with international communications standardization organizations like ITU-R[1] and 3GPP[2] which contribute to the implementation of new wireless communications. We will utilize our involvement in these initiatives to enhance materials R&D and production processes, focusing on the evolution of communication network systems and trends in next-generation technologies. In 2020, we launched the SONAE Project. This initiative will drive our studies and exploration, research and development, and the commercialization of technologies in areas such as next-generation communications and 6G, the environment, optics and semiconductors, bioelectronics, and space assets, with our sight on the world of 2030 and beyond.

SECTION 02

MESSAGE FROM THE PRESIDENT

We will strive to make Murata the Global No. 1 Component & Module Supplier that is the top choice for customers and society alike.



The third layer focuses on developing new business models for the Company within our “challenge fields.” We believe that the key to growth during Medium-Term Direction 2024 lies in identifying Murata’s strengths and the areas where they can be effectively applied. Unlike the first and second layers, the third layer requires a “market-out” approach, i.e., providing customers with recommendations on current and potential uses for our components. We have expanded on our ideas as we integrate them into society and continue to create various business cases. However, we need to scale our operations to effectively monetize these opportunities. In particular, within the growth markets of energy and healthcare, we must not only enhance the value of our hardware but also adopt a sales strategy that aligns with industry structures, customer characteristics, and business practices. We will evaluate the most effective business models to pursue while broadening our options, including through external partnerships and collaborations.

As I noted, Murata is also focused on capitalizing on its established presence in the high-volume channel. Although this may raise concerns about lower per-unit prices and challenges in sustaining high profitability, we will remain committed to prioritizing the operating profit ratio and ROIC as key indicators. Accordingly, I believe that a key management challenge for Murata is to implement portfolio management effectively, balancing resource allocation toward market creation and growth areas while closely assessing and restructuring unprofitable and low-profit businesses. Instead of developing business plans based solely on our current positioning or existing customers, we will adopt an approach focused on creating new markets while also working to revitalize our portfolio.

In implementing our 3-layer portfolio management approach, we strive to create a continuous cycle of social and economic value. In September 2024, we brought the target date for fulfilling our RE100 commitment significantly forward, and set goals of carbon neutrality both within Murata and throughout our supply chain. Initiatives that directly minimize the environmental impact of our operations include the adoption of horizontal recycling, which allows PET film used in the production of multilayer ceramic capacitors to be reused for the same application, as well as the manufacture of products using recycled materials. We are also concentrating on minimizing downstream waste generated by customers and exploring new packaging solutions for product delivery. To reduce packaging materials, we use narrow-pitch taping for chip component packaging and are transitioning to bulk case packaging to reduce packaging volume.

To advance these initiatives, we aim to collaborate with industry organizations on standardization activities. Furthermore, we recognize the need to move forward and ensure that all stakeholders in the supply chain, including suppliers and customers,

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 > Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 02

MESSAGE FROM THE PRESIDENT

understand these initiatives. Murata is proactive in developing frameworks to address social issues, which also provides our businesses with a competitive advantage.

1. International Telecommunication Union (ITU) Radiocommunication Sector
2. The 3rd Generation Partnership Project

Page 23: 3-Layer Portfolio Management
Page 24: Business Opportunities
Page 25: Message from the Director of Technology
Page 41: Strategies for Each Business
Page 60: Strengthening Murata's Response to Climate Change (TCFD)
Page 63: Use of Sustainable Resources

People and organizations are the core of management capital

I consider Murata's human capital and organizational capital to be two of our key strengths. The Murata Philosophy is the cornerstone of these strengths and serves as our guiding code of conduct. Alignment with the Murata Philosophy, along with an emphasis on fostering a sense of belonging and contributing to the organization, has bolstered our capabilities and supported Murata's growth overall. I believe there have been more frequent improvements at manufacturing sites in recent years, along with efforts from small groups. However, we have yet to effectively share these "good practice" improvement activities with other sites and departments, preventing them from being rolled out at individual sites. I have identified "innovation through leveraging diversity" and "advancing digital transformation (DX)" as key management priorities for our organization.

We are making progress toward our management targets for diversity. I also believe that the growing number of forums where diversity is being discussed through numerous channels, such as various events and workshops, has deepened employees' understanding of the topic. However, leveraging this understanding into innovation requires colleagues from diverse backgrounds to engage in open and honest dialogue, without holding back to avoid disrupting the status quo, while also celebrating and enhancing each other's strengths. By shifting away from reliance on tacit knowledge and unspoken assumptions and fostering a culture of clear and open communication, I intend for us to realize breakthrough growth going forward.

Moreover, we have been moving forward with DX initiatives by increasing the use of digital technologies and visualization methods. By implementing digital technologies at our manufacturing sites, we can visualize each process and connect information across multiple stages and processes. This transformation is enhancing our approach to material shipments, inventory management, and quality stability. We also have case studies demonstrating the use of KPIs and KGIs horizontally across processes and business locations. Recognizing the crucial role people play in DX, we will share best practices for applying digital technologies and providing personnel training, while also promoting greater staff interaction and exchanges globally.

Additionally, in 2024 we introduced a restricted share incentive system for Murata employees. Collaborating with stakeholders to jointly create value is essential for establishing a continuous cycle of social and economic value. I believe the introduction of this system will further motivate employees to contribute to the Company and encourage them to take greater initiative. It also aligns employee motivation more closely with the interests of shareholders and investors in capital markets. We are dedicated to working with all stakeholders to mutually create corporate value.

Page 48: Strengthening Human Capital
Page 57: Promoting DX

Establishing ourselves as the Global No. 1 Component & Module Supplier with a lasting impact in the electronics industry

In closing, I expect that the overall market will start recovering in fiscal 2024, but I believe it will take some time for a robust recovery to materialize. Nonetheless, in the medium to long term, the electronics sector is poised for growth, driven by advancements in digitalization and innovations in communications. New value will emerge from "transforming everything into data and linking it together," resulting in innovative opportunities. This will be facilitated by the widespread adoption of AI, which will further enhance the role of communications technologies as critical infrastructure for society. Moreover, the growing awareness of sustainability and other shifts in the global business environment are progressing faster than initially anticipated. Recognizing that upfront investments and short-term cost increases are inherent to initiatives aimed at addressing social issues in the medium to long term, we understand the importance of clearly defining and implementing strategies to create a continuous cycle of social and economic value.

I believe that by linking our fiscal 2024 initiatives aimed at management issues to the delivery of tangible results, we can achieve significant growth during the upcoming three-year period. You can be assured that Murata will continue to embrace challenges as it aims for the next stage of its growth, striving to become the Global No. 1 Component & Module Supplier.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 > Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION

03

TO THE FUTURE

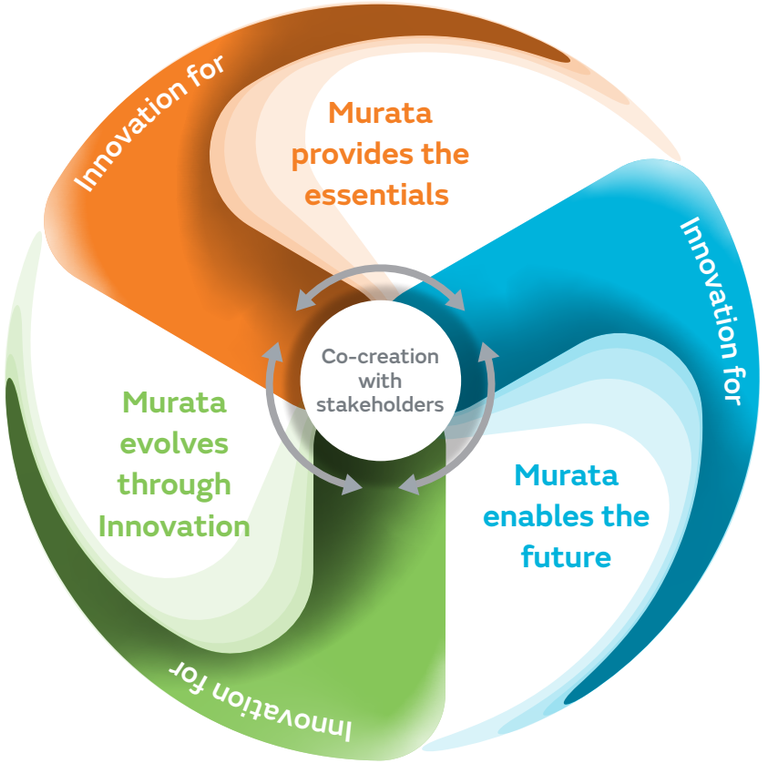
Into the future

Toward achieving the long-term direction Vision 2030

Vision 2030 defines value co-creation with stakeholders as central to achieving what Murata wants to be. Murata aims to create value sustainably through dialogue and co-creation with stakeholders.

Innovator in Electronics

Murata will innovate to create a continuous cycle of social and economic value and contribute to the enrichment of society.



Global No. 1 Component & Module Supplier

Murata will be the best choice for customers and society

INTRODUCTION	Publishing the *Murata Value Report*
SECTION 01	What we have accumulated
SECTION 02	Message from the President
SECTION 03	> Into the future
SECTION 04	The infrastructure that supports management
SECTION 05	Data

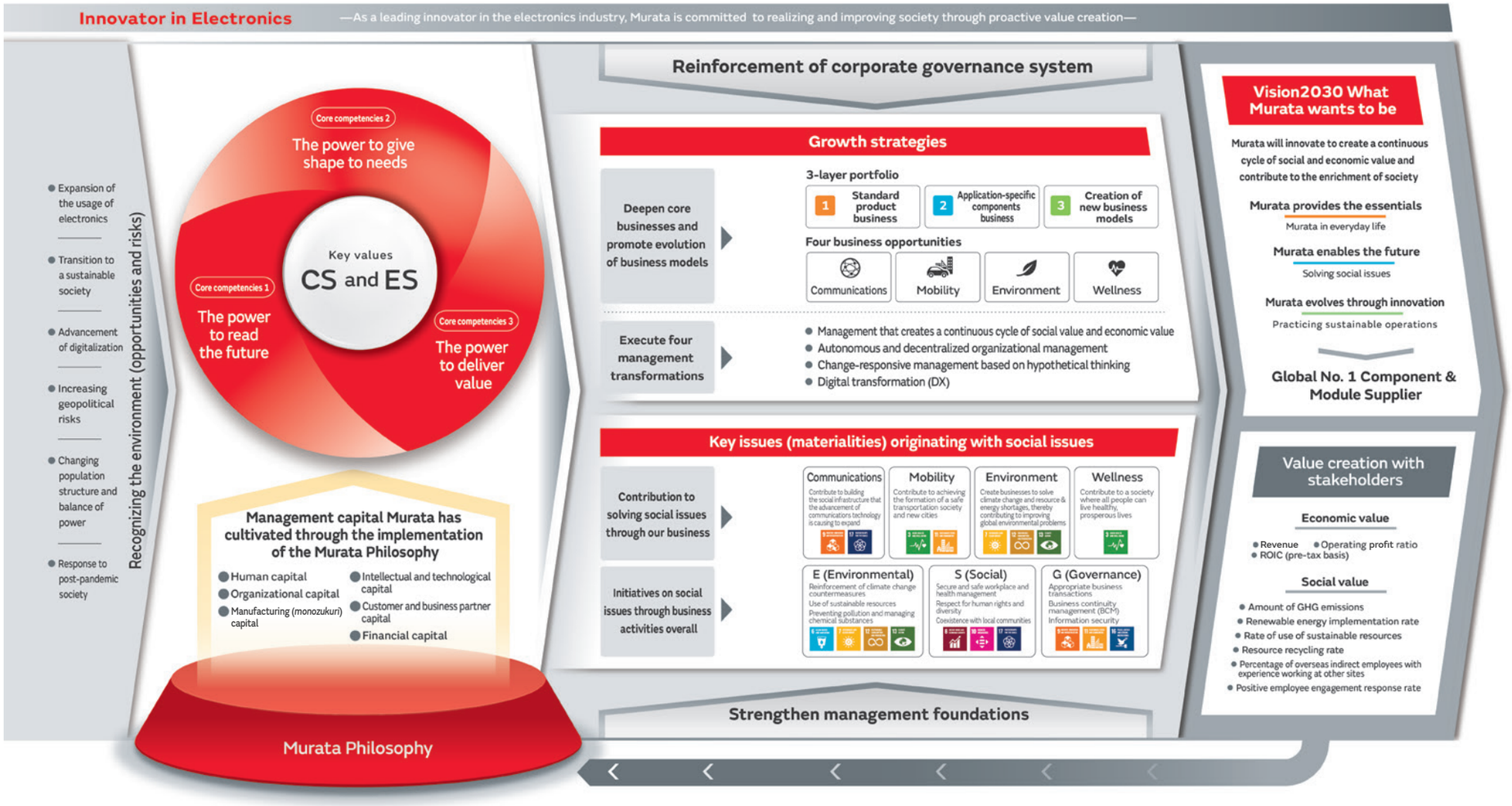
SECTION 03

TO THE FUTURE

Into the future—What we are aiming for

Process of Value Creation

At Murata, employees around the world respond to the changing business environment, thinking and acting based on the Murata Philosophy as our shared guiding principles. We ensure that all employees feel rewarded, continue to grow through their work, trust each other and cooperate to demonstrate our collective strength, thereby generating new innovation.



INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-1 —What we are aiming for

> Process of Value Creation

Management Capital

Core Competencies

Vision 2030 and Medium-Term Direction 2024

3-Layer Portfolio Management

Business Opportunities

Message from the Director of Technology

Special Feature: New Initiatives to Resolve Social Issues

Murata's Materialities

Initiatives on Social Issues through Business Activities Overall—Environment—

Initiatives on Social Issues through Business Activities Overall—Social—

Initiatives on Social Issues through Business Activities Overall—Governance—

Stakeholder Engagement

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 03

TO THE FUTURE

Into the future—What we are aiming for

Management Capital

Murata's mission and raison d'être is to "contribute to the advancement of society." In order to realize this mission through the efforts of all employees, customer satisfaction (CS) and employee satisfaction (ES) are positioned as key values in our management. 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 the satisfaction and growth of our employees, and enhancing ES leads to the provision of more value to customers. We practice these values in such a way that we can realize them in our daily business. Moreover, the various forms of management capital that we develop through the implementation of the Murata Philosophy will continue to be sources of value creation in the future.

Sources of value creation developed through the implementation of the Murata Philosophy

Human capital	• Global sharing of the Murata Philosophy • Employees who empathize with the Murata Philosophy and are committed to putting it into practice • CS and ES as key values • An organizational culture that empowers diverse individuals and facilitates collaboration
Organizational capital	• Business management philosophy and management systems backed by a scientific approach to management • Solid corporate governance that is trusted by stakeholders and enables us to grow together with them
Manufacturing (*monozukuri*) capital	• Production technology and management systems that are highly integrated, from materials to final products • A strong mindset of continuous improvement (kaizen) and management technology to promote improvement activities • Quality control technology and quality management systems that extend upstream to the point of origin
Intellectual and technological capital	• Unique platform technologies, core technologies, and intellectual property that Murata has accumulated and expanded upon as an Innovator in Electronics
Customer and business partner capital	• Customer and sales networks 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 earned through our solid networks
Financial capital	• Financial base that supports sustained growth and is prepared for change 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

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-1 —What we are aiming for

Process of Value Creation

> Management Capital

Core Competencies

Vision 2030 and Medium-Term Direction 2024

3-Layer Portfolio Management

Business Opportunities

Message from the Director of Technology

Special Feature: New Initiatives to Resolve Social Issues

Murata's Materialities

Initiatives on Social Issues through Business Activities Overall—Environment—

Initiatives on Social Issues through Business Activities Overall—Social—

Initiatives on Social Issues through Business Activities Overall—Governance—

Stakeholder Engagement

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 03

TO THE FUTURE

Into the future—What we are aiming for

Core Competencies

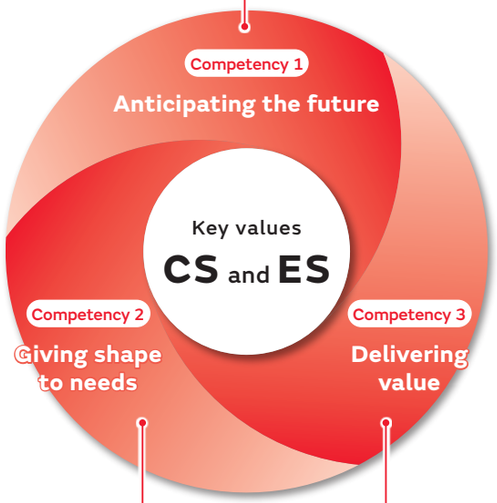
Murata will demonstrate its core competencies by making effective use of its management capital, while continuing to drive the business by realizing a high level of CS and ES – our key values in management.

Murata will achieve sustainable value creation as an Innovator in Electronics by strengthening its various forms of capital while championing the spirit of the Murata Philosophy, and further developing its core competencies.

Competency 1 Anticipating 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 amid the dramatically changing business environment, we have continued to provide value to our customers by boosting cross-functional cooperation, formulating the four roadmaps described below, anticipating customer needs, and preparing optimal solutions as a unified company. Our sales and marketing departments create the Market Roadmap based on general trends in the market. This is then integrated with the medium- to long-term customer needs identified by sales promotion departments at our business divisions, forming 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. Under the motto “marketing by everyone,” we leverage our global network to anticipate customer needs ahead of any other company, as each employee maximizes the value we offer to customers.



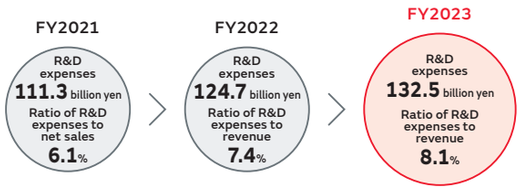
Competency 2 Giving shape to needs

Murata has built a vertically integrated production system spanning from raw materials to finished products, and continues to invest in developing technologies in areas such as materials, processes, production, product design, analysis and evaluation. The elemental technologies that we develop in-house and acquire serve as platforms that we deploy across a variety of products and processes.

On the engineering chain management (ECM) axis, we closely align the functions of material development, product development, production technology and manufacturing. In doing so, we leverage our platform technologies to optimize development across the entire Group. We continuously create new products, thereby giving shape to customer needs.

Competency 3 Delivering value

In addition, processes, equipment and new products created on the ECM axis are mass-produced through our supply chain management (SCM) process system. These are then combined in our production management system with customer information and production information, which enables us to deliver value to customers in a speedy and timely manner.



INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
> Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata’s Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE

Into the future—What we are aiming for

Vision 2030 and Medium-Term Direction 2024

In order for Murata to continue to create value as an innovator in the drastically changing electronics industry, it is necessary to capture global trends in technology and changes in society and reflect them in business management. The Company has formulated and is implementing two growth strategies as it strives toward Vision 2030.

The first is to "deepen core businesses and promote evolution of business models," with the aim of higher level portfolio management based on a 3-layer portfolio approach and four fields that represent business opportunities. The second is to "execute four management transformations," with the aim of steadily taking the required action in the run-up to 2030 and strengthening our management base. Expressing these as a vision for the Company will help ensure consistency in our actions ahead of 2030. Moreover, by achieving that vision, we aim to further enhance corporate value.

Medium-Term Direction 2024

Medium-term management issues

Management transformation
Higher level portfolio management
Formation of a lean management base
Preparation for 2030

Management targets

Economic value

Social value (Environment, diversity, ES)

First phase to achieve Vision 2030

- To continuously increase corporate value, we established Vision 2030 to indicate our long-term direction.
- Medium-Term Direction 2024 covers three years that are vitally important to creating sustained growth for 2030 and beyond.
- Make steady preparations by backcasting from environmental changes viewed from a long-term perspective.

Vision 2030

Growth strategies

Deepen core businesses and promote evolution of business models

1. Standard product business
2. Application-specific components business
3. Creation of new business models

Business opportunities

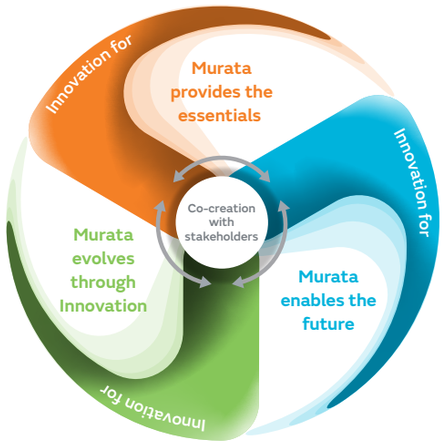


Execute four management transformations

- Management that creates a continuous cycle of social value and economic value
- Autonomous and decentralized organizational management
- Change-responsive management based on hypothetical thinking
- Digital transformation (DX)

Innovator in Electronics

Murata will innovate to create a continuous cycle of social and economic value and contribute to the enrichment of society.



Global No. 1 Component & Module Supplier

—Murata will be the best choice for customers and society—

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
> Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Vision 2030 and Medium-Term Direction 2024

Growth strategy 1 Deepen core businesses and promote evolution of business models

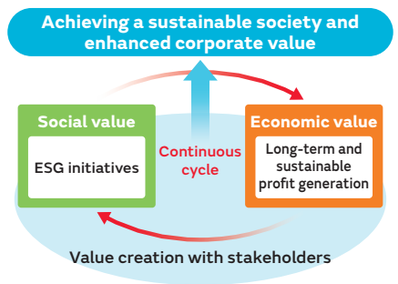
In the area of 3-layer portfolio management, we have positioned the first layer as standard product business centered on capacitors and inductors, the second layer as application-specific components business centered on modules and devices, and the third layer as the creation of new business models that can provide value in response to changing customer needs as the electronics field expands. We will create value by applying our 3-layer portfolio management approach as we pursue four fields that represent business opportunities: communications, mobility, the environment, and wellness.

Growth strategy 2 Execute four management transformations

1 Management that creates a continuous cycle of social value and economic value

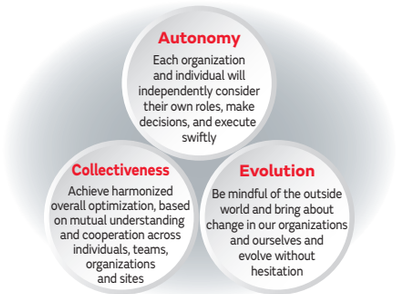
Murata will create a continuous cycle of social value and economic value by balancing profit creation with contributions toward realizing a sustainable society, creating and continuing to provide value to customers and society through innovation, and reinvesting the profits generated to create further value.

Moreover, by actively tackling social issues, we will also strengthen the competitiveness of our business.



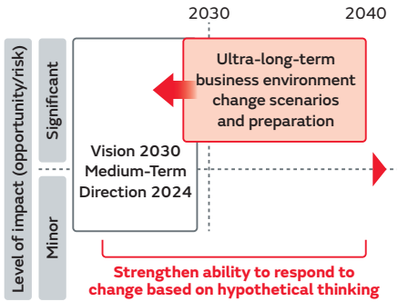
2 Autonomous and decentralized organizational management

With our external environment changing rapidly and the recent rapid expansion of our business, it is becoming increasingly important to have each employee think independently, make decisions, and take quick actions with an awareness of the importance of overall optimization and responding to change. We aim to make our organizational administration more conducive to employee motivation and growth by emphasizing the three components of autonomy, collectiveness, and evolution.



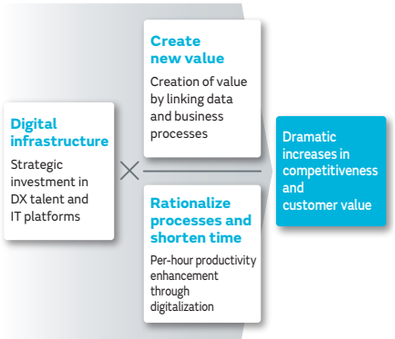
3 Change-responsive management based on hypothetical thinking

We will practice change-responsive business management. Specifically, we will not be passive in the face of intensifying changes in our environment, but instead will prepare for possible future events by formulating hypotheses and flexibly adjusting course in response to change. Each function and organization will continuously gather information, engage in discussions, take actions and conduct monitoring, thereby enhancing our sensitivity to changes in the environment and strengthening our ability to respond to them.



4 Digital transformation (DX)

Murata defines DX as “initiatives that enable people and organizations (business processes) both inside and outside Murata to connect digitally and freely and make processes shorter, faster, and visible, thereby driving dramatic increases in competitiveness and customer value.” We will be accelerating our efforts to deliver such transformation.



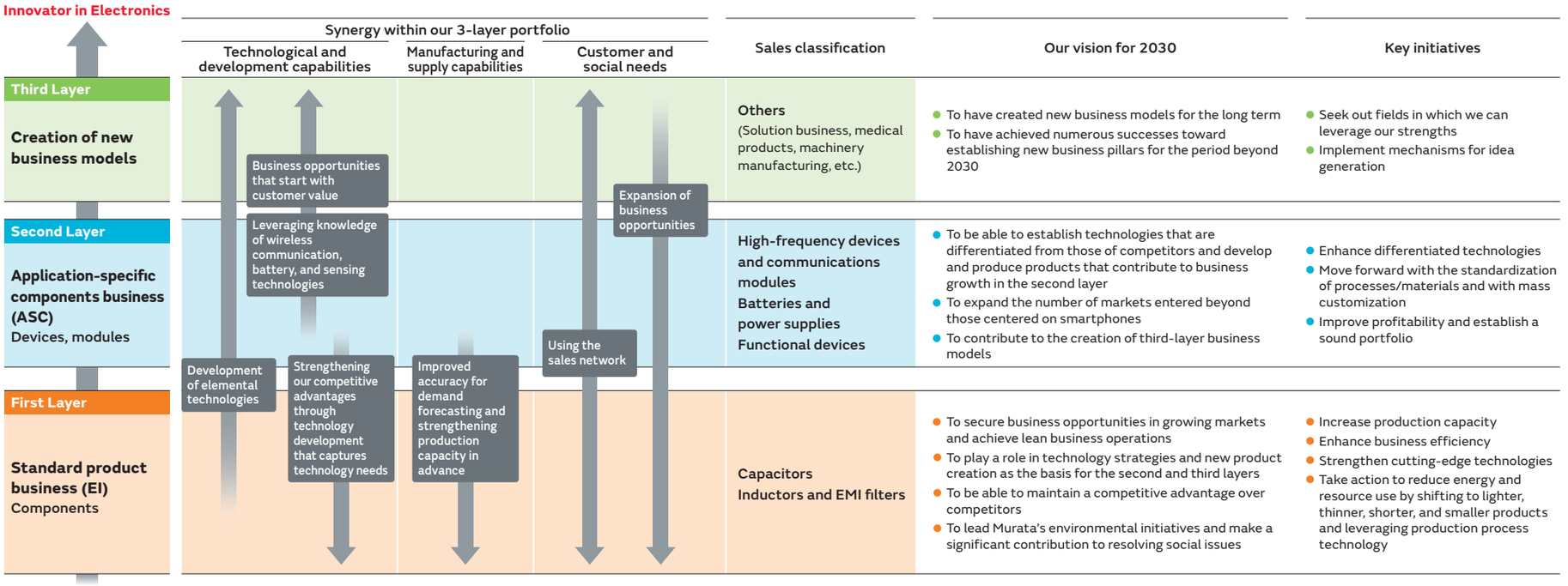
INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
> Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata’s Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 **TO THE FUTURE**
Into the future—What we are aiming for

3-Layer Portfolio Management

Putting 3-layer portfolio management into practice

Synergy between first- and second-layer businesses has long supported Murata's competitive advantages as well as product and technology innovation. As the value sought by customers undergoes tremendous changes, we will achieve further growth through the synergy within our 3-layer portfolio.



Sales classification	Our vision for 2030	Key initiatives
Others (Solution business, medical products, machinery manufacturing, etc.)	● To have created new business models for the long term ● To have achieved numerous successes toward establishing new business pillars for the period beyond 2030	● Seek out fields in which we can leverage our strengths ● Implement mechanisms for idea generation
High-frequency devices and communications modules **Batteries and power supplies** **Functional devices**	● To be able to establish technologies that are differentiated from those of competitors and develop and produce products that contribute to business growth in the second layer ● To expand the number of markets entered beyond those centered on smartphones ● To contribute to the creation of third-layer business models	● Enhance differentiated technologies ● Move forward with the standardization of processes/materials and with mass customization ● Improve profitability and establish a sound portfolio
Capacitors **Inductors and EMI filters**	● To secure business opportunities in growing markets and achieve lean business operations ● To play a role in technology strategies and new product creation as the basis for the second and third layers ● To be able to maintain a competitive advantage over competitors ● To lead Murata's environmental initiatives and make a significant contribution to resolving social issues	● Increase production capacity ● Enhance business efficiency ● Strengthen cutting-edge technologies ● Take action to reduce energy and resource use by shifting to lighter, thinner, shorter, and smaller products and leveraging production process technology

First-Layer Businesses

Comprised of components such as multilayer ceramic capacitors (MLCCs) and inductors. As core businesses built up since Murata's founding, these businesses will drive our growth. We will continue to enhance our long-held strengths in terms of technological capabilities, supply capabilities, cost competitiveness, and manufacturing capabilities.

Second-Layer Businesses

Comprised of devices and modules such as SAW filters, RF modules, multilayer resin substrates (multilayer LCP products), connectivity modules, lithium-ion secondary batteries, and sensors. In addition to pursuing differentiation from the technologies of our competitors, we are developing businesses by utilizing strengths such as our ability to draw on an abundant range of technologies, coordinating with customers to resolve issues based on product development technologies, and providing a timely and stable supply of products.

Third-Layer Businesses

We will combine first- and second-layer businesses and apply our knowledge of communications and other areas, as we seek to build new business models by identifying wider possibilities that are not constrained by conventional frameworks such as markets, products, and business forms.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
> 3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Business Opportunities

Four business opportunities

Core fields

Communications

Linking and optimizing everything through communications

As communications systems shift to 5G and then to 6G, business opportunities will expand even further. We will accurately grasp diversifying applications and changing customer structures in order to continue offering value, creating an overwhelming lead with technological innovation that ensures we continue to win out against the competition, even in an increasingly competitive environment.

Business opportunities for Murata

- Increase in demand for components due to more connected devices and improvements in processing capabilities
- Increasing requirements for high-performance and high-reliability components to support network connectivity
- Shift of added value to “hardware plus software/solutions” as applications with embedded communications functions diversify and data-driven solutions and services emerge

Mobility

Supporting the automotive industry as it enters an age of once-in-a-century revolution

In addition to contributing to the evolution of the automobile (in-car) as the Global No. 1 Component & Module Supplier, we aim to capture business opportunities in the broader sense of mobility (out-car).

We will deepen our understanding of diversifying customer requirements in the mobility field to steadily generate results and build our reputation.

Business opportunities for Murata

- Shift of added value to “hardware plus software/solutions” as applications with embedded communications functions diversify and data-driven solutions and services emerge
- Expansion of services centered on movement itself, as typified by MaaS (Mobility as a Service), and a resultant increase in new opportunities to leverage our knowledge in the communications field to provide new value, such as by offering software and solutions

Challenge fields

Environment

Addressing markets aligned with the commitment to become a sustainable society

We aim to create innovation that brings together our businesses with solutions to energy and other environmental issues. We will address environmental concerns in order to secure a competitive advantage, while firmly capitalizing on growing opportunities, starting with the battery and power supply business, as well as take on the challenge of creating new businesses.

Business opportunities for Murata

- Accelerating initiatives to transition to a decarbonized society
- Advancing the circular economy, which places value on product repair, reuse, and resource recycling
- Advancing the development of environmental technology (“cleantech”) in all industry segments

Wellness

Pursuing new prosperity for an age when the expected lifespan reaches 100 years

We will use Murata’s technology and know-how in the electronics field to help the development of the medical field and seek to provide value in terms of preventing sickness and promoting health. We will also produce innovations to achieve new kinds of prosperity, including in terms of mental health and good interpersonal relations, thereby realizing a society where people can live healthy and prosperous lives.

Business opportunities for Murata

- Transforming the medical and healthcare field using digital technology
- Expanding initiatives in preventive medicine and health promotion in line with the accelerating demographic shift toward an aging population
- Changing concepts of health to include balanced mental and social wellbeing in addition to physical wellbeing, as well as the pursuit of personal happiness among consumers

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
> Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata’s Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Message from the Director of Technology



Accelerating technological development with a long-term focus and collaborating with external organizations to foster innovation

Hiroshi Iwatsubo

Executive Deputy President

Generating competitiveness with a strong emphasis on materials

High-quality electronic devices are built from quality components, which, in turn, are derived from superior materials. With this approach, Murata has consistently emphasized materials since its inception, leading to the development of a diverse array of technologies. Our vertically integrated production system encompasses everything from raw materials to finished products – and the materials we utilize are directly linked to the properties of our products. Furthermore, our range of materials and material technologies, particularly those focused on functional ceramics, contribute significantly to our competitive advantage.

Many of Murata's products, including our core multilayer ceramic capacitors, are made up of multiple materials. Consequently, we need to design these products with a focus on the workability and long-term stability of the properties when these various materials are combined. This process demands not

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
> Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Message from the Director of Technology

only a strong foundation in inorganic chemistry and metals but also an understanding of organic compounds, the technologies for material integration, and the properties that result from their combination.

In recent years, progress in materials informatics, chemical analysis technologies, and other areas has given rise to the medium- to long-term risk that our businesses may not be able to clearly differentiate themselves based solely on materials development. Moreover, proprietary technologies and specialized knowledge are vital for fully unlocking the potential of these materials. At Murata, we have engineers specializing not only in the improvement and development of materials, but also in fields such as materials process development and the design and development of equipment. These engineers work together to transform materials into products, enabling us to maximize our technological edge in both manufacturing methods and cost efficiency.

Additionally, we have been creating a strategic platform for the core technologies we have independently developed and accumulated, enabling us to utilize them in new development. We will accelerate innovation by enhancing our unique core technologies, honed over many years, with the technologies we acquire through mergers and acquisitions.

Technology

Tackling challenges as only Murata can, particularly within the third layer of our portfolio

Murata has defined its 3-layer portfolio management strategy within the long-term framework of Vision 2030. In this model, the establishment of a solutions business and other new ventures is positioned as the third layer of our portfolio. Through this we aim to achieve greater business scale. Many companies globally have brilliant ideas and proposals for resolving social issues. However, transforming those concepts into tangible solutions requires far more than just “software” – that is, knowledge-based assets.

In recent years, I believe it has become increasingly challenging to invest the necessary time and resources in “hardware” (i.e., physical infrastructure). However, revolutionary hardware now exists that can convert invisible information into usable data like never before, creating new value and shaping the way people behave. Simply put, I think that adopting unique hardware will create added value for software and solutions businesses as well.

In our second-layer businesses, we already use software such as algorithms to optimize component functionality and address customer challenges. However in third-layer businesses, data analysis for solutions that harness the strengths of hardware requires software, knowledge, and ideas that are fundamentally distinct. We will leverage our foundational technologies and experience gained from R&D in first- and second-layer businesses, combining them with software and communication networks to establish new ventures. Additionally, we will capitalize on mergers and acquisitions as well as collaborative efforts with external organizations.

Creating frameworks to catalyze and capture partnership opportunities

Over my many years of involvement in Murata’s R&D and new business development, I have come to understand that depending solely on in-house innovation can be restrictive due to its potential lack of speed. At Murata, we trust that the opportunities stemming from our interactions with individuals and organizations will foster the seeds of innovation. With this in mind, we strive to strengthen our relationships with external partners such as other companies, universities, and research institutions, engaging in various forms of collaboration that consistently generate new value.

We are moving forward with “technology displays” that showcase Murata’s innovations to customers and partners, while also creating more opportunities for cross-industry and cross-field exchanges. Moving forward, I hope we can leverage this networking to cultivate new partnerships with those we engage with. A key aspect of effective collaborative relationships is to cultivate mutual respect.

For example, even if one party presents a particularly insightful idea, it must meet a certain quality standard to be successfully commercialized. At Murata, we use our extensive knowledge of the electronics industry to conduct sophisticated evaluations and analyses using specialized analysis devices. I believe this capability is a key factor in earning us trust and confidence as a partner.

However, assessing potential solely based on Murata’s standards is insufficient for gaining a genuine understanding of our partners. When collaborating with partners in unfamiliar business sectors, it is essential to have at least a few employees with deep knowledge of the partner’s industry, allowing us to discern valuable technologies and ideas. I believe that this approach to building trust and confidence will empower each party to enhance their respective corporate value.

Accordingly, we are developing various frameworks to actively encourage co-creation with external organizations. One such initiative is the KUMIHIMO Tech Camp with Murata, which we held for the second consecutive year in fiscal 2023. Through this project, we offer startups and universities access to Murata electronic components, such as sensors and communication modules that are not commonly available in the open market. We invite ideas for building the society of the future and collaborate with participating organizations to bring those concepts to fruition. For organizations that pass the screening process, we offer a range of support to help them commercialize their ideas. This includes assistance in creating prototypes, developing technologies, preparing for mass production, and

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
> Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata’s Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Message from the Director of Technology

expanding their business. We also collaborate with them to develop new services and solutions that address market needs. I am pleased to announce that this year we received a higher number of applications, showcasing a much wider range of ideas and innovations.

Additionally, during my visits to companies and technological research facilities outside Japan, I detected significant potential for innovation and growth in specific countries and regions. We had hoped to roll out this project beyond Japan, and we are fortunate to have the opportunity to hold KUMIHIMO in Bulgaria in fiscal 2024. We will start by enhancing Murata's visibility and prioritizing the long-term sustainability of these initiatives.

Promoting engineer participation

The driving force behind the creation of new technologies and innovation is, naturally, human resources. As such, we need to embrace a variety of values and the strengths of others – in other words, promote diversity and inclusion – as we train and develop engineers. Implementing effective personnel development while also being mindful of each person's mindset (including behavioral patterns, fixed ideas, etc.) ultimately contributes to the development of new technologies. While we require engineers with deep specialization in specific technical fields, those with experience across multiple areas can achieve unexpected breakthroughs and create technological synergies throughout their careers.

However, from an individual's perspective, this career path requires stepping away from a well-established area of expertise, which may cause concern for some. We have many technology domains to explore, and to facilitate this process, we have implemented career development programs including educational initiatives for junior to mid-career employees and corporate executive candidates, overseas practical training for junior staff, and a Venture Study Abroad Program that places employees at startup companies. We encourage engineers to take advantage of these opportunities to advance their careers. We also use periodic personnel rotations as needed to support this process.

Our goal is to expand engineers' awareness and provide them with opportunities to gain diverse experiences and explore various career paths. We also focus on actively training and developing talented individuals who can collaborate effectively within the organization and recognize the seeds of innovation through interactions with customers and co-creation partners.

Innovation that creates a continuous cycle of social and economic value

Murata has achieved tremendous growth by focusing on expanding product development and production capacity in sectors such as smartphones and automobiles, particularly in emerging markets. In the environment and wellness markets, which we have designated as our "challenge fields," we are expanding our presence in the electronics sector to address social issues. Several compelling case studies have already emerged in these areas.

In the environment field as part of our decarbonization efforts, we are introducing and testing prototypes of Murata products at our business sites and factories. Additionally, we are gathering data and visualizing the impact of renewable energy and energy-saving measures to further develop our business, all based on our ability to demonstrate the applicability and value of our solutions.

In the wellness sector, we are actively pursuing initiatives focused on the development and launch of new medical and healthcare devices. A key point to emphasize is that the main components used in these devices are Murata products.

We also expect to see the proprietary technologies we have been refining will find applications in the biotechnology sector. Beneficial microorganisms are being utilized across various industries, including pharmaceuticals, food production, and environmental remediation. However, at the moment only around



1% of all microorganisms found in nature can be cultivated using existing methods. By applying Murata's device design technologies in the biotechnology field, we successfully cultivated several microorganisms from the 99% that were previously uncultivable. This is an example of how we can leverage our proprietary technologies to create business models in new fields.

Focusing on future business opportunities, we will continue to advance R&D in established areas where we can anticipate technological trends, while also investing in new ventures where we have yet to establish a presence. This approach will lay the groundwork for Murata's future growth. We will pursue technological development with a long-term perspective to achieve sustainable value creation as an Innovator in Electronics, while contributing to a more prosperous society by fostering innovation through collaboration with external organizations. Thank you for your continued support.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
> Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Special Feature: New Initiatives to Resolve Social Issues

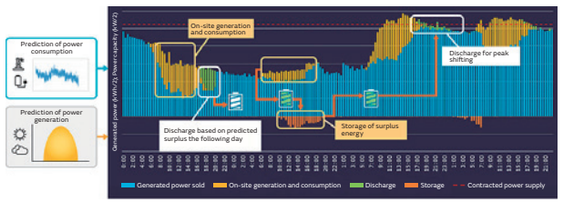
efinnos: Integrated renewable energy control solution

"Efinnos" is an integrated renewable energy control solution that efficiently manages solar power generation for on-site consumption. It uses AI to predict power generation capacity and consumption load, and through surplus energy storage[1] and peak shaving,[2] improves the utilization rate of renewable energy and reduces electricity costs. At Murata, we have gradually introduced efinnos at worksites in Japan as part of our commitment to 100% renewable energy sourcing, and we are utilizing the knowledge and data obtained to improve our products and operations. Field sales of efinnos began in July 2024. We are also able to offer customers optimal effectiveness simulations using data from trials.

1. Storing unused surplus energy from solar power generation in batteries, so that it can be used to supplement the supply when demand exceeds the amount generated.
2. When power consumption is predicted to significantly exceed power generation, energy stored in batteries during surplus periods can be used to supplement the supply and reduce consumption at peak times.

efinnos

Peak shaving through on-site power consumption
Solar power generation is used for on-site consumption. Surplus energy is stored in batteries and used to reduce consumption at peak times, when load is highest.



Operation using "efinnos"

What makes Murata unique
- A proprietary control algorithm drawing on abundant expertise pertaining to storage batteries, and track record in system structuring and operation under a variety of conditions at multiple domestic worksites with differing regional characteristics and power demand trends since 2021
- Comprehensive implementation and management support for customers, based on the above
- RE100 membership and actively working on GHG emissions reduction throughout the supply chain

RFID tire tags for digital transformation of the transportation industry

RFID tire tags developed jointly with Michelin offer stable transmission performance and durability on par with the tire's own lifecycle. We offer this product to tire manufacturers in Japan and overseas based on the licensing agreements we have signed with Michelin for RFID tire tags and the integration of the tags into automotive tires. In Japan, due to the shortage of truck drivers, there is a need to reduce non-transport workloads like delivery and inspection tasks at transport operators. In Europe, meanwhile, there is an emphasis on ensuring product traceability through environmental measures like the ESPR[1] and Digital Product Passport system.[2] RFID is expected to serve as an important data carrier, streamlining tire management from manufacturing to distribution, sales, and repair. It can also be used to ensure appropriate tire disposal and boost recycling rates, thereby contributing to initiatives toward a recycling-based society.

1. ESPR (Eco-design for Sustainable Products Regulation): Rules requiring producers to apply eco-design requirements such as durability, repairability, and reusability to their designs in product design processes.
2. Digital Product Passport system: System for recording product sustainability (information such as materials used, manufacturer, recyclability, and disassembly methods) to enable tracking.

MICHELIN



RFID tire tag developed jointly with Michelin

What makes Murata unique
- Module miniaturization, tire manufacturing with unique antenna design, and high durability for usability during vehicle motion
- Transmission performance evaluations drawing on expertise in high-frequency devices, and support for building transmission environments

Murata's distinctive medical and healthcare device product development

Murata CPAP MX

Medical device that assists the breathing of adult patients with obstructive sleep apnea. By designing the essential parts in-house, our device is thinner and more compact while ensuring treatment effectiveness and comfort through optimal breathing control for a wide range of patients. The CPAP MX can be used comfortably anywhere.

Moni-Patch core body temperature sensor system

Moni-Patch is a medical device for wirelessly measuring core body temperature, and can be used continuously before, during, and after surgery. It is a non-invasive core temperature sensor based on our unique algorithm and thermistors (temperature sensors) and lessens the burden on both patients and medical practitioners.

Note: The information on medical devices included in this report is intended for shareholders and investors and is not intended to solicit customers or offer medical advice.



Murata CPAP MX



Moni-Patch core body temperature sensor system

What makes Murata unique
- Core technologies that Murata has developed over time, such as miniaturization, sensing, communications, and fluid control technologies
- High-quality, unique manufacturing
- Ability to generate innovation aimed at safety, efficiency, and convenience through products

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
> Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Murata's Materialities

Vision 2030 lays out our vision of creating a continuous cycle of social value and economic value and contributing to the enrichment of society by providing the essentials, enabling the future, and evolving through innovation via co-creation with stakeholders.

We will realize both profit creation and contribution to the realization of a sustainable society, by creating and continuing to provide value to customers and society through innovation, and reinvesting the profits generated to further create value. To this end, we have determined 13 key issues (materialities) based on social issues under two categories, namely, "contribution to resolving social issues through our business" and "initiatives on social issues through business activities overall." We will carry out initiatives to address each of these key issues.

Process for identifying materialities

STEP 1 Drew up a long list of approximately 100 social issues from among SDG, global risk, and Murata-specific issues.

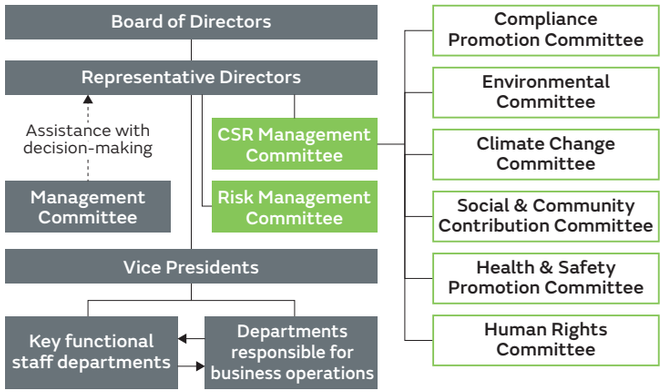
STEP 2 Scored each issue in terms of importance to stakeholders and importance to Murata.

STEP 3 Following ongoing discussions at meetings of the CSR Management Committee chaired by the President, materialities were finalized, then approved by the Board of Directors.

Promotion framework

Murata has established the CSR Management Committee as a structure for CSR management and to set a direction for activities, thereby continuously and systematically implementing Company-wide CSR management.

Under the CSR Management Committee, we have also established six subordinate committees at which we discuss CSR themes that require cross-organizational activities. Furthermore, the status of materiality and other activities are regularly reported to the Board of Directors.



CSR Management Committee
Continuously and systematically promotes CSR management, including initiatives related to sustainability; in charge of promoting CSR internally and interacting with external parties.

Risk Management Committee
Identifies and assesses Company-wide risks that may affect Murata's business activities, and deliberates on corresponding countermeasures.

Compliance Promotion Committee
Deliberates and decides the basic direction of compliance promotion for the Group as a whole

Environmental Committee
Promotes practical activities toward resolving environmental issues facing the Group as a whole

Climate Change Committee
Governs overall strategy in response to climate change and monitors the achievement of climate-related objectives across the Group

Social & Community Contribution Committee
Supports and promotes social and local contribution activities throughout the Group

Health & Safety Promotion Committee
Promotes practical activities toward resolving health and productivity management and safety issues facing the Group as a whole

Human Rights Committee
Conducts cross-organizational initiatives to resolve human rights issues across the whole value chain

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
> Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 **TO THE FUTURE**

Into the future—What we are aiming for

Murata's Materialities

Overview of materialities

Key issues (materialities) originating with social issues

Contribution to resolving social issues through our business

Create the kind of innovation that Murata is known for achieving and aim to contribute to resolving social issues through our business

- Communications
- Mobility
- Environment
- Wellness

Initiatives on social issues through business activities overall

Aim to increase social value by reducing social and environmental burdens generated throughout the supply chain

E — Environment
- Reinforcement of climate change countermeasures
- Use of sustainable resources
- Prevent pollution and manage chemical substances

S — Social
- Secure and safe workplaces; health and productivity management
- Respect for human rights and diversity
- Coexistence with local communities

G — Governance
- Appropriate business transactions
- Business continuity management (BCM)
- Information security

Direction for contribution to resolving social issues through our business

Materiality	Background to selection of materiality	Social value provided by Murata
Communications	With the evolution of communications systems in anticipation of 5G and 6G, the diversification of applications, and the advance of DX and IoT, communications have become an indispensable form of social infrastructure for enriching people's lives, and we will continue to play an important role in resolving social issues in this field. This field was selected with the intention that Murata will continue contributing to the development of social infrastructure, where the advancement of communications technology is driving growth.	● Stability in the electronics industry through the reliable supply of high-market-share products used in many communication devices ● Evolution of communications systems and development of applications through the provision of cutting-edge products
Mobility	The very nature of automobiles is undergoing a transformation against a backdrop of increasing urbanization, changing work styles, and escalating environmental issues. This field was selected with the intention that Murata will respond to the diversifying needs of customers in the mobility field by contributing to the realization of a society in which transportation is safe and secure and a society that integrates various means of transportation and services.	● Popularization of xEVs for a decarbonized society through the stable supply of high-quality, high-reliability products ● Improvement of vehicle safety, including driver assistance, by providing highly functional and reliable products adapted to the evolution of autonomous driving technologies ● Provision of compact, high-performance products and solutions that help prevent traffic accidents and resolve issues in the logistics sector
Environment	Climate change and other environmental issues are a global threat to the life of humanity and the health of the planet. They also affect Murata's businesses, customers, and entire supply chain. This field was selected with the intention that Murata will create businesses to tackle climate change and resource/energy shortages, and thereby contribute to solving global environmental problems, with the ultimate aim of realizing a sustainable society.	● Reduction of materials used in production and packaging materials by developing lighter, thinner, shorter, and smaller products, and reduction of energy used in manufacturing and transportation ● Reduction of the number of components in electronic devices and improvement of energy efficiency by increasing product performance ● Promotion of a decarbonized society and a circular economy through the use of batteries and power sources and the realization of environmental monitoring using modules and sensors ● Deployment outside Murata of technology and production expertise related to energy saving and renewable energy, acquired through our process improvement activities
Wellness	Initiatives in the areas of preventative medicine and health promotion are becoming more widespread as society ages. At the same time, health concepts, including balanced mental and social health in addition to physical health, and the pursuit of people's own happiness are changing. This field was selected with the intention that Murata will contribute to the realization of a society in which all people can live healthy, prosperous lives.	● Acceleration of digitalization in the medical and healthcare domains by providing compact, high-quality products ● Provision of solutions that combine Murata's products and technologies to facilitate visualization and changes in people's behavior

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-1 —What we are aiming for

Process of Value Creation

Management Capital

Core Competencies

Vision 2030 and Medium-Term Direction 2024

3-Layer Portfolio Management

Business Opportunities

Message from the Director of Technology

Special Feature: New Initiatives to Resolve Social Issues

> Murata's Materialities

Initiatives on Social Issues through Business Activities Overall—Environment—

Initiatives on Social Issues through Business Activities Overall—Social—

Initiatives on Social Issues through Business Activities Overall—Governance—

Stakeholder Engagement

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Initiatives on Social Issues through Business Activities Overall —Environment—

	Materiality	Aims and background to selection of materiality	Medium- to long-term goals		FY2023 results
Environment	Reinforcement of climate change countermeasures	**Murata aims to reduce the amount of greenhouse gases (GHG) emitted during manufacturing, by operating in accordance with its RE100[1] commitment and the principles of the SBT[2] initiative.** Climate change has caused a variety of environmental issues around the world in recent years. Murata aims for a continuous cycle of social value and economic value by promoting climate change countermeasures from the perspective of both its own environmental initiatives and its business activities, in accordance with the Murata Philosophy. Murata has selected this materiality in order to contribute to the decarbonization of society.	FY2024 targets	GHG emissions (Scope 1 + 2): 20% reduction vs. fiscal 2019 (1.28 million t-CO_2e or less) Renewable energy sourcing: 25%	● Took measures such as conserving energy, switching to renewable energy, and purchasing renewable energy certificates, and achieved Scope 1 + 2 emissions of 1.05 million t-CO_2e (34.6% reduction from fiscal 2019), Scope 3 emissions of 3.68 million t-CO_2 (17.9% reduction from fiscal 2019), and renewable energy sourcing of 36.5% in fiscal 2023. ● Signed and began operations under an agreement with Renova for virtual PPA[6] with a focus on capacity scalability. ● Decided to invest in the Restore Fund led by Apple Inc. for the purpose of creating high-quality carbon credits. **Reinforcement of climate change countermeasures** **TCFD measures**
			FY2030 targets	GHG emissions (Scope 1 + 2): 46% reduction vs. fiscal 2019 (0.87 million t-CO_2e or less) GHG emissions (Scope 3): 27.5% reduction vs. fiscal 2019 (3.25 million t-CO_2 or less) Renewable energy sourcing: 75%	
			FY2035 targets	Renewable energy sourcing: 100%	
			FY2040 targets	GHG emissions (Scope 1 + 2): Carbon neutral	
			FY2050 targets	GHG emissions (Scope 1 + 2 + 3): Carbon neutral	
	Use of sustainable resources	**Murata will realize sustainable resource usage within its business activities, and contribute to the advancement of culture through co-creation with partners.** As the global population increases, social issues such as resource depletion and increased waste have become more severe. Murata has selected this materiality in order to address these social issues and to contribute to cultural development by achieving the sustainable use of resources in its own business activities.	FY2024 targets	Rate of use of sustainable resources[3]: 1% improvement from fiscal 2021 results (approx. 15%[7]) Resource recovery rate[4]: 5% improvement from fiscal 2021 results (36.0%)	● Continued with fact-finding surveys, and calculated results for the baseline fiscal year of fiscal 2021 as well as fiscal 2022 and fiscal 2023. In fiscal 2023, the rate of use of sustainable resources was approx. 15%,[7] and the resource recovery rate was 39.6%. ● The inner coating copper foil material used in multilayer resin substrates has received third-party accreditation as a 100% recycled product in conformance with ISO 14021, thereby establishing its reliability. ● Decided to invest in R PLUS JAPAN, which aims to set up a scheme for the cyclical use of plastics from raw materials and usage to disposal, through cross-industry partnerships and collaborations. **Use of sustainable resources**
			FY2030 targets	Rate of use of sustainable resources: 25% Resource recovery rate: 50%	
			FY2050 targets	Rate of use of sustainable resources: 100% Resource recovery rate: 100%	
	Prevent pollution and manage chemical substances	**By pursuing sustainable business processes unbound by past practices, Murata aims to lower its environmental burden and achieve manufacturing that is more in harmony with society.** Environmental regulations have been getting stricter around the world in recent years. Murata has selected this materiality in order to pursue sustainable business processes, promoting initiatives that anticipate environmental regulations to lower the Company's environmental burden as much as possible.	FY2024 targets	Serious environmental incidents: 0 VOC[5] emissions: Equal to or lower than fiscal 2021 Eliminate use of specified VOCs in cleaning chemicals	● In fiscal 2023, there were four serious environmental incidents[8] and steps were taken in response to each incident to prevent recurrence. We also began using revised risk assessment methodologies to reduce the risk of serious environmental incidents from occurring. ● Created measures and a schedule to achieve fiscal 2024 targets to reduce VOC emissions, and began implementation of initiatives. ● Created measures and a schedule toward eliminating specified VOCs in cleaning chemicals, and began implementation of initiatives. **Prevent pollution and manage chemical substances**
			FY2030 targets	Serious environmental incidents: 0 VOC emissions: 30% reduction vs. fiscal 2021	

1. An international initiative run by The Climate Group, an international NGO, in which globally influential companies aim for 100% renewable energy 2. Science Based Targets: An initiative to establish quantitatively based scientific goals with regard to long-term scenarios for GHG reductions
3. Use ratio by weight of recycled materials, mainly for 24 resources with a high risk of depletion 4. Ratio by weight of Murata's discharges (waste + valuable material) that are processed into circulating resources
5. Volatile organic compounds: One cause of atmospheric pollution 6. Virtual power purchase agreement: A mechanism for trading the environmental value of renewable energy power rather than the power itself. It is a scalable method of procuring renewable energy.
7. Use rate of use of sustainable resources is an estimate as calculations are based on publicly available information on recycling rates.
8. This refers to incidents involving the runoff of chemical substances to offsite areas that exceed the regulatory values specified under environmental laws or cause concern among local residents. (As part of Murata's commitment to pollution prevention, we list incidents even if the level did not necessitate administrative actions or guidance by regulatory bodies.)

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
> Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Initiatives on Social Issues through Business Activities Overall —Social—

	Materiality	Aims and background to selection of materiality	Medium- to long-term goals		FY2023 results
Social	Secure and safe workplaces; health and productivity management	**Murata aims for each employee to be able to work with a sense of well-being in a safe workplace.** Murata has selected this materiality to promote health and productivity management, including safety and security, based on the recognition that employees' physical and mental well-being is at the heart of Murata's important values of CS and ES.	FY2024 targets	Fatal serious accidents: 0 Annual occupational accident rate (per 1,000 workers) (a Murata-defined standard that includes incidents not requiring time off work): Less than 1.35 Fire incidents: 30% reduction compared with annual average for fiscal 2019–2021 Self-rated health[1]: 80% (with 14% reporting extremely good health)	● There were zero fatal serious accidents in fiscal 2023, and the annual occupational accident rate per 1,000 workers (a Murata-defined standard that includes accidents not requiring time off work) was 1.28. ● Fire incidents in fiscal 2023 saw a 30% reduction compared to the annual average for fiscal 2019–2021. ● Self-rated health in fiscal 2023 was 77%. **Secure and safe workplaces; health and productivity management**
			FY2030 targets	No fatal serious accidents, no employee injuries or incidents, and a vibrant workplace Fatal serious accidents: 0 Annual occupational accident rate (per 1,000 workers) (a Murata-defined standard that includes incidents not requiring time off work): Less than 1.0 Fire incidents: 0 Self-rated health: 80% (with 20% reporting extremely good health)	
	Respect for human rights and diversity	**Murata aims to achieve sustained growth by drawing on a diverse pool of global talent with an understanding of and respect for broadening human rights.** Under the Murata Philosophy, which states our aim to "contribute to the advancement of society by creating innovative products and solutions," Murata has grown together with its customers by generating innovation. Murata has selected this materiality in recognition that innovation requires a diverse group of individuals working diligently together and that respect for the human rights of all stakeholders throughout the supply chain is essential to the advancement of society.	FY2024 targets	Percentage of overseas employees[2] in administrative departments with experience working at other sites: 7% Percentage of women in managerial positions: 4% (Murata Manufacturing Co., Ltd. on a non-consolidated basis) Each office operating the PDCA cycle in accordance with our human rights management system.	● The percentage of overseas employees in administrative departments with experience working at other sites was 6.2% in fiscal 2023. We actively provided opportunities for employees to gain work experience at other locations globally. ● The percentage of women in managerial positions (Murata Manufacturing Co., Ltd. on a non-consolidated basis) was 4.0%. ● In order to build a framework for ensuring respect for workers' human rights at the Murata Group, we conduct operations at our worksites both in Japan and overseas in accordance with our human rights management system. ● The Human Rights Committee led human rights due diligence efforts throughout the supply chain, including Murata Group factories and suppliers. **Respect for human rights** **Leveraging diversity in human resources**
			FY2030 targets	Percentage of overseas employees in administrative departments with experience working at other sites: 10% Percentage of women in managerial positions: 10% (Murata Manufacturing Co., Ltd. on a non-consolidated basis)	
	Coexistence with local communities	**Murata aims to maintain harmony with each region regardless of changes in the business environment and for Murata to be the pride and joy of local communities.** Based on our founder's principles, we strive to be a company whose presence in local communities is a source of pride and joy to those communities, as well as a company that employees are proud of and happy to work for. As such, we pursue various activities that aim to contribute to local communities as a responsible citizen of those communities. In recent years, expectations from regions where Murata is expanding its business continue to grow. We have selected this materiality in recognition of the need to strengthen initiatives more than ever to implement our Company principles.	FY2024 targets	We value communication with local communities and promote problem-solving activities that address local issues.	● In accordance with the Activities to Contribute to Society and Local Communities Guidelines, Murata Group companies independently planned and implemented community contribution activities mindful of the impact on local communities as well as the needs and issues of those communities. ● Since 2019, Murata has worked with local educational institutions and other organizations to conduct a hands-on programming class titled "Move! Robot Teacher." This class is taught on-site and helps develop children's logical thinking and programming-oriented thinking by having them solve problems on their own. In fiscal 2023, the class was held at 20 schools and taken by 828 students. **Coexistence with society and local communities**
			FY2030 targets	We value communication with local communities and promote problem-solving activities that address local issues.	

1. Metric in which individuals subjectively evaluate their own health status, without a medical checkup or other quantitative data. Measured by positive response rate. 2. Applies to overseas local staff, excluding those transferred from Japan to overseas.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
> Initiatives on Social Issues through Business Activities Overall—Social—
Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—What we are aiming for

Initiatives on Social Issues through Business Activities Overall —Governance—

	Materiality	Aims and background to selection of materiality	Medium- to long-term goals		FY2023 results
Governance	Appropriate business transactions	**Murata aims to maintain a record of zero serious violations of the principle of "appropriate business transactions," and to remain a company that is trusted by society.** Murata's CSR Charter and Corporate Ethics Policy and Code of Conduct define appropriate business transactions with partners, compliance with the Antimonopoly Act, and measures to prevent bribery and other corrupt practices. Murata strives to achieve such appropriate business transactions as the foundation of its daily business activities and duties. As its business expands across the globe, Murata has selected this materiality in recognition of the importance of thoroughgoing measures to engage in appropriate business transactions, and thereby secure society's trust and achieve sound and sustainable growth.	FY2024 targets	**Antimonopoly Act** On a global basis, ensure understanding of and compliance with laws, regulations, and internal rules/procedures. **Bribery** In regions with a high corruption index, ensure the effective functioning of management systems for preventing bribery that are compliant with Group policies and establish systems for reporting to headquarters.	**Antimonopoly Act** ● We improved how information on internal rules and procedures is made known throughout the Company globally, in order to help ensure that internal rules and procedures for preventing violations of the Antimonopoly Act are applied appropriately. ● We conducted practical training on anti-cartel compliance, domestically and overseas. **Bribery** ● We continued to expand our bribery management and prevention systems. ● We engaged in initiatives to enhance employee training on bribery, in order to enhance the understanding of our employees. **Compliance**
			FY2030 targets	**Antimonopoly Act** On a global basis, ensure understanding of and compliance with laws, regulations, and internal rules/procedures. **Bribery** At all affiliated companies, establish management systems for preventing bribery that are compliant with Group policies and maintain a record of zero incidents of bribery/corruption.	
	Business continuity management (BCM[1])	**Murata aims to establish a BCM framework and prepare for potential disasters at worksites and factories in Japan and overseas.** In the event of an emergency situation that significantly impacts business activities, companies need to smoothly resume the supply of products and fulfill their responsibility to society as corporate citizens, while putting the top priority on safety and protecting human life. Murata has selected this materiality in recognition that, in order to be the Global No. 1 Component & Module Supplier that is always the best choice for customers and society, its most important task is to work to maintain business continuity.	FY2024 targets	Establish business continuity plans (BCP) that satisfy the necessary requirements at worksites and factories in Japan. Formulate BCPs for handling disasters that might occur at overseas worksites and factories in each region.	● Domestically, we continued to develop BCPs. For example, we revised our assumptions concerning damage to infrastructure at each business site and factory in the event of natural disasters, estimated the resultant manufacturing stoppage and recovery periods for each process, and formulated plans for preemptive measures to prevent supply disruption to customers. ● Overseas, we began initiatives to revise BCPs in the same way as in Japan, after considering natural disaster risks and other data in each country/region. **Reinforcing risk management**
			FY2030 targets	Establish a system for Company-wide BCM so that, if a disaster occurs, sites not affected by the disaster can cooperate quickly to ensure the business continuity of the entire Murata Group. Perform autonomous BCM activities, such as conducting periodic training at worksites and factories to verify and improve BCP effectiveness. Take measures to prepare for a potential Nankai Trough earthquake, which would be expected to cause major damage.	
	Information security	**Murata aims to minimize risks by operating an information security risk management PDCA cycle on a day-to-day basis, thereby preventing serious potential incidents.** Risks related to information security, such as information leaks caused by internal fraud targeting information held by companies and disruptions to business activities caused by cyberattacks, have been increasing in recent years. Murata has selected this materiality in recognition that, in order to provide stakeholders with peace of mind, it is important for Murata to protect the information in its possession, including confidential company information, such as technical and management information that serves as the source of Murata's competitive strengths, personal information collected from individuals, and information provided by business partners and customers.	FY2024 targets	Incidents determined to be potentially serious: 0 Employee training ratio[2]: 100%	● In fiscal 2023, we had zero incidents determined to be potentially serious. ● We achieved an employee training ratio of 100% in fiscal 2023. ● We continue to implement human, technical, and physical measures based on international standards (ISO 27001), in order to address new risks and persistent risks, and to maintain and improve our information security level. **Information security**
			FY2030 targets	Incidents determined to be potentially serious: 0 Employee training ratio: 100%	

1. Business Continuity Management: Management activities conducted on an ongoing basis to formulate, maintain, and update BCPs for ensuring business continuity, to implement advance measures, and to conduct education and training for disseminating initiatives.
2. Ratio = Number of sites that have conducted training ÷ Total number of sites

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-1 —What we are aiming for
Process of Value Creation
Management Capital
Core Competencies
Vision 2030 and Medium-Term Direction 2024
3-Layer Portfolio Management
Business Opportunities
Message from the Director of Technology
Special Feature: New Initiatives to Resolve Social Issues
Murata's Materialities
Initiatives on Social Issues through Business Activities Overall—Environment—
Initiatives on Social Issues through Business Activities Overall—Social—
> Initiatives on Social Issues through Business Activities Overall—Governance—
Stakeholder Engagement
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE

Into the future—What we are aiming for

Stakeholder Engagement

At Murata, we value dialogue with customers, employees, shareholders, investors, suppliers, members of local communities, and other stakeholders. We aim to co-create value with stakeholders by sincerely considering the valuable opinions receive from them through such interactions and reflecting such opinions in our management and business activities. Murata works to build relationships of trust with stakeholders through communication to co-create new value with them, thereby implementing the Murata Philosophy and contributing to a sustainable society.

Stakeholder	Engagement with stakeholders	Means of engagement	Specific examples of engagement
Customers	At Murata, "CS and ES" are key values in our management. In order to realize them, Murata strives to understand customer needs through communication in technology exchange meetings, etc. at an early stage in the planning, development, and design of new products. By resolving customers' issues and responding to their needs through such activities, Murata endeavors to build long-term relationships of trust with customers.	● Communication through business activities ● Product exhibitions and online seminars ● Website and social media	**Communication activities to understand customer needs** Murata participates in numerous exhibitions both domestically and internationally to better understand customers' needs. At Murata booths, we recreate some of the challenging issues faced by customers and our engineers give demonstrations of products that aim to resolve these issues. Additionally, considering the growing need for online communication, we also offer webinars that customers can join via PC or smartphone, in addition to offering services through a members-only portal site. By pursuing deeper communication with customers both face-to-face and online, we are able to quickly and accurately identify their needs and utilize that information to optimize service proposals and develop products that address their concerns and requests.
Employees	At Murata, "CS and ES" are key values in our management. Murata aims to be a company where every employee can achieve satisfaction and continue to grow in the course of performing their work duties. To foster such corporate culture, we promote two-way communication.	● Policy briefing session by the President ● Employee surveys ● Employee training (job grade-specific training programs, philosophy education, etc.) ● Discussions with executives ● Internal portal site and newsletters ● Whistle-blowing system and consultation hotlines ● Labor-management consultations	**Activities utilizing the internal portal site to promote empathy with our vision** To promote employees' understanding and empathy, as well as raise their motivation toward achieving Vision 2030 and the Medium-Term Direction 2024, as well as to improve access to related information, we promote activities utilizing the internal portal site to promote empathy with our vision. In fiscal 2023, we published articles that recorded discussions held between top management and employees, both from in Japan and overseas, regarding their interpretations of Vision 2030 and opinions on realizing that vision. In addition to communicating the themes that top management prioritizes and their aspirations for the next generation, we shared discussions Company-wide on how employees understand Vision 2030 from their perspective, areas where they saw challenges or had questions, and how they can put it into practice. Through this, we aim to help each employee find their connection to the vision and create opportunities for taking ownership and practicing personal action to help Murata become the company it seeks to be. 
Shareholders and investors	Murata strives for timely, accurate, and fair disclosure of information to shareholders and investors. Murata also engages in constructive dialogue with shareholders and investors with the aim of achieving sustainable growth and increasing its medium- to long-term corporate value.	● Briefing sessions for securities analysts and investors (corporate information meetings, ESG briefings, and earnings release conferences) ● Briefing sessions for individual investors ● Facility tours ● Meetings with securities analysts and investors in Japan and overseas ● General meeting of shareholders ● Company website (IR)	**Promoting constructive dialogue with shareholders and investors** Murata has established a policy for constructive dialogue with shareholders and investors, and works to maximize corporate value through IR activities. In addition to engaging in over 500 opportunities for dialogue with investors and analysts each year, based on the feedback received from shareholders and investors during such discussions, we set up opportunities at IR briefings in fiscal 2023 for discussions with Outside Directors regarding capital markets. We also conducted tours of the Minato MIRAI Innovation Center, thereby deepen understanding of Murata's technologies and initiatives in new lines of business. Furthermore, we work to enhance streaming and on-demand video of IR briefing sessions and availability of briefing materials, hold briefing sessions for individual investors, and otherwise expand information disclosure.
Suppliers	At Murata, we emphasize communication to build mutual relationships of trust with suppliers that will enable us to thrive and prosper together. We work with suppliers to improve our proprietary technologies and management technologies, and build relationships of trust by treating them sincerely, with impartiality and fairness, while complying with laws and regulations and abiding by social ethics.	● Interaction with suppliers in daily procurement practices ● Website exclusively for suppliers ● Hotline for suppliers ● Conducting briefing sessions and questionnaires for suppliers ● On-site audits for suppliers ● Discussions with suppliers	**Measures to reduce environmental burden across the supply chain** As part of Murata's environmental initiatives focused on issues such as climate change countermeasures and the use of sustainable resources, we use environmental policy briefing sessions for suppliers to introduce environmental targets and specific initiatives. We also hold one-on-one discussions with suppliers to listen to the issues they face in reducing their environmental impact and their expectations of and requests for Murata. The feedback received from suppliers through these activities is shared not only with procurement departments but also with business departments, sustainability promotion departments, and other related departments. In this way, we aim to enhance economic and social value throughout the supply chain.
Members of local communities	Murata aims to be a presence in local communities that is a source of pride and joy to those communities. To this end, Murata promotes activities that lead to solutions to the problems of each region in which we conduct business. By engaging in various types of communication with community members, we strive to ensure that they understand Murata's business and initiatives while also building strong relationships of trust.	● Discussions and information exchange meetings with local governments, local communities, residents, and NPOs in regions where our factories and offices are located ● Factory tours ● Participation in and sponsorship of local events ● Volunteer activities by employees in the region ● Providing visiting classes and electronics workshops	**Career training support through visiting classes** Murata works to broaden career paths available to science and technology students, and strives to communicate to children the mindset needed to be a working adult and the satisfaction that work can provide. In fiscal 2023, Toyama Murata Manufacturing Co, Ltd. (Toyama Prefecture) conducted visiting class projects at junior high schools in the prefecture as part of career education. Junior high schools are able to select the instructor who conducts the class, with a total of 16 schools selecting employees in this way. Multiple employees served as instructors in different specialized fields such as technology and design, sharing their knowledge and experience with the students. Comments from students who participated in these classes included that they gained an interest in manufacturing and were inspired to think about what career they might pursue in the future. 

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-1 —What we are aiming for

Process of Value Creation

Management Capital

Core Competencies

Vision 2030 and Medium-Term Direction 2024

3-Layer Portfolio Management

Business Opportunities

Message from the Director of Technology

Special Feature: New Initiatives to Resolve Social Issues

Murata's Materialities

Initiatives on Social Issues through Business Activities Overall—Environment—

Initiatives on Social Issues through Business Activities Overall—Social—

Initiatives on Social Issues through Business Activities Overall—Governance—

> Stakeholder Engagement

SECTION 04 The infrastructure that supports management

SECTION 05 Data

Message from the Director of Corporate Unit



Striving for sustainable growth by enhancing our management capital and creating value with stakeholders

Masanori Minamide

Representative Director and Senior Executive Vice President
Director of Corporate Unit
Director of Corporate Management Group

Advancing initiatives to strengthen our competitive edge

Murata aims to achieve a continuous cycle of social and economic value and to contribute to the enrichment of society under Medium-Term Direction 2024, the initial phase toward realizing our long-term direction Vision 2030.

In terms of our financial results for fiscal 2023, the second year of Medium-Term Direction 2024, revenue was 1,640.2 billion yen, down 2.8% year-over-year, and operating profit was 215.4 billion yen, down 27.8% year-over-year. However, there were signs of a recovery, such as the stabilization of inventory adjustments, primarily in relation to smartphones in the Greater China region, and an uptick in sales of our mainstay capacitors in the mobility and smartphones markets.

Inventory adjustments of lithium-ion secondary batteries continued for longer than expected, as demand decreased due to a market correction following the sharp rise during the COVID-19 pandemic. The significant decline led to reduced profitability, and

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future
03-2 —Growth strategy
> Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices

SECTION 04 The infrastructure that supports management

SECTION 05 Data

Message from the Director of Corporate Unit

in response to changes in the competitive landscape and other factors, we recorded an impairment loss of 49.5 billion yen related to facilities and other assets. Consequently, profit experienced a substantial decline.

In fiscal 2024, we anticipate an increase in revenue driven by recovering demand for components following inventory adjustments across various applications, along with a rise in demand for products in the mobility market. We also expect operating profit to grow as a result of cost reduction initiatives and enhancements in facility operating rates.

We are currently focused on enhancing productivity and reducing fixed costs as we rebuild the battery business, while closely monitoring progress at the management level. We will strengthen our manufacturing (*monozukuri*) capabilities, which are among Murata's core strengths, and standardize production processes and materials as we work to rebuild the business.

As described above, business conditions in fiscal 2023 were challenging. Nevertheless, we have steadily made capital investments for growth in line with our Medium-Term Direction 2024 plan. We are getting closer to realizing returns on the upfront investments we have made so far, including diversifying our supply chains, enhancing manufacturing capacity for our core products, and bolstering R&D efforts. We will also work on establishing a competitive edge with regard to the business opportunities arising from the growing demand for AI technologies and other emerging innovations.

However, for strategic investments, we are below the planned spending outlined in the Medium-Term Direction 2024 plan, mainly due to factors including the early completion of the Resonant acquisition during the period of the previous medium-term direction.

By using a product portfolio map that plots ROIC against market growth rate to evaluate business viability, we can identify opportunities to enhance our portfolio. We will pinpoint businesses that fall below specific benchmarks, develop improvement plans for them, and regularly track their progress. By adopting a hypothesis-driven approach, we will prepare for potential future events, allowing us to more readily adapt to changes. We validate the hypotheses underlying our assumptions and evaluate whether our strategies require revision when these assumptions change, ensuring that adjustments are incorporated into our improvement plans.

Meanwhile, fiscal 2023 was a year marked by progress in enhancing the social value we provide. Specifically regarding the environment, we have made significant strides in reducing GHG emissions through various initiatives, including energy conservation and the adoption of renewable energy sources. To promote the adoption of renewable energy at Murata factories, we are utilizing our own core products. By the end of fiscal 2023, we achieved 100% renewable energy sourcing at six business sites both in and outside Japan. As a member of the international RE100 initiative, we had previously set a goal of achieving 100% renewable energy by 2050. However, given the above circumstances and that our progress has been faster than expected, we have brought forward the target date for the goal to fiscal 2035. We are also actively engaged in the sustainable recycling of resources, including collaborations with suppliers for the horizontal recycling of MLCC PET film and the use of plastic packaging for chip components.

Although these initiatives entail certain costs, we believe they will not only enhance social value but also strengthen our business competitiveness. By positioning Murata as an industry leader in environmental efforts, we can differentiate our offerings and ultimately connect these initiatives to creating additional economic value. Murata will demonstrate its industry leadership by co-creating value with stakeholders, including collaborating with industry organizations on initiatives like resource recycling standardization.

Generating social value and converting it into economic value takes time. As such, we acknowledge the need for frameworks that bridge this time gap and encourage business divisions to act. In response, we implemented an internal carbon pricing (ICP) system in fiscal 2023, incorporating the costs of GHG emissions into our management accounting for profit and loss. To date, we have incorporated the ICP when assessing the economic viability of investments. However, to encourage additional investments, we will adopt a more flexible approach when determining the recoup period and will introduce processes that promote sustainability-related investments through a focused investment framework. Through these efforts, the Murata Group aims to lead in creating social value.

Murata will continue to define initiatives and build mechanisms around the four management issues outlined in Medium-Term Direction 2024, which is the first phase in realizing our long-term direction Vision 2030. These issues include management transformation, higher-level portfolio management, formation of a lean management base, and preparation for 2030.

Page 38: Medium-Term Direction 2024 Capital Allocation Policy

Improving profitability and raising capital efficiency

The consideration of cost of capital and ROIC in our management accounting system was first introduced under the leadership of our company founder, Akira Murata. While our organizational structure and systems have evolved over time, our core philosophy remains unchanged, and we continue to pursue related initiatives.

One of our economic value targets for fiscal 2024 is ROIC (pre-tax basis) of 20% or higher. However, in fiscal 2023 the figure was only 10.0%. This is attributable to several factors, including revenue and the profit ratio falling below planned levels, rising capital investment costs, an increase in the working capital needed to diversify supply chains for stable procurement amid growing geopolitical risks, and a fall in capital efficiency.

We are implementing a business viability evaluation process to improve low-profit businesses and increase overall profitability. The role of a CFO is to question how to realize value creation, and then provide the support to make it a reality. One method involves assessing business viability, which we currently apply when reviewing our connectivity module and laminate-type lithium-ion secondary battery sectors, as well as in determining relevant policies and actions. We are also using these evaluations to rebuild the lithium-ion secondary batteries business.

Our initiatives to improve capital efficiency include advancing digital transformation (DX) with a focus on smart factories, shortening the time from R&D to mass production, standardizing

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
> Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Message from the Director of Corporate Unit

manufacturing processes and materials, and improving supply chain visibility. We are transforming various processes, while simultaneously minimizing production losses on-site, improving yield rates, and raising equipment operation rates. As on-site capabilities are one of Murata's strengths, consistently achieving results from these initiatives will enhance capital efficiency and ROIC.

Consistently strengthening management capital

Murata categorizes its management capital into six types: human capital, organizational capital, manufacturing (*monozukuri*) capital, intellectual and technological capital, customer and business partner capital, and financial capital. We have cultivated these forms of management capital since the time of Akira Murata by putting the Murata Philosophy into practice. Over many years, we have accumulated this capital, which serves as the foundation for future value creation.

Our management philosophy is integrated into every facet of Murata's operations, from our business models and management systems to our organizational structure and the actions of each employee. We value this consistency, which is a hallmark of the entire organization. To ensure our management capital adapts to changing times, we place a strong emphasis on regular evaluations to ensure we are continually strengthening it.

This ongoing evolution will help us achieve a more advanced level of 3-layer portfolio management.

In our 3-layer portfolio management approach, the first layer consists of businesses that offer standardized products like capacitors and inductors. From a management capital standpoint, we need to utilize our manufacturing (*monozukuri*) capital while continuously enhancing our intellectual and technological capital in these areas. This will require substantial upfront investments, which entails the integration of financial capital. We will strengthen and expand first-layer businesses by further enhancing our technological edge, adding environmental value and implementing other measures.

In the second layer, which consists of application-specific components such as modules and devices, we will leverage the expertise in terms of technological capital gained in the first layer to deliver value while tailoring our products to meet the specific needs of our customers. Our strategic investments are most focused on this second layer. In fiscal 2021, we acquired and integrated Resonant and Eta Wireless. However, we need to make additional investments to achieve greater differentiation within this layer.

In the third layer, where we are developing new business models, we aim to enhance the first and second layers by incorporating "software"(i.e., knowledge-based assets). As a platform developer, our goal is to achieve large-scale business development in this layer. Moreover, to meet the latent needs of customers, it is essential that we continue to evolve our current management capital while also acquiring technologies and human resources that we currently lack. Additionally, we must foster co-creation with new external partners.

Recognizing that the three layers are interconnected, we are developing them with an understanding of how each layer affects the others. We manage and create value through this 3-layer portfolio framework.

Strengthening our corporate functions and driving value creation

In Murata's value creation story, I believe it is important that all our initiatives are consistent and interconnected. In pursuit of our vision, we will evolve our business models and adjust our portfolio as needed. Moreover, to enhance the effectiveness of these measures, we are committed to strengthening Murata's corporate governance system. Measures include implementing a renumeration system linked to financial results that is aligned with shareholders' interests, as well as communicating information on our efforts.

Furthermore, as we work to strengthen our core earning power, we will enhance management transparency and lower the cost of capital by articulating a clear value creation narrative and engaging in dialogue with capital markets. The opinions and insights we gather through such dialogue will be shared internally



and incorporated to strengthen our management capital. We must drive this cycle to elevate Murata's corporate value, which in turn enables us to obtain a fair valuation from stock markets based on metrics such as PBR.

To this end, our investor relations (IR) functions, financial planning and analysis (FP&A – functions that support management decision-making), and corporate functions that assist organizations and personnel, will serve as a bridge between Murata and the capital markets and become increasingly vital in those efforts. At Murata, the Corporate Unit consolidates a range of corporate functions, including management (responsible for corporate strategy, finance and IR), HR, general affairs, corporate communications, sustainability, IP and legal, and IT. My role is to strengthen these functions and to realize Company-wide value creation.

I will work to maximize corporate value by raising the quality of dialogue with all stakeholders and by fostering value creation with stakeholders as outlined in Vision 2030.

I look forward to your continued feedback and support.

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-2 —Growth strategy

> Message from the Director of Corporate Unit

Medium-Term Direction 2024 Capital Allocation Policy

Progress under Medium-Term Direction 2024

Strategies for Each Business: Capacitors

Strategies for Each Business: Inductors / EMI filters

Strategies for Each Business: High-frequency devices and communications modules (1)

Strategies for Each Business: High-frequency devices and communications modules (2)

Strategies for Each Business: High-frequency devices and communications modules (3)

Strategies for Each Business: Battery and power supply

Strategies for Each Business: Functional devices

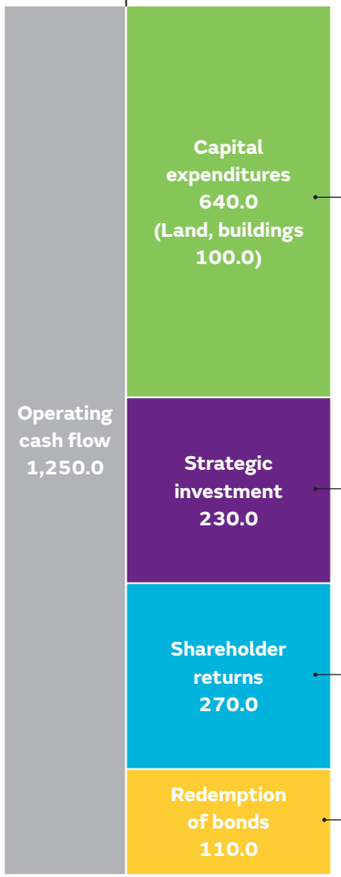
SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—Growth strategy

Medium-Term Direction 2024 Capital Allocation Policy

Medium-Term Direction 2024: Plan (Billion yen)



Capital expenditures

Capital expenditures have been progressed according to plan, amounting to 208.0 billion yen in fiscal 2022 and 219.5 billion yen in fiscal 2023, with 190.0 billion yen planned for fiscal 2024. Murata's capital expenditures have primarily focused on land and buildings as well as bolstering production capacity for components in preparation for a rise in demand for parts in the medium term.



Izumo Murata Manufacturing Co., Ltd. (Shimane Prefecture)
New capacitor production building; completion planned for March 2026



Wuxi Murata Electronics Co., Ltd. (China)
New capacitor production building; completed April 2024



Murata Electronics (Thailand), Ltd.
New capacitor production building; completed March 2023



Murata Manufacturing Vietnam Co., Ltd.
New inductor production building; completed August 2023



Komoro Murata Manufacturing Co., Ltd. (Nagano Prefecture)
New RF module production building; completed January 2023

Strategic investment

Murata views investment in addressing environmental issues, acquiring technologies, bolstering IT infrastructure, and other areas from a long-term perspective as strategic investment and actively engages in such investment based on anticipated social changes and associated business opportunities and risks.

	FY2022 results	FY2023 results	FY2024 forecast[1]	FY2022–2024 3-year cumulative total (forecast)[1]
Environmental investment[2]	Approx. 4.0 billion yen	Approx. 6.0 billion yen	Approx. 35.0 billion yen[3]	Approx. 90.0 billion yen[3]
M&A and other growth investments	Approx. 4.0 billion yen	Approx. 6.0 billion yen		
Other (IT infrastructure improvement, etc.)	Approx. 16.0 billion yen	Approx. 18.0 billion yen		
Strategic investment total	23.6 billion yen	29.7 billion yen		

1. Forecasts are as of September 2024.
2. Environmental investment is included in capital expenditures for actual results and performance forecasts.
3. Forecasts do not include M&A and other growth investments.

Shareholder returns

We have achieved dividend on equity (DOE) of over 4% and our target dividend payout ratio of around 30%. We flexibly conduct stock repurchases as a means for returning profits to shareholders and enhancing capital efficiency. Total cash dividends paid over the two-year period fiscal 2022–2023 were 186.5 billion yen. Furthermore, in fiscal 2024 we conducted a stock repurchase of 80.0 billion yen.

Factors considered when increasing shareholder returns through stock repurchases, etc.

Liquidity
Approx. 2.5 to 3.5 months of liquidity

Availability of opportunities to increase growth and strategic investments

Cash flow projections and current share price

Redemption of bonds

Listed name	Rating (R&I*)	Date issued	Total amount of issue	Coupon rate	Maturity date
2nd Unsecured Straight Corporate Bonds	AA+	January 24, 2019	60.0 billion yen	0.15% per annum	January 24, 2024
3rd Unsecured Straight Corporate Bonds	AA+	September 10, 2019	50.0 billion yen	0.06% per annum	September 10, 2024

* Rating and Investment Information, Inc.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
> Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

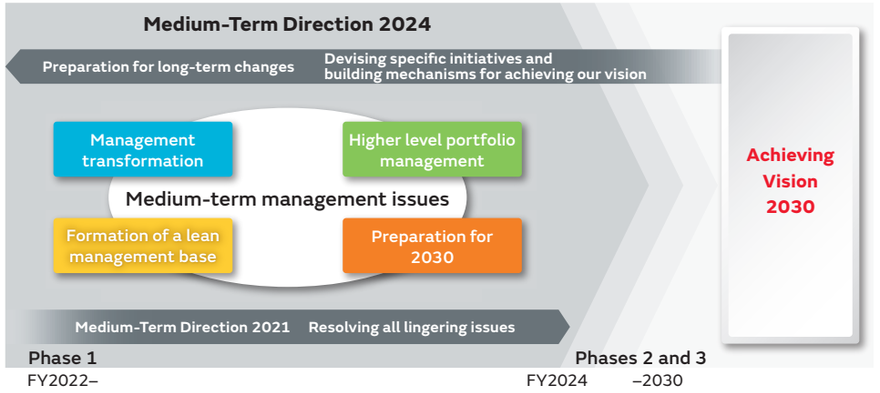
SECTION 03 TO THE FUTURE
Into the future—Growth strategy

Progress under Medium-Term Direction 2024

Medium-Term Direction 2024

We have positioned Medium-Term Direction 2024 as the first phase in achieving Vision 2030.
In addition to economic value targets, Medium-Term Direction 2024 also sets social value targets, and we will be accelerating initiatives to create a continuous cycle of social value and economic value and contribute to the enrichment of society.

Besides setting out to resolve lingering management issues, Medium-Term Direction 2024 also identifies four medium-term management issues: "management transformation," "higher level portfolio management," "formation of a lean management base," and "preparation for 2030." Tackling these issues to generate tangible results over the three-year period of the plan will enable us to identify changes in our environment from a long-term perspective, and starting right now, to steadily move forward with the necessary preparations identified through backcasting.



Medium-Term Direction 2024 initiatives and results

Medium-term management issues	Initiatives and results
Management transformation	● Promote initiatives to tackle key issues (materialities) originating from social issues, and introduce new management and administration systems to improve sustainability. ● Apply a hypothesis-based way of thinking in business plan management processes as a mechanism to ensure an autonomous and decentralized organization, and review the processes for formulating budgets and medium-term business plans as well as evaluate business viability. ● Organize issues for building an infrastructure base and next-generation digital platforms, formulate concepts and plans, and implement proof of concept (PoC), as well as foster an awareness internally and move forward with acquiring and training DX human resources.
Higher level portfolio management	● **First Layer:** Strengthen cutting-edge technologies and increase production capacity to meet medium- to long-term expansion in demand for components, and build a stable supply system for raw materials, such as by establishing MF Material Co., Ltd. ● **Second Layer:** Prepare to improve financial results by strengthening differentiated technologies acquired through M&As and conventionally developed in-house technologies. ● **Third Layer:** Steadily increase examples of social implementation of third-layer businesses. Take on the challenge of scaling, going forward.
Formation of a lean management base	● Promote initiatives for improving our social value indicators (ES and diversity), and prepare and implement selective education programs in Japan and overseas with the aim of training personnel as future management candidates. ● Eliminate wasteful practices at manufacturing sites and improve productivity by making use of smart technologies and digital technologies, and move forward with training human resources that will support on-site improvements and the global production system. ● Strengthen the quality assurance and quality management systems that support 3-layer portfolio management and quality governance, such as by introducing business risk assessment mechanisms.
Preparation for 2030	● Take part in KUMIHIMO Tech Camp with Murata and other co-creation activities with external organizations to create and accelerate innovation, and move forward with the development of businesses and technologies with an awareness of backcasting for the very long-term future with projects such as the SONAE Project and ηProject. ● Strengthen sales and marketing capabilities to meet diversifying customer needs. ● Establish a BCP framework, such as by opening the Tokyo Logistics Center and diversifying supply chains. ● Strengthen risk management for future management risks such as geopolitical risks.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
> Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE
Into the future—Growth strategy

Progress under Medium-Term Direction 2024

Economic value targets

	FY2022 results[1]	FY2023 results	FY2024 results forecast[2]	Medium-Term Direction 2024 targets
Revenues	1,686.8 billion yen	1,640.2 billion yen	1,700.0 billion yen	2,000.0 billion yen
Operating profit ratio	17.7%	13.1%	17.6%	20% or higher
ROIC (pre-tax basis)[3]	14.6%	10.0%	13.8%	20% or higher

1. In fiscal 2023, we adopted the International Financial Reporting Standards (IFRS) to replace the previously used US-GAAP. For comparison purposes, figures for fiscal 2022 have been restated to conform with IFRS.
2. Figures are based on the consolidated results forecast for fiscal 2024 announced by the Company on April 26, 2024.
3. ROIC (pre-tax basis) = Operating income ÷ Average invested capital at the beginning and end of the period (Property, plant, and equipment + Right-of-use assets + Goodwill + Intangible assets + Inventories + Trade receivables − Trade payables)

Progress on Medium-Term Direction 2024 targets

- The announced forecast is that all economic value targets will not be achieved.
- **Revenues:**
  We see the advancement of electrification in automotives as a business opportunity; sales in the mobility market have been strong since the previous medium-term direction. Nevertheless, demand for components has fallen much more than anticipated due to prolonged inventory adjustments of electronic devices, such as smartphones and PCs, in the consumer product market.
- **Operating profit ratio and ROIC (pre-tax basis):**
  Although we moved forward with cost reduction and productivity improvement initiatives, there were various impacts including delays in improvements to profitability in the lithium-ion secondary battery business and a decrease in the operating rate at factories due to a decline in demand for components, as well as a fall in the capital turnover ratio as the result of upfront investment in preparation for future expansion of the electronics field.

Social value targets

		FY2021 results	FY2022 results	FY2023 results		Medium-Term Direction 2024 targets
Environment	Amount of GHG emissions (Scope 1 + 2)	12.7% reduction (1.40 million t-CO_2e)	16.4% reduction (1.34 million t-CO_2e)	34.6% reduction (1.05 million t-CO_2e)	Took measures such as conserving energy, switching to renewables, and purchasing energy certificates, and each of the medium-term targets for fiscal 2024 will be met one year ahead of schedule, respectively. Page 60: Strengthening Murata's Response to Climate Change (TCFD)	20% reduction vs. fiscal 2019 (1.28 million t-CO_2e or less)
	Renewable energy sourcing	21.3%	23.7%	36.5%		25%
	Rate of use of sustainable resources[1]	Approx. 15%[4]	Approx. 15%[4]	Approx. 15%[4]	Continue with fact-finding surveys, and determine performance in fiscal 2021 as the baseline year, as well as current results. Page 63: Use of Sustainable Resources	1% improvement from fiscal 2021 results
	Resource recovery rate[2]	36.0%	36.0%	39.6%		5% improvement from fiscal 2021 results
Diversity	Percentage of overseas employees[3] in administrative departments with experience working at other sites	3.0%	5.3%	6.2%	We actively provide opportunities for employees to gain work experience at other locations globally. Page 50: Strengthening Human Capital—Leveraging diversity in human resources	7%
Employee satisfaction (ES)	Positive employee engagement response rate	68%	—	66%	We carried out an organizational survey, and based on the results, we are reviewing and implementing action plans on an ongoing basis. Page 51: Strengthening Human Capital—Engagement	70% or higher

1. Use ratio by weight of recycled materials, mainly for 24 resources with a high risk of depletion 2. Ratio by weight of Murata's discharges (waste + valuable material) that are processed into circulating resources
3. Applies to overseas local staff, excluding those transferred from Japan to overseas. 4. Use rate of use of sustainable resources is an estimate as calculations are based on publicly available information on recycling rates.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
> Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Strategies for Each Business

Capacitors

Multilayer ceramic capacitors (MLCCs)

Used in mobile equipment, home appliances, IoT devices, and more, MLCCs can temporarily store and discharge electricity, filter out signal noise, filter signals at specific frequencies, and block direct current while allowing alternating current to pass. MLCCs are also used for applications where high reliability is required, including automotive, medical, and aerospace equipment.



Business opportunities	● Increased demand for components in tandem with the advancement of automotive electrification and expansion of AI
Main competitors	● Samsung Electro-Mechanics (South Korea), Taiyo Yuden (Japan), TDK (Japan), Yageo (Taiwan)
Strengths	● Extensive product lineup and high market share ● Technological capabilities and manufacturing (*monozukuri*) capabilities that enable small, high-performance products, and ensure reliability and high quality ● Worldwide sales network and the largest supply capacity in the industry ● Profitability based on integrated manufacturing systems from materials to finished products
Risks	● Deterioration in market conditions due to the possibility of global economic stagnation and increasing geopolitical risks, and the resulting fluctuations in demand for electronic products ● Changes in the business environment due to intensifying competition

Growth strategies

1 **Increase production capacity to meet growing demand for components**
Demand for components is expected to continue to increase in the communications, mobility, and server markets. We will further expand the scale of our operations by leveraging our competitive advantage in terms of having the largest production capacity in the industry.

2 **Plan and execute growth scenarios taking into account risks such as the emergence of competitors**
In the MLCC market, which is expected to grow in the future, competition with existing competitors is expected to intensify. We aim to achieve sustainable business growth by paying close attention to the competitive environment.

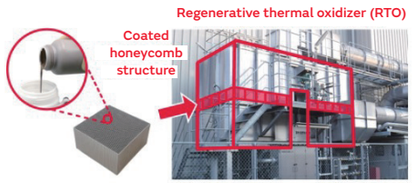
3 **Continue to maintain the top market share through continuous innovation and our global sales network**
Murata's share of the MLCC market is 40%, with a high share of 50% in the automotive market, which is expected to grow in the future. We will maintain and improve our market position by further strengthening the competitive advantages we have cultivated to date.

Highlight

Introducing thermal storage exhaust gas treatment equipment, which uses heat-resistant ceramic catalyst materials to treat exhaust gas, at MLCC manufacturing sites

Murata has developed the world's first heat-resistant ceramic catalyst material for exhaust gas treatment. Developed through the application of our material design technology for ceramic capacitors, the resultant material is used in thermal storage exhaust gas treatment equipment (regenerative thermal oxidizer; RTO). We have installed such equipment at Wuxi Murata Electronics Co., Ltd. (China), Izumo Murata Manufacturing Co., Ltd. (Shimane, Japan), and the Yasu Division (Shiga, Japan). Based on results from the equipment installed to date, we have confirmed up to a 53.0%[1] reduction in fossil fuel consumption during the treatment of volatile organic compounds (VOCs)[2] and other exhaust gases.

Going forward, we will proceed with the full installation of this material and equipment at all of Murata's MLCC manufacturing sites, while also moving forward with the sale of this catalyst material to external vendors as a way of creating a continuous cycle of social and economic value.



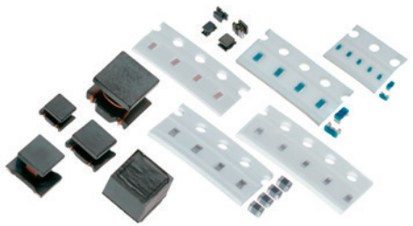
1. Comparison according to Murata standards based on average fuel consumption over a period of time.
2. VOCs are a factor that contributes to environmental degradation and harm to human health, such as via air pollution.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
> Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Inductors / EMI filters

Inductors (coils)

Inductors work by using the interaction between electricity and magnetism to convert voltage and stabilize current, among other functions. Together with capacitors and resistors, they are a basic component for electronic circuits. Like capacitors, they are commonly used in many different electronic devices.



Business opportunities	● Increased demand for components due to advancements in 5G and in automotive electrification ● Growing need for high-performance and high-reliability RF inductors and power inductors
Main competitors	● TDK (Japan), Taiyo Yuden (Japan), Cyntec (Taiwan), Sunlord (China)
Strengths	● Extensive product lineup and high market share ● Optimal product design using various manufacturing methods ● High quality and strong customer support, supported by evaluation and analysis technologies ● Strong supply capabilities for meeting robust demand
Risks	● Deterioration in market conditions due to possibility of global economic stagnation and increasing geopolitical risks, and the resulting fluctuations in demand for electronic products ● Intensifying competition

Growth strategies

1 **Provide new customer value in response to market changes**

In the future, technologies and applications in the in-vehicle system market and telecommunications market will undergo major changes. In the in-vehicle system market, demand for power inductors and inductors for interfaces will grow, and in the telecommunications market, as modules inside smartphones become smaller, RF inductors must be more compact and have higher Q factor.* We are working to provide new customer value by firmly grasping changes in the market and customers so as to release new products such as power inductors for automotive applications and compact, high-Q RF inductors.

* Q factor (quality factor): The higher the Q factor, the higher the performance and efficiency of the inductor.

2 **Provide products that meet market demands by integrating development capabilities and basic technologies**

Murata creates roadmaps of markets, products, and technologies for the next five to ten years, and quickly commercializes products demanded by customers through product development that anticipates future needs. Murata also possesses multiple methods and processes for development and manufacturing technologies, including for multilayering, winding and film coating. By integrating advanced material development, product development, process development, and basic technologies (e.g., simulation, reliability evaluation, mounting technology, and application), we will provide products that meet market demands.

3 **Expand global support system for customers**

The need for noise suppression functions is further increasing in the in-vehicle system market due to the advancement of automotive electrification and the expansion of 5G in the telecommunications market. By deepening relationships with customers and pursuing cutting-edge technologies through customer support for noise suppression and the provision of new products and solutions using EMC labs in eight locations not only in Japan but also in Europe, the United States, China, and other parts of the world, we will become the “No. 1 EMC Solution Provider.”

Highlight

Provide solutions to meet changes in the in-vehicle system market

Murata is focusing on expanding its lineup of inductors for PoC*-compatible power lines and high-speed in-vehicle interfaces, which are attracting attention in in-vehicle communications technologies. PoC applications are expanding as a way to reduce the number of cables used in vehicles and to make them lighter. PoC uses a single coaxial cable to transmit power as well as visual data from in-vehicle cameras and other devices. Murata’s products make it possible to reduce the number of inductors used, where previously multiple inductors were needed, and help to make systems overall more compact and space saving, as well as to achieve low total DC (direct current) resistance.

In addition to product development, we will continue to propose optimal combinations of components that are compliant with standards, and provide ongoing support for measures to improve electromagnetic compatibility (EMC). In doing so we aim to keep pace with the evolution of the in-vehicle system market so that we can meet the diverse needs of customers.

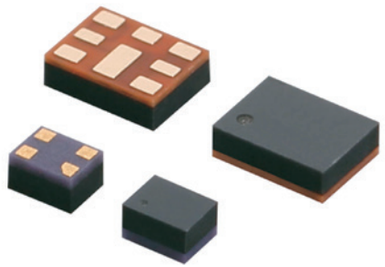
* PoC (power over coax): A system that uses a single coaxial cable for the signal line and power line.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
> Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

High-frequency devices and communications modules (1)

Surface acoustic wave (SAW) filters

A SAW filter is a filter that can pick out electric signals in a particular frequency band, using surface acoustic waves that propagate along the surface of a piezoelectric substrate. Ensuring smooth wireless communication between devices requires high-functioning filters that can let through electric signals in a particular frequency band, while eliminating noise from unwanted frequency bands.



Business opportunities	● Expansion of the telecommunications market through the advancement of 5G ● Addition of wireless communications functions to IoT devices ● Advancement of technological trends such as higher frequency and smaller filters with superior composite performance
Main competitors	● Taiyo Yuden (Japan), Qualcomm (U.S.), Qorvo (U.S.), Wisol (South Korea), Shoulder (China)
Strengths	● Extensive product lineup and high market share ● Superior characteristics (e.g., high frequency, broadband, high attenuation, low insertion loss, small size) required in the telecommunications market of the future ● Reliable quality ● Largest production capacity in the industry and reliable supply capabilities
Risks	● Deterioration of market conditions due to possibility of global economic stagnation and increasing geopolitical risks ● Intensifying competition and market entry by low-cost manufacturers

Growth strategies

1 **Secure profit-earning opportunities by differentiation in high-value-added products and strengthening cost competitiveness**

In addition to leveraging our proprietary I.H.P. and TC-SAW technologies, we will strengthen alliances for securing new technologies and improve productivity to enhance cost competitiveness in response to the emergence of other manufacturers in this market.

2 **Mass production of filters using XBAR technology**

With the spread of 5G and next-generation Wi-Fi standards, the need for high-performance, high-frequency filters with a broad bandwidth is expected to increase. XBAR (“crossbar”) technology offers advanced properties at high frequencies and in a broad bandwidth, as well as high compatibility with the SAW filter manufacturing process. This will strengthen our business as a differentiating technology for filters.

3 **Explore new applications and customers by leveraging Murata’s strengths in the expanding telecommunications market with 5G**

With the spread of IoT, wireless communications functions are being incorporated also into various applications other than smartphones. In addition, with the introduction of 5G, the combination of incorporated frequency bands is becoming more complex, and the technical requirements for filters are becoming more challenging. Murata will expand its business in new markets by leveraging its technological strengths.

Highlight

Reflecting changes in the competitive landscape in our strategy for the SAW filter business

Despite signs of a moderate recovery in production numbers for smartphones from 2022 onward, growth remains sluggish, driven by the increasing polarization between high-end and low-end devices. Against this background, demand for SAW filters has been similarly sluggish, and competition is intensifying. The proportion of high-end handsets equipped with modules is high amid the ongoing trend toward higher functionality and denser implementations, and the need for compact SAW filters with superior characteristics for use in modules is also increasing. Meanwhile, as low-end devices are becoming increasingly commoditized, there is also an increasing need for more complex products arising from the sophistication of communications.

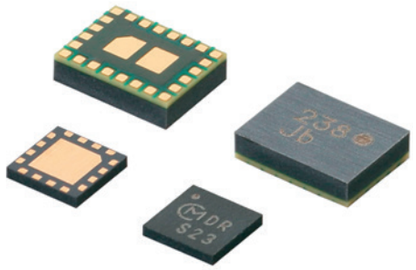
Under these circumstances, in high-end devices, we will use differentiated technologies such as I.H.P and XBAR, and strive for a balance between the need for high-level properties such as low loss and high attenuation and the need for making devices more compact to achieve denser implementations. In low-end devices, we will continue to work on further strengthening cost competitiveness. Through these initiatives, we will maintain our top market share in the industry.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
> Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

High-frequency devices and communications modules (2)

RF modules

RF modules are electronic component units integrating various key devices in a compact package that functions as an analogue high-frequency circuit for controlling communications among wireless devices. Modules are comprised of passive devices such as SAW filters, high-power amplifiers (PA) in transmission circuits, low-noise amplifiers (LNA) in reception circuits, antenna changeover switches, and other semiconductor devices. RF modules are used in a variety of wireless devices, including smartphones and tablet PCs.



Business opportunities	● Expansion of frequency bands, advancement of communications technologies driven by growing adoption of 5G ● Advancement in modularization and miniaturization of electronic components
Main competitors	● Skyworks Solutions (U.S.), Qorvo (U.S.), Qualcomm (U.S.), Broadcom (U.S.)
Strengths	● In-house production of key devices such as filters and packaging technologies ● Identification of customer trends and capability to propose products by leveraging our sales and technical support networks ● Business speed, reliable quality, and stable supply capabilities enabled by integrated production
Risks	● Changes among customers and component suppliers due to increasing geopolitical risks ● Market entry by low-cost module manufacturers

Growth strategies

1 Realize business growth by investing resources in differentiating technologies
In the current competitive environment, the level of technology among competitors is very high. We will establish competitive advantages by fostering or acquiring differentiated technologies.

2 Empower Digital Envelope Tracking technology
We will differentiate ourselves from our competitors and capture business opportunities through the Digital Envelope Tracking technology of Eta Wireless Inc., which we acquired in September 2021.

3 Enhance fundamental capabilities to improve Murata's position in growing markets
The 5G and the 6G era (or "Beyond 5G"), will require ultra-low power consumption and ultra-reliable communication. In order to survive amid global competition, Murata will continue to strengthen the advanced technological capabilities and high-quality manufacturing capabilities that it has cultivated over the years.

Highlight

Making production progress visible to improve the manufacturing frontline's ability to respond to changes

RF modules are customized products that are developed to meet the needs of customers, so we need to ensure high quality while having flexible supply capabilities. In Murata's RF modules business, we have been providing competitive products that are optimized to meet customers' needs. Our strength is the ability to combine the differentiated technologies of semiconductor devices (e.g., PAs, LNAs and switches) and passive devices (e.g., filters, capacitors and inductors), and align them with what our customers want.

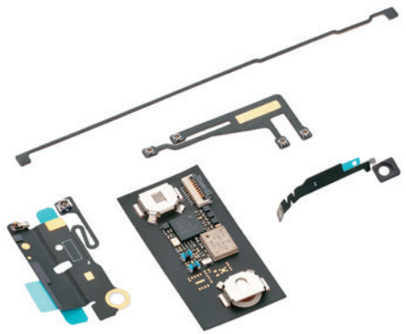
To further strengthen competitiveness, we will refine our ongoing efforts to make factory operations more visible and speed up initiatives for realizing smart factories, as well as introduce a local 5G network on a test basis and verify it within factories. We will continue to roll out these initiatives to other factories in the Group, thereby increasing Group-wide production efficiency while also advancing digital transformation (DX) initiatives.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
> Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

High-frequency devices and communications modules (3)

Multilayer resin substrates (multilayer LCP products)

Our multilayer LCP products are thin multilayer resin substrates comprising liquid crystal polymer (LCP) sheets. They offer exceptional RF properties and stable performance due to their low water absorption. Because they do not require an adhesive layer, multilayer LCP products are also distinctive for their suitability for use in complex bending processes. In addition, Murata's multilayering technologies allow for a high number of layers, which enables greater flexibility in design. Our multilayer LCP products are used in smartphones, wearable devices, and other applications, where they help realize more compact, thinner, and higher performance devices with lower energy consumption.



Business opportunities	● Expansion of high-frequency telecommunications markets such as 5G and ultra-wideband (UWB) ● Resolving customer issues by leveraging low water absorption, shape retention and other properties
Main competitors	● ZDT (Taiwan), Flexium Interconnect (Taiwan)
Strengths	● Superiority in low transmission loss properties in the high-frequency band ● High number of layers, low water absorption, flexibility suitable for complex bending processes ● Extensive mass production experience in LCPs ● Reduction in environmental load through the adoption of recycled materials
Risks	● Intensifying competition ● Changes in demand due to changes in customer designs

Growth strategies

1 Extend sales activities in new business areas and to new customers

In addition to earnings in existing business areas, we will expand our customer base and diversify revenue sources, including by strengthening internal synergies.

2 Further enhance differentiated technologies

We will further strengthen our competitive advantages in terms of characteristics and structure in high-frequency fields such as 5G millimeter wavebands and UWB.

3 Improve productivity through the promotion of smart factories and the development of cost reduction technologies, and reduce the environmental load by using recycled materials

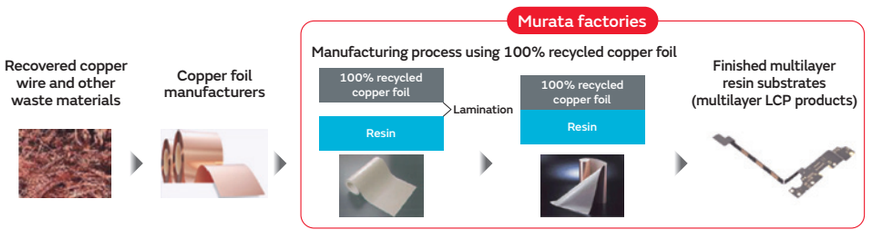
We will strengthen our manufacturing capabilities and cost competitiveness by continuing productivity improvement activities. In addition, we will work on advance measures to establish supply chains for realizing sustainable material use.

Highlight

Enhancing product competitive advantages by utilizing recycled materials

The inner coating copper foil material used in multilayer resin substrates (multilayer LCP products) is an environmentally friendly, 100% recycled product. It has been verified by a third party as conforming to ISO 14021, the international standard for environmental labels that claim a reduction in environmental load. We are also partnering with suppliers on practical applications for this product and have already begun mass production. Working in cooperation with suppliers, we will take advance measures to establish supply chains for realizing sustainable material use, while also linking this to the competitive advantages of our products.

Initiatives to utilize recycled materials for multilayer resin substrates (multilayer LCP products)



INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
> Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Battery and power supply

Lithium-ion secondary batteries

Murata makes two types of lithium-ion secondary battery: cylindrical and laminated. We are currently focusing on the cylindrical type in particular, which has advantages in terms of high output, safety, long-term storage, and high temperature properties. We will leverage these strengths to expand our business in the growing markets for small drive systems and storage batteries, so that we can contribute to the enrichment of society by responding to needs including those relating to decarbonization, renewable energy and energy conservation.



Business opportunities	**Lithium-ion secondary batteries: Cylindrical type** ● Trends toward cordless power tools, gardening tools, and cleaning devices, as well as the shift toward decarbonization (from gasoline engines to batteries and motors) ● Utilization of renewable energy, and increasing demand for storage batteries for self-sufficient consumption of electricity and backup power supplies during power outages, etc.
Main competitors	● Samsung SDI (South Korea), LGES (South Korea), Panasonic (Japan), TDK (Japan), EVE (China)
Strengths	● High-quality, high-output technologies ● Packaging technology that enables impact resistance and miniaturization
Risks	● Market entry and expansion by competitors in our target markets ● Rising resource prices due to increasing resource depletion and geopolitical risks ● Disruptions in supply chains for the battery industry as a whole due to global environmental regulations and trade restrictions

Growth strategies

1 **Further enhance differentiated technologies**
We will strengthen Murata's technological capabilities based on our superior materials technologies and expand our business in growing markets.

2 **Establish business foundation as Murata's environmental contribution business**
We aim to capture business opportunities in the environmental field such as through storage batteries using Murata's unique FORTELION lithium-ion secondary battery, which uses olivine-type lithium iron phosphate as the cathode material and has a long service life and a high level of safety.

3 **Build a strong business foundation by strengthening our manufacturing**
We will focus on markets where we can leverage our strengths to achieve stable future growth, while also strengthening our manufacturing capabilities to maximize upon our differentiated technologies.

Highlight

Taking on the challenge of rebuilding our businesses and developing new business fields

In the lithium-ion secondary batteries business, profitability fell due to a decline in demand as a result of prolonged inventory adjustments, and in fiscal 2023 we posted an impairment loss of 49.5 billion yen on equipment for cylindrical lithium-ion secondary batteries and other assets. Yet even under such circumstances, we are working to strengthen our business foundation to realize future growth and expand our business in the environment field. In strengthening the business foundation, we will reduce production loss by bolstering manufacturing, and strengthen and reallocate management capital, such as through personnel rotation, so that we can make use of "all Murata" technological capabilities and expertise in both manufacturing and R&D.

Furthermore, we will accelerate the in-house introduction of storage batteries to achieve 100% renewable energy, and create new solutions using the knowledge and expertise we acquire during that process, as we strive to expand business in the "challenge field" of the environment.



INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
> Strategies for Each Business: Battery and power supply
Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Functional devices

Sensors

Sensors are electronic components that convert various forms of energy around us into signals and data that are easy for humans and machines to interact with. Murata has a diverse product lineup ranging from devices to modules. Our devices are high-performance and high-reliability using ceramic material technology, microfabrication technology such as for micro-electromechanical systems (MEMS), and magnetoresistive elements.



Business opportunities	● Increased demand for high-performance sensors driven by growing use of advanced driver assistance systems (ADAS) and autonomous driving ● Increased demand for components due to the advancement of automotive electrification ● Need for sensor nodes due to expansion of AI and cloud-based services ● Creating new demand through value co-creation with external partners
Main competitors	● Bosch (Germany), Analog Devices (U.S.), STMicroelectronics (Switzerland), Panasonic (Japan), TDK (Japan), Nippon Ceramic (Japan)
Strengths	● Low noise, high sensitivity, high accuracy, robustness and reliability achieved by Murata's MEMS designing, processing and packaging technologies ● Extensive sensor technologies and a diverse product lineup ● Creating and proposing value to customers with differentiated elements through the use of a variety of materials
Risks	● Intensifying competition ● Slow-to-market release of new products in response to needs arising from changes in the external environment ● Difficulty in acquiring technologies to meet diverse market needs

Growth strategies

1 **Create core technologies and invest resources in applications that leverage our strengths**
The growth of the mobility, IoT, and wellness markets is expected to lead to a significant increase in the number of functions requiring sensors. We aim to expand our sensor business by focusing on areas where we can leverage Murata's strengths in response to expanding business opportunities.

2 **Differentiate technologies and create new value with partners**
We will further refine our technological capabilities—one of our strengths—and at the same time, aim to co-create value with our partners and tackle business challenges with new ideas that are not bound by the current fields we operate in.

3 **Establish supply chain management to maximize product value**
Sensors are characterized by high-mix, low-volume production. We will develop production processes that provide value to customers while differentiating our products and accommodating high-mix production.

Highlight

Expanding our lineup of functional devices for the mobility and autonomous driving markets, and acquiring third-party certification

We supply a variety of products, such as various sensors including MEMS inertial sensors and timing devices for the mobility and autonomous driving markets. For MEMS inertial sensors, in March 2024 we released 6DOF compact and high-accuracy retail products for industrial equipment, and we are also developing these sensors for the autonomous driving market. For timing devices, in autumn 2024 we plan to release a 2016-size crystal unit, which is optimal for applications such as autonomous driving that require operation under high-temperature conditions and high accuracy.

In February 2024, Murata acquired ISO 26262 development process certification, which is the standard for functional safety* of road vehicles. This enables Murata to provide sensors, timing devices, and other products that have been developed to have a high level of safety for functional safety applications.

Going forward, we will contribute to improving the accuracy of postural stability and self-positioning detection in the construction equipment and drone markets, where growth is forecast, and to realizing autonomous driving in the mobility market.

* Functional safety: An approach of reducing harm to drivers, passengers, pedestrians, and others to an acceptable level, by putting in place safety measures to guard against malfunctions in the electric and electronic systems of vehicles.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-2 —Growth strategy
Message from the Director of Corporate Unit
Medium-Term Direction 2024 Capital Allocation Policy
Progress under Medium-Term Direction 2024
Strategies for Each Business: Capacitors
Strategies for Each Business: Inductors / EMI filters
Strategies for Each Business: High-frequency devices and communications modules (1)
Strategies for Each Business: High-frequency devices and communications modules (2)
Strategies for Each Business: High-frequency devices and communications modules (3)
Strategies for Each Business: Battery and power supply
> Strategies for Each Business: Functional devices
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Strengthening Human Capital

Developing personnel and organizations that evolve together toward the future

Takanori Toi
Vice President
Director of ESG and HR Group



The Murata Philosophy: The foundation of our human capital initiatives

At the core of Murata's approach to human capital and related initiatives is the Murata Philosophy. Our foremost priority is ensuring that every employee understands and actively applies this management philosophy. A significant milestone in establishing this deeply ingrained corporate culture was the comprehensive organizational culture reforms we implemented in 2004.

At the time, the IT bubble had burst, and our performance had leveled off. Murata succumbed to the common pitfalls that afflict large organizations, resulting in widespread communication issues throughout the Company. Recognizing that the status quo was unsustainable, we went back to the fundamentals of the Murata Philosophy. Having reaffirmed the importance of the Murata Philosophy, we recognized the vital role of employee motivation and growth – in other words, employee satisfaction (ES) – and began reforms to elevate ES to the same level of priority as customer satisfaction (CS) within our corporate value system. Initiatives stemming from these reforms include proactive factory visits by corporate officers and the introduction of training sessions led by corporate officers, both of which foster direct dialogue between employees and top management. Employees now have more opportunities to learn about management strategy and understand the thinking behind it, while management has more opportunities to hear feedback from the front lines. This has improved communication within the Company and strengthened the connection between employees and top management. These initiatives are ongoing and have fostered a bottom-up culture that encourages everyone to embrace new challenges, regardless of rank or position.

Vision 2030 outlines the kind of company Murata aspires to be. Under this vision, our growth strategy focuses on enhancing our 3-layer portfolio management. As the electronics field continues to expand, the range of applications will broaden, and the customer landscape will shift. On that, as we reimagine the role and potential of components, we must also evolve the way in which we contribute to our customers. To that end, we will need to generate innovation that dramatically boosts productivity and creativity. This entails leaving behind conventional, one-size-fits-all thinking rooted in past successes and fearlessly transform our work practices and frameworks to pursue further growth. To bolster Murata's competitive advantage as a leader in technology and manufacturing, it is crucial to actively promote individuals with diverse personal attributes to higher positions and leverage their strengths by aligning them with our business strategies. We will boldly execute these initiatives to achieve transformation.

As an example, one change is the decline in Japan's working population. For Murata, as for other Japanese companies, this means accelerating the expansion of production outside Japan. As in all kinds of situations, we must strive to understand others and foster dialogue, which includes sharing and implementing initiatives at the frontline level in a way that only Murata can. By showcasing our organizational strength globally, we will optimize our operations and production. To that end, we encourage our employees to gain global experience. Relevant measures include expanding locations outside Japan for on-site factory training for new Murata personnel, enabling them to gain this experience earlier in their careers. We also provide opportunities to participate in business operations at locations outside Japan through virtual formats, allowing employees to experience a broader range of working styles. These are just some examples of how Murata will continue to prioritize human resource management rooted in long-term career development.

To generate innovation toward achieving Vision 2030, we believe it is essential to have a diverse pool of personnel who think and act independently. Moreover, our organization must harness each person's potential while embracing diverse values, transforming individual strengths into collective organizational strengths, and ultimately creating value. We will continue to develop our people and our organization so that we continue to positively impact one another and evolve together into the future.

Social value targets

	FY2024 targets	FY2030 targets
Percentage of overseas employees in administrative departments with experience working at other sites	7%	10%
Positive employee engagement response rate	70% or higher	76% or higher*

* Above the average level for high-performing global companies

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
> Strengthening Human Capital
Strengthening Manufacturing Capital
Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 **TO THE FUTURE**

Into the future—Strengthening capital to realize strategies

Strengthening Human Capital

At Murata, our foremost priority is ensuring that all of our personnel worldwide understand and actively apply the Murata Philosophy. An organization of people whose actions and thinking are rooted in the Murata Philosophy, working toward targets together and bettering one another through friendly competition, can accomplish work as an organization that would never be possible for an individual. With this "organizational strength" as our greatest strength in terms of human capital, Murata has contributed to a prosperous society by generating innovation as only we can.

Moving forward, organizational strength will remain the strength that continues to sustain Murata's growth in the future. Nevertheless, in order to flexibly adapt to the rapidly changing business environment, it will be more important than ever to see that each and every employee's capabilities are properly linked with the capabilities of the larger organization as a whole. In that context, Murata has raised three key pillars as important approaches in order to further bolster its human capital and achieve Vision 2030.

Acquiring and developing human resources

We engage in human resources management rooted in long-term career development. We focus on actively acquiring personnel with the necessary strengths for portfolio management while cultivating human resources in a way that is rooted in long-term career development, giving individuals opportunities to gain a diverse range of experience.

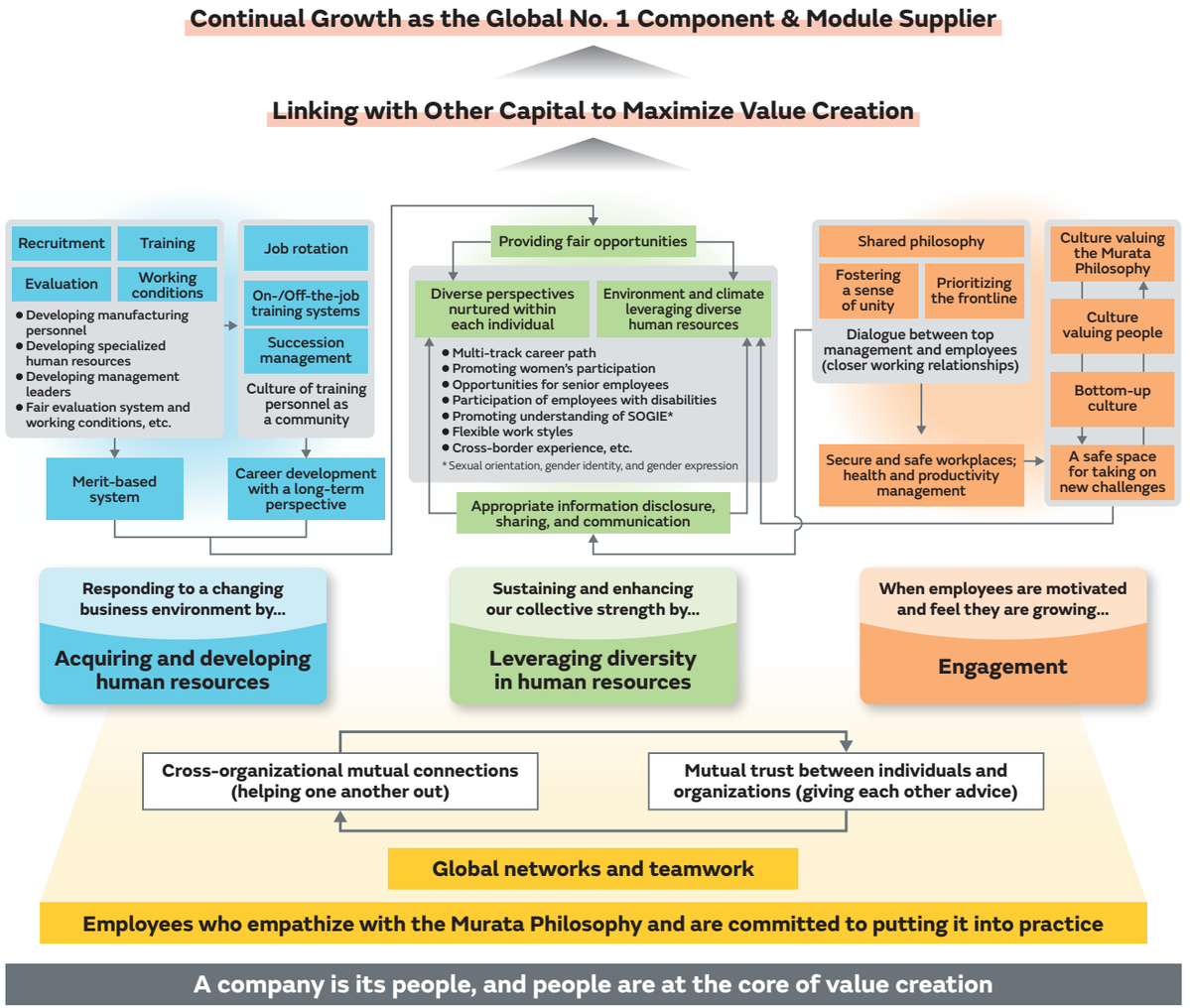
Leveraging diversity in human resources

At Murata, we aim to have individuals and the organization act in concert as innovators. We highly value an environment and corporate climate that allow a diverse workforce to flourish, as well as the diverse perspectives held by each employee. These two elements are our basis for leveraging diversity in human resources.

Engagement

Based on the belief that engagement is something that is generated when individual employees feel satisfaction and growth in their work, we conduct surveys to identify the issues and needs facing each department and continually self-reform. We continually engage in two elements that are critical to improving engagement: building a safe and secure workplace, and promoting health and productivity management.

Secure and safe workplaces; health and productivity management



INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
> Strengthening Human Capital
Strengthening Manufacturing Capital
Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 TO THE FUTURE

Into the future—Strengthening capital to realize strategies

Strengthening Human Capital

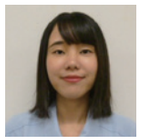
Acquiring and developing human resources

We believe that providing employees with opportunities for a variety of experience and education to promote their growth is the basis for achieving sustained growth as a company. For Murata, manufacturing (*monozukuri*) is the source of value creation, and the cultivation of manufacturing personnel is therefore one of our most important tasks. We continually train "improvement facilitators" who apply the scientific approach on the very front lines at production worksites to achieve improvements there, and "maintenance engineers" responsible for equipment maintenance who contribute to stable work processes, thereby strengthening our manufacturing capabilities.

In recent years, with the growth of our businesses, there has also been an expansion of the "manufacturing supervisor" field and an uptick in the difficulty of skills required by the position. As such, we identified a need for opportunities where employees could dedicate time to learning, and so we established the "Manufacturing Dojo." This program systematizes the training of manufacturing supervisors with a focus on technical and human skills, while also deepening understanding of the supervisor role. This initiative began at a single factory, but due to growing interest from employees interested in taking the classes, it was expanded to other locations.

Moving forward, we will continue to create opportunities for individual employee growth that offers a sense of job satisfaction, and to provide value that exceeds customer expectations.

Comment from an employee



Natsumi Inaba

Production Technology Design, Production Technology Development Division

Before I took part in the Manufacturing Dojo program, I struggled to come up with effective suggestions for improvements and identify issues to address.

At the Dojo, practical training taught us how to introduce standard tasks on a mock production line, to be mindful of frontlines-specific perspectives and how to approach making improvements.

I also gained experience and enjoyment from seeing my own proposed improvements contribute to improving issues at frontline worksites.



Working on improvements on a mock production line

Leveraging diversity in human resources

We have been working to create working environments that offer fair opportunities for growth and success to personnel – ones where they can be highly motivated to draw on their own strengths and specializations to contribute, regardless of gender, nationality, or disability. As part of these efforts, in fiscal 2023 we began a program to support long-term career development by establishing new job grades that enable personnel in general administrative positions to take on progressively greater challenges to transition to career-track positions. We also value cross-border experience that helps to cultivate more diverse perspectives. For example, we expect that international experience at an early career stage fosters a more global mindset and can lead to personal and business growth through experiences outside the norm, and to that end, we provide such opportunities.

Additionally, in order to create innovation in the future given the increasing complexity of the business environment, it will be essential to have not only talent with strong leadership and management skills, but also talent who can draw on advanced expertise and diverse experience to thrive in their roles. Through appropriate working conditions and further development of working environments, we will help contribute to employee job satisfaction and individual growth moving forward.

Percentage of overseas employees in administrative departments with experience working at other sites

As part of our efforts to promote success by personnel with a wide variety of experience, we promote experience working at other sites among overseas employees in administrative departments.

We will continue these initiatives in order to achieve our targets and reinforce our global human resources base.

	Result	Target	
	FY2023	FY2024	FY2030
Percentage of overseas employees in administrative departments with experience working at other sites	6.2%	7.0%	10.0%

Women's participation KPIs

Murata has established the following KPIs as key elements for breaking away from past practices in terms of promoting women's participation and thereby bolstering related initiatives. Moreover, in order to address major changes in the operating environment, such as diversifying business models and changes in the market and customers, we aim to create workplaces where our people can build their capabilities through experience and improve together while engaging in back-and-forth dialogue, regardless of their gender.

Note: Figures are for Murata Manufacturing Co., Ltd. on a non-consolidated basis

Ratio of women in managerial positions	7% by the end of fiscal 2027; 10% by the end of fiscal 2030
Ratio of women in technical fields in career-track hiring (new graduates)	10% every fiscal year
Rate of eligible men taking childcare leave	85% by the end of fiscal 2026

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-3 —Strengthening capital to realize strategies

> Strengthening Human Capital

Strengthening Manufacturing Capital

Strengthening Intellectual Property Activities

Promoting DX

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION 03 TO THE FUTURE

Into the future—Strengthening capital to realize strategies

Strengthening Human Capital

Engagement

One Company-wide management target is for the "positive employee engagement response rate," where we aim to achieve 70% or more in fiscal 2024, and 76% or more in fiscal 2030. Our employee engagement positive response rate in the global survey conducted in fiscal 2023 dropped two points compared to the previous survey. This was primarily caused by a 6-point drop in the "Strategy and Direction" score compared to last time. As the business environment undergoes tremendous change, we work to disseminate and share strategies that need to be better understood and to bolster closer communication with frontline personnel.

Meanwhile, the positive response rate for activities performed after the last survey increased to 71%, up 10 points globally compared to fiscal 2021. This was the result of thorough action taken at each workplace, including enhancing career support based on employee attributes and establishing an awards system at each location. In order to further boost engagement, we believe it is important to normalize dialogue and action cycles aimed at improving each employee's own organization. To that end, in fiscal 2024, we will begin conducting global surveys on an annual basis rather than every other year and promote initiatives that build upon survey results.

Overview of Murata Global Survey 2023

Positive employee engagement response rate		
FY2021 results 68%	FY2023 results 66%	vs. previous survey (–2 pts.) vs. global all-industry average (–5 pts.)

Comment from an employee



Masafumi Yamanaka
Senior Manager, Career and Organizational Development Section, Human Resources Development Division

In 2004, Murata began working to make reforms to the organizational culture and improve employee engagement. We first conducted the shared global survey in 2019 and the results have since been used as the basis for launching a variety of improvement initiatives in each department. In fiscal 2022, we began offering webinars on best practices to be shared globally. I really feel that our level of awareness has risen and our people are better able to think and act autonomously now, with the mindset of "taking action ourselves to improve our workplaces." We continue to pursue organizational culture reforms based on the concept of "people and organizations changing together such that Murata develops in a better direction in the future ahead."

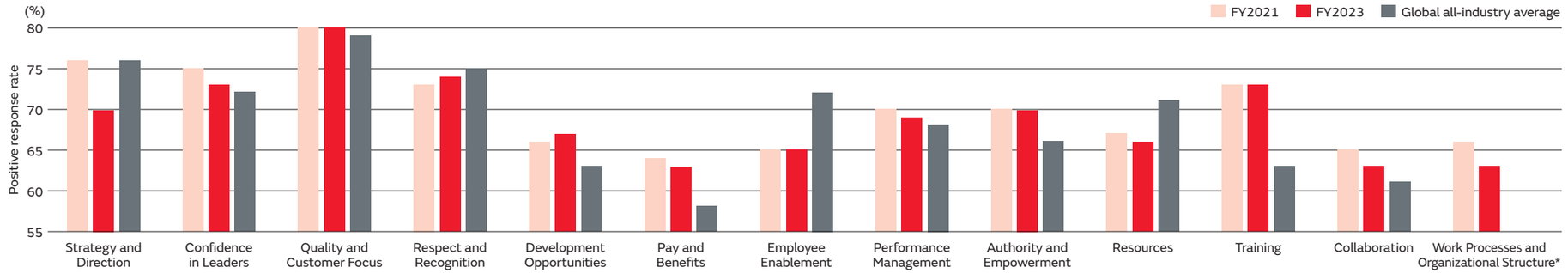
Held meetings to share examples of initiatives globally

Watched by more than 1,400 people in real time. On-demand videos were also made available.

Examples introduced

- Vitalizing QC circle activities through increased engagement
- Enhancing career support suited to employee attributes
- Establishment of an engagement award system at each site

Changes in survey results by category (Murata global basis)



* No comparison with the global all-industry average is shown for the "Work Processes and Organizational Structure" category, since it includes questions for which no benchmarking data is available.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
> Strengthening Human Capital
Strengthening Manufacturing Capital
Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Strengthening Manufacturing Capital

Current strengths of our manufacturing capital and key issues in adapting to change

Shogo Hashimoto
Vice President
Director of Monozukuri Group



Murata's *monozukuri*: Facilitating our dramatic growth

I have been involved in Murata's manufacturing – or *monozukuri* as we call it – for a long time, and I believe we possess four key strengths in this area. First, is that our manufacturing organization boasts strong on-site capabilities. Each manufacturing department manages its own profit and loss, collaborating with other business divisions and development teams to enhance cost efficiency and quality, which bolsters Murata's competitiveness. Second, we have established a vertically integrated manufacturing system that spans from raw materials to finished products. By leveraging our proprietary technologies and management systems, we achieve a high level of integration across both the supply chain management (SCM) axis and engineering chain management (ECM) axis, enabling us to create significant added value and differentiated technologies. Our production equipment plays a particularly vital role. It is designed and manufactured in-house, which allows us to ensure high quality and control costs when introducing new products and production processes. Third, our factories in Japan, which account for over 60% of our total production capacity, are leaders in these endeavors. While rapidly bringing innovative new products to market, our team in Japan also provides comprehensive support to overseas facilities to enhance our capabilities in overseas markets. Fourth, by continuously expanding our production scale while refining mass production technologies, we have consistently achieved cost competitiveness.

Path to strengthening manufacturing capital

To realize Vision 2030, we must sustain, adapt, and evolve our current manufacturing strengths while focusing on future changes in the business environment. To this end, we have identified four medium-term manufacturing challenges and are actively implementing specific measures to address them.

The first challenge is to achieve comprehensive cost reductions and enhance capital efficiency through digital transformation (DX) and smart technologies. At our manufacturing sites, we are leveraging digital technologies to visualize production status and employing AI for image processing in quality control. Our goal is to streamline manufacturing processes to further reduce quality loss and increase productivity. We plan to accomplish this by utilizing DX technologies to transform operations along the supply chain management (SCM) and engineering chain management (ECM) axes, allowing us to implement more advanced and high-cycle mechanisms. Additionally, improving capital efficiency requires us to not only achieve effective mass production but also to excel in flexible manufacturing, particularly in high-mix, low-volume production and variable-mix, variable-volume production.

The second challenge is to accelerate standardization and horizontal rollouts to reconcile effectively between collectiveness and autonomy in our organization. Given Murata's extensive network of factories in and outside Japan, it is important that we standardize best practices and expertise at each manufacturing site and deploy them quickly Company-wide. This will involve sharing information at various organization technology events, showcasing outstanding improvement case studies from management team factory visits, and promoting initiatives through our internal portal site, which features resources on manufacturing DX, smart factories, and more.

The third challenge is strengthening cost competitiveness and supply capacity by expanding production overseas. While Japan's working population is declining, the global competitive environment is becoming increasingly challenging. Demand is forecast to expand in the electronics field, so we are accelerating independent improvement initiatives not only at our factories in Japan but also overseas. Simultaneously we will build up a range of technologies and strengthen our manufacturing competencies in both quality and quantity.

The fourth challenge is evolving manufacturing technologies to establish sustainable business processes. As we strive for the cyclical use of resources – one of our social value targets – we will advance the development of materials and production technologies, expedite the Company-wide implementation of initiatives across each business division and site, and enhance the employee experience by transforming worksites to better empower diverse personnel. By addressing these challenges, we aim to establish Murata's competitive advantage while pursuing sustainable manufacturing.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
Strengthening Human Capital
> Strengthening Manufacturing Capital
Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03

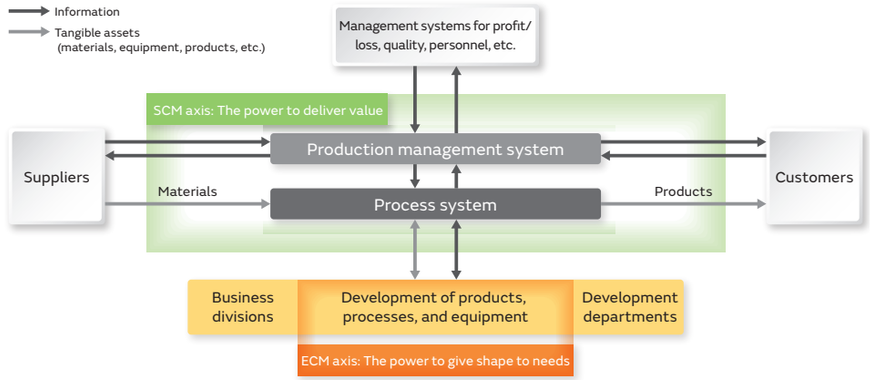
TO THE FUTURE

Into the future—Strengthening capital to realize strategies

Strengthening Manufacturing Capital

At Murata, we strive to strengthen each domain along the supply chain management (SCM) axis, where value is delivered from suppliers to customers through our business, and along the engineering chain management (ECM) axis, where products and related processes and equipment are developed. Additionally, by harnessing the strengths of these domains, we demonstrate our core competencies, “the power to give shape to needs” and “the power to deliver value.”

Manufacturing domains



Murata’s strengths in manufacturing capital

Strong mindset for making improvements and pursuing quality, firmly rooted on-site
Our manufacturing departments, which manage their own profit and loss, collaborate autonomously with business divisions and development departments to achieve high-quality manufacturing and competitiveness through continual improvements.

Vertically integrated manufacturing, as well as supporting proprietary technologies and management technologies
By integrating proprietary technologies for product design, materials, manufacturing methods, and equipment, and supporting management technologies such as for quality control (QC) and industrial engineering, we are creating high added value and achieving differentiation from other companies through our integrated production, from raw materials to finished products.

Ability to rapidly launch cutting-edge new products from production in Japan, and comprehensive support for overseas operations
Japan accounts for 60% of Murata’s production capacity. Using the advanced production and industrial engineering technologies, as well as improvement capabilities we have at our factories in Japan, we are working on the quick-to-market launch of cutting-edge new products, while also providing comprehensive support to overseas factories to help enhance cost competitiveness and manufacturing competencies outside Japan.

Cost reduction through mass production technologies
We are expanding batch sizes by making products more compact and making equipment more high-speed and automated to match the expansion of our production volume, as well as applying new manufacturing methodologies to achieve continual cost reductions.

Modifying and evolving our manufacturing capabilities to respond to future changes in the operating environment

1 Decline in added value due to the commoditization of smartphones and other devices

We need to standardize initiatives spearheaded by manufacturing departments, which are one of our strengths, and aim for speedier Company-wide horizontal rollouts. Furthermore, vertically integrated manufacturing also has the risk of greater fixed costs in relation to demand, so it is also important to evolve smart and highly-efficient business processes by integrating technologies.

Issue Ⅰ Comprehensive cost reductions and improvements to capital efficiency using DX and smart technologies
Issue Ⅱ Accelerating standardization and horizontal rollout to strike a balance between collectiveness and autonomy

2 Advancements in AI and DX

The competitiveness of businesses will be greatly affected by their ability to harness digital technologies and advancements in AI – which are evolving a daily basis – to achieve high-cycle and efficient business activities. Furthermore, Murata emphasizes capital efficiency. Improving it requires achieving mass production that also demonstrates flexible manufacturing, particularly in high-mix, low-volume production and variable-mix, variable-volume production.

Issue Ⅰ Comprehensive cost reductions and improvements to capital efficiency using DX and smart technologies

3 Japan’s declining and aging population

Given a declining and aging population in Japan, which is expected to accelerate, in order to capture further demand in the electronics field and expand business operations, we need to use DX and flexible automation to reduce labor requirements, and also raise both the quality and quantity of production at our overseas factories.

Issue Ⅲ Strengthening cost competitiveness and supply capacity by expanding production overseas

4 Pursuit of sustainable business operations

As we transition toward a sustainable society, Murata needs to demonstrate its leadership in the supply chain overall, and transform its production processes so that they are efficient and low cost, and also able to achieve decarbonization and the cyclical use of resources.

Issue Ⅳ Evolving manufacturing technologies to achieve sustainable business processes

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
Strengthening Human Capital
> Strengthening Manufacturing Capital
Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03 **TO THE FUTURE**

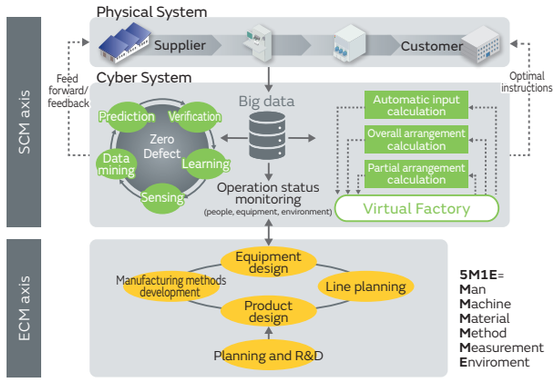
Into the future—Strengthening capital to realize strategies

Strengthening Manufacturing Capital

Initiatives for medium-term issues in manufacturing

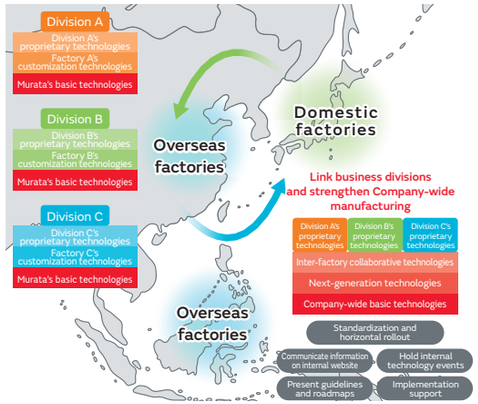
I Comprehensive cost reductions and improvements to capital efficiency using DX and smart technologies

- Realtime prevention of defects and production loss using cyber-physical systems (CPS) and investigating the root causes to find fundamental solutions
- Developing workflows and flexible automation to achieve high-efficiency production, including high-mix, low-volume and variable-mix, variable-volume production
- Rapid creation of new products and innovative processes using efficient integration of technologies on the ECM axis through the application and digitalization of mass production data on the SCM axis



II Accelerating standardization and horizontal rollout to strike a balance between collectiveness with autonomy

- Our manufacturing departments, which manage their own profit and loss, autonomously work every day to improve quality and costs, and creatively come up with best practices
- The departments responsible for managing various functions such as production technologies (tangible aspects) and industrial engineering (IE) (intangible aspects), supervise manufacturing departments and production engineering departments across the Company and accelerate standardization and horizontal rollout by: (1) Building up core technologies and expertise into platforms; (2) Promoting in-house exchanges and sharing information by effectively communicating information using digital technologies; and (3) Presenting roadmaps and guidelines toward realizing our vision.



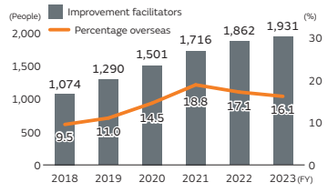
III Strengthening cost competitiveness and supply capacity by expanding production overseas

- The foundation for practicing excellent manufacturing is human resources. Focus on training improvement facilitators that will work on on-site improvements using appropriate technologies
- Improve both the quality and quantity of production and autonomous development at overseas factories, so that we can continue to provide products that are competitive in various areas, including cost and high quality, and develop our businesses globally

(Specific examples)

- Strengthening initiatives to realize shorter launch times by having improvement facilitators to visualize, standardize, and streamline insights and practices that come from experience and intuition
- Establishing regional organizations for human resource development in Greater China and Southeast Asia, where we have numerous manufacturing sites, and collaboration with our organization in Japan
- Establishment of function-specific human resource development programs in various areas such as manufacturing supervision, equipment maintenance, industrial engineering, and production management to promote the development of human resources for manufacturing

Number of improvement facilitators (Consolidated)





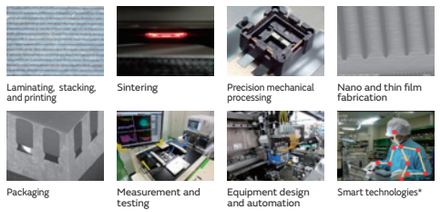
IV Evolving manufacturing technologies to achieve sustainable business processes

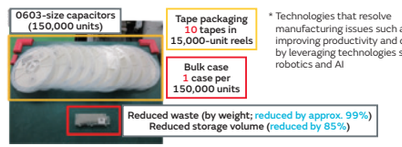
- The production engineering department, which is responsible for the development of processes and equipment, collaborates from an early stage of the development of new products to develop, design, and manufacture unique in-house facilities that are economical, safe, and of high quality.
- As we work toward realizing decarbonization and the cyclical use of resources, we will strategically narrow down the elemental technologies that will become the basis of future competitiveness, and move forward with challenging development themes.

(Specific examples)

- Solutions to environmental issues such as the reuse of PET film and development of technologies to achieve bulk supply
- Solutions to issues in creating vibrant worksites, such as improving worksite well-being

Production technology domains





* Technologies that resolve manufacturing issues such as improving productivity and quality by leveraging technologies such as robotics and AI

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-3 —Strengthening capital to realize strategies

Strengthening Human Capital

> Strengthening Manufacturing Capital

Strengthening Intellectual Property Activities

Promoting DX

SECTION 04 The infrastructure that supports management

SECTION 05 Data

Strengthening Intellectual Property Activities

Contribute to sustainable growth through the strengthening and use of intellectual capital

Yoshitaka Tanino

Vice President
Director of Legal & IP Group, Corporate Unit



Strengthening Murata's intellectual capital

Although my career started out in the intellectual property division, it was the various transfer assignments that followed that shaped my values and perspective on the subject. In business department operations, I recognized the importance of non-price factors in maintaining competitiveness during challenging price negotiations. In corporate strategy, I helped execute multiple mergers and acquisitions, as well as form partnerships. In new business development, I sought collaboration partners and learned about the significance and challenges of leveraging trust-based relationships to evolve new concepts into real-world applications. I believe that the core of IP activities is to identify which competitive advantages to nurture and determine how Murata can engage with partner companies as a basis for creating value.

Since our founding, we have consistently pursued technological advances in line with the spirit of the Murata Philosophy. Our industry is one characterized by rapid change and the need for constant innovation. Given that, we must continuously move forward, even if only through small but steady technological innovations. This sense of urgency is what drives Murata's steadfast approach. We will carry out IP activities that align with business activities targeting short-term and medium- to long-term growth, as well as invest in R&D activities as the first step for achieving that growth. By nurturing the seeds of future business, we can further enhance our growth in the expanding electronics sector.

Strengthen IP activities to elevate 3-layer portfolio management to a higher level

In our first-layer business, we continue to build an IP portfolio focused on our core product line of multilayer ceramic capacitors (MLCC), which gives us a significant competitive edge. This edge stems from our extensive patent network, built through numerous patent applications, as well as our proprietary technologies that we share only with select partners. By balancing these elements, we have created a portfolio that serves as a key strength for the Company. We utilize IP in our business activities through the cycle of developing technological innovations, securing IP rights, leveraging those rights to protect our market position, and further establishing our leadership, which feeds back into new innovations. As a leader in this field, Murata can quickly gather insight from customers and partner companies, shape its own business and development roadmaps, and drive technological innovation.

In our second-layer business, our product lineup addresses the diverse needs of customers. These needs relate not only to products based on our proprietary technological innovations, but also to those that combine technologies and IP actively acquired from outside the Company. In this layer, our IP portfolio consists of a large number of patent families and has a high citation count from other companies, which I believe demonstrates our ability to acquire and develop promising technologies. We are using these technologies to differentiate Murata from competitors. Although establishing a robust patent network is challenging for maintaining a strong competitive edge and building a collection of proprietary technologies, we engage in continuous trial and error to effectively communicate how the technologies we have acquired can add value for customers. This includes exploring open technology development as a means of standardization to create new markets. By effectively utilizing Murata's proprietary technologies – especially those that provide clear differentiation – and leveraging intellectual property, we consistently enhance our competitive advantages across our businesses.

In our third-layer business, which represent new areas to Murata, we must actively integrate and utilize our accumulated technologies and IP to drive business creation. Key catalysts for co-creation include personal connections, proprietary products and technologies, as well as intellectual property. Furthermore, in fostering win-win relationships, IP plays a crucial role in connecting co-creation efforts to business objectives. We will work closely with key departments to identify effective strategies for managing and applying intellectual property. Moving forward, we will implement IP activities that align with business strategies to support stable growth while fostering innovation that contributes to Murata's creation of new value and enhances corporate value.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
Strengthening Human Capital
Strengthening Manufacturing Capital
> Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03

TO THE FUTURE

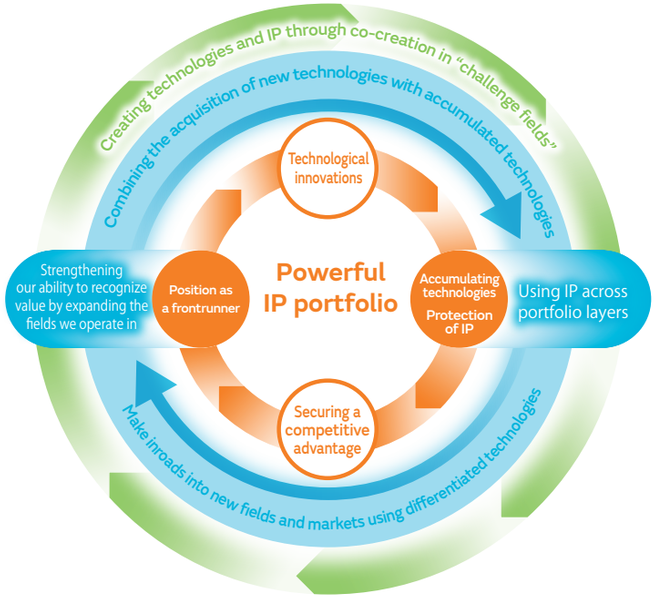
Into the future—Strengthening capital to realize strategies

Strengthening Intellectual Property Activities

The Intellectual Property Group comprises the Corporate IP Department, which plans and implements IP strategies that are closely connected to frontline business and development, and the IP Planning Department, which plans and implements IP strategies from a corporate perspective. The appropriate acquisition and accumulation of IP is linked to maintaining and strengthening the competitive advantages of our businesses. The Intellectual Property Group provides prompt support for business and development. Based on our policy of practicing decentralized autonomous organizational management, we seek to make proposals from a corporate perspective and to ensure appropriate governance.

Conceptual diagram of IP use at Murata

The creation of IP and its use at Murata are illustrated below. Although there will be variations in the way we create and use IP in accordance with the characteristics of each business and layer of our 3-layer portfolio, one of Murata's strengths is the way we leverage our accumulated technologies and IP, as well as the knowledge and findings of each business across each layer.



Strengthening Murata's IP activities

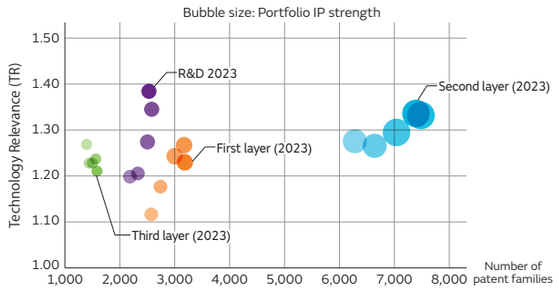
Invest in IP linked to management strategies

At Murata, we aim to invest in IP linked to business and management strategies, and contribute to Company-wide portfolio management. To achieve this, we need to not only invest as required in core fields, but also keep investing in "challenge fields" such as the environment and wellness, so as to create new business opportunities.

Furthermore, for the investments we have made, we use IP scores and measures of investment efficiency compared against benchmark values, the lifecycle of rights, composition according to our categorization system, and other measures for objectively evaluate Company-wide and business-specific IP portfolios, in order to optimize strategies and activities.

By conducting this PDCA cycle for implementing IP strategies, we structure optimal IP portfolios while also strengthening governance by reporting on our portfolios at Board of Directors meetings and in discussions during Management Committee meetings.

Analysis of IP strength by layer across our 3-layer portfolio



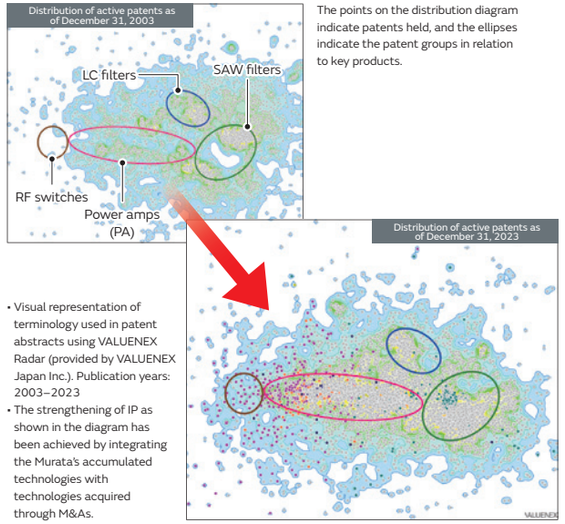
The IP strength and technology relevance (TR) of our various portfolios were calculated using LexisNexis®PatentSight+ for patents held by Murata as of December 31, 2023. For TR, the average value is shown based on the frequency of citations from other patents (number of citations made by others) in regard to the patents held by Murata. The TR of a patent is calculated using the value in comparison to peer patent groups that have a common year of publication, country where the application was made, and technical field. The bubble size is the total value calculated from the number of patent families, TR, and market coverage metric. The degree of transparency of bubbles is used to show changes over the past five years in the IP strength and TR of each portfolio.

Strengthen our IP through M&As that link to business strategies

In second-layer businesses, we have differentiated ourselves from competitors by combining the acquisition of new technologies with our accumulated technologies. For increasing the sophistication of wireless communications technologies, we have been integrating the technologies we have acquired in M&As and the subsequent PMI process with our accumulated technologies, and using this to strengthen the competitiveness, technologies, and IP of our businesses.

In such M&As, we are making multifaceted investment decisions from the perspectives of both business and IP, and linking this to securing the competitive advantage of our businesses by carrying out accompanying IP activities.

Changes in the IP held by Murata in the key product of RF modules



The points on the distribution diagram indicate patents held, and the ellipses indicate the patent groups in relation to key products.

- Visual representation of terminology used in patent abstracts using VALUENEX Radar (provided by VALUENEX Japan Inc.). Publication years: 2003–2023
- The strengthening of IP as shown in the diagram has been achieved by integrating the Murata's accumulated technologies with technologies acquired through M&As.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
Strengthening Human Capital
Strengthening Manufacturing Capital
> Strengthening Intellectual Property Activities
Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

Promoting DX

Maximizing CS and ES through Murata's approach to DX

Fumiyuki Suchi

Vice President
Director of Business Engineering & Information System Group, Corporate Unit



Accelerating digital transformation (DX) to achieve Vision 2030

When I was General Manager of the Corporate Strategy Department, I was part of the team that helped developed Vision 2030. Under this plan, we defined digital transformation (DX) as one of the core pillars of our management transformation. To achieve Vision 2030 and enhance corporate value, it is crucial to fully leverage AI, IT, and digital technologies, while accelerating activities to translate those technologies into competitive advantages. Since 2022, I have been a member of the Business Engineering & Information System Group, where we have been promoting Murata Digital Transformation (MDX) as a Company-wide initiative. We define MDX as "initiatives that enable people and organizations (business processes) both internal and external to connect digitally and seamlessly, streamlining processes to be shorter, faster, and more transparent. This drives significant improvements in competitiveness and customer value." Our ultimate objective is to maximize both customer satisfaction (CS) and employee satisfaction (ES), which we place significant importance on.

In addition, MDX is intricately connected to our 3-layer portfolio management. In the third layer, we prioritize transforming business models, while in the first and second layers, our focus is on strengthening core businesses. To achieve these goals, we must optimize processes across the value chain and leverage digital technologies and proprietary Murata data to enhance our competitive advantages in manufacturing, technology, business development, and marketing as core competencies. It is important that business departments and IT groups cooperate in promoting these initiatives and collectively drive them forward. Murata's strength has always been in meeting customer needs through products that blend exceptional technology and manufacturing capabilities with strong customer collaboration. Moving forward, in addition to enhancing customer value through our products, we will enhance our data simulations and create digital twins. This will enable us to visualize and optimize processes across the demand chain (driven by customers and markets), the engineering chain (rooted in product development and the manufacturing processes), and the supply chain (ranging from materials and parts procurement to sales). This will accelerate cycle speed, save time, and generate valuable data to ultimately enhance CS and ES. For instance, compiling and delivering data necessary for advanced customer simulations – such as product specifications and performance in real-world conditions – on a web platform, or improving digital services through partnerships with companies that offer design and procurement support, can open up new avenues for competition.

Connecting people and data with autonomous and decentralized organizational management

To realize the autonomous and decentralized organizational management that Murata aims for, our employees must independently leverage information and data to make informed decisions and act while keeping the broader perspective in mind. We strive to create an environment that fosters this capability. Specifically, we are exploring the development of next-generation digital platforms for data management that will facilitate effective data utilization and security while streamlining business processes. By creating a data platform that allows multiple users to access and review the same data simultaneously, we connect information from management, frontline worksites, customers, and suppliers. By having all the relevant information, this enables the right people to make decisions and take action at the right time.

Additionally, we are focused on making digital technologies more accessible to our employees. This includes introducing generative AI services and other digital and data-driven tools within Murata's dedicated IT environment. This will allow everyone to utilize online learning platforms, bolster on-the-job training and education, and hold events like DX Innovators Day (open to all employees) where we showcase in-house DX initiatives and case studies. Our intent is to provide a variety of opportunities for hands-on experiences that foster a shift in attitudes and build confidence and expertise. We believe that value creation stemming from the alignment of business and IT can only be achieved when employees fully embrace DX initiatives. As such, we will continue to accelerate these efforts.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
03-3 —Strengthening capital to realize strategies
Strengthening Human Capital
Strengthening Manufacturing Capital
Strengthening Intellectual Property Activities
> Promoting DX
SECTION 04 The infrastructure that supports management
SECTION 05 Data

SECTION 03

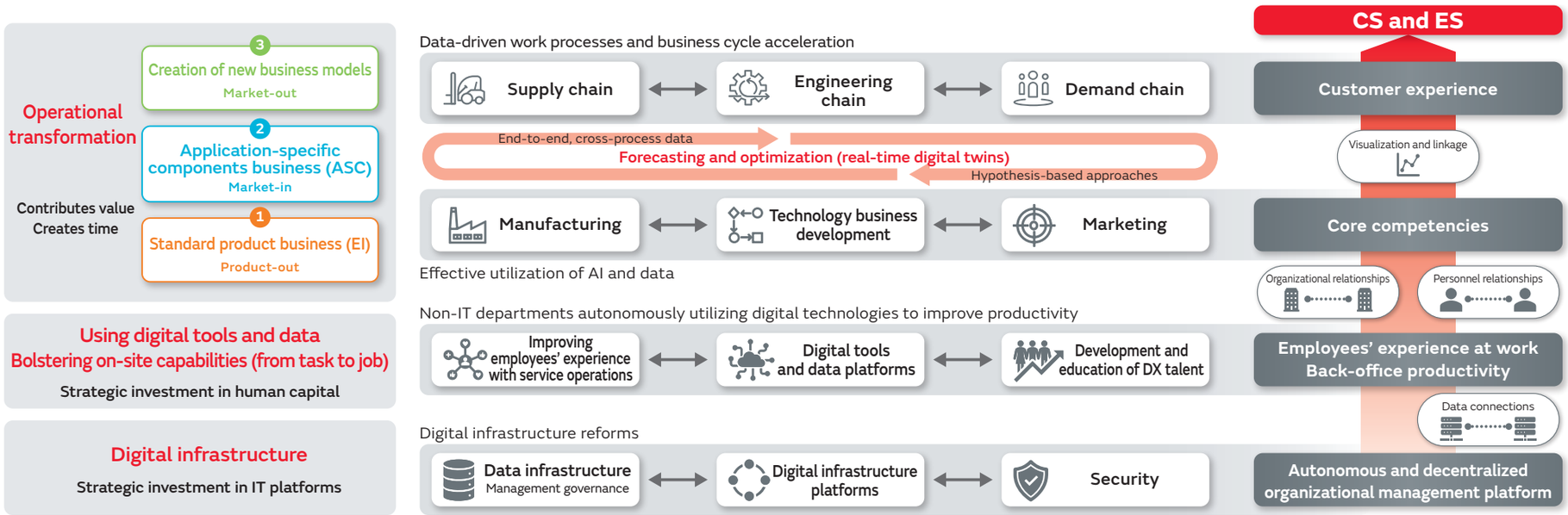
TO THE FUTURE

Into the future—Strengthening capital to realize strategies

Promoting DX

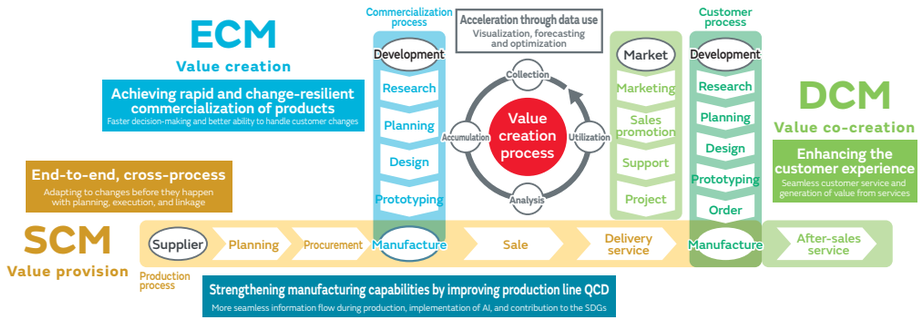
The DX to which Murata aspires means to connect management information, worksite information, and customer and supplier information together so that frontline staff and managers transform their behavior with an awareness of management targets and overall data. Rather than visualization for upper management's benefit, it is visualization for the benefit of frontline staff and managers that leads to the autonomous and decentralized organizational management to which Murata aspires. We believe that this will lead to time and data usage that are conscious of the impact on the big picture. Through the effective use of data to produce time value from tasks to job, we can spend more time focusing on the core objectives of our operations and serving customers properly, thereby maximizing CS and ES.

Overview of Murata Digital Transformation (MDX)



Improvement of the customer experience through value chain DX

With the increasing need to expand, enhance and accelerate the way we work with customers through the use of digital twins, Murata will pursue DX to reform internal processes and thereby provide the data and information needed for advanced simulations, such as product specification information and behavior in the implementation environment. Additionally, we will organize and provide the necessary data via a web platform to centralize customer process management and enable instant data updates. In this way, we believe that strengthening digital services through vendors that provide design and procurement support will greatly improve customer convenience, which in turn will contribute to more business opportunities for Murata and a higher share of the recruitment pool.



INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

03-3 —Strengthening capital to realize strategies

Strengthening Human Capital

Strengthening Manufacturing Capital

Strengthening Intellectual Property Activities

> Promoting DX

SECTION 04 The infrastructure that supports management

SECTION 05 Data

SECTION

04

MANAGEMENT FOUNDATION

The infrastructure that supports management

Achieving a sustainable society together with enhanced corporate value

Guided by the Murata Philosophy, we have been using the unique technologies and services we have built up to transform society and find solutions to social issues. Furthermore, with a foundation of highly transparent governance and business ethics, we are developing our businesses together with all of Murata's stakeholders.



Kanazu Murata Manufacturing (Fukui Prefecture) became Murata's first factory to operate on 100% renewable energy in 2021 after introducing a renewable energy system that uses our unique control technologies.
In working toward 100% renewable energy sourcing, Murata is promoting the use of renewable energy for power consumed throughout the entire Group's business activities, while also contributing to reducing the environmental burden on local communities, and thereby helping to realize a sustainable society.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 > The infrastructure that supports management
SECTION 05 Data

SECTION 04 **MANAGEMENT FOUNDATION**

The infrastructure that supports management

Strengthening Murata's Response to Climate Change (TCFD)

Basic approach

Climate change has caused a variety of environmental issues around the world in recent years. As a company that affirms the Paris Agreement and is taking a proactive approach to tackling climate change, Murata believes that we have an important role in fighting climate change. In September 2024, we announced that our goal of sourcing 100% renewable energy, originally set for 2050, has been brought forward to 2035. We also announced a goal of achieving carbon neutrality across our operations and supply chain by 2050.

We recognize that climate change presents risks in terms of increased costs and disruptions to business operations, as well as new opportunities for us to create value while meeting the needs of society. We aim to create a continuous cycle of social value and economic value and to contribute to a sustainable society by promoting climate change countermeasures from the perspective of both our own environmental initiatives and our business activities, in accordance with the Murata Philosophy.

Strengthening our response to climate change **TCFD measures**

Social value targets

		FY2023 results	FY2024 targets	FY2030 targets	FY2035 targets	FY2040 targets	FY2050 targets
GHG emissions reduction (compared with fiscal 2019)	Scope 1 + 2	34.6%*	20%	46%	—	Carbon neutral	Carbon neutral
	Scope 3	17.9%	—	27.5%	—	—	
Renewable energy sourcing		36.5%*	25%	75%	100%	100%	100%

* As a result of the various initiatives implemented in fiscal 2023, we have been able to achieve results that are well above the 2024 mid-term targets. In September 2024, we brought forward the target date for fulfilling our RE100 commitment, originally set for 2050, and set carbon neutrality goals. We are actively reviewing and implementing various measures as we work to achieve these goals.

Governance	Murata is strengthening its governance system for climate change measures. The Board of Directors has overall accountability for the management of all risks and opportunities, including climate change. The President and the Senior Executive Vice President, who are Representative Directors, chair Murata's CSR Management Committee and Climate Change Committee, respectively, and are ultimately accountable for the oversight of climate change measures.	
Strategy	Murata considers climate change countermeasures to be a critical issue for all manufacturing companies. We have set the "reinforcement of climate change countermeasures" as one of our material issues under Vision 2030 and Medium-Term Direction 2024, and set KPIs as Company-wide management targets. In perceiving climate change as a source of both opportunity and risk, Murata seeks to practice corporate social responsibility and establish even stronger competitive advantages. Murata analyzed risks and opportunities based on the two scenarios described by IPCC[1] and IEA,[2] namely "4°C or higher global average temperature increase" and "keeping the global average temperature increase to below 2°C (1.5°C or below in some parts), as agreed upon in the Paris Agreement," and reacknowledged reinforcement of climate change countermeasures as a priority issue for the Company. Specifically, Murata will continuously promote product development with competitiveness in terms of smaller size, higher efficiency, and longer service life in order to meet the demand for high-efficiency parts required in response to changes in society, such as increasing renewable energy and energy conservation needs, changes in the automotive industry due to the shift to electric vehicles, and further speed and capacity increases in information communications infrastructure. Murata also aims to contribute to a decarbonized society and explore new business opportunities by rolling out renewable energy and energy conservation measures externally, combining solar power generation systems introduced at Murata sites with its own storage batteries and energy management systems. The results of the scenario analysis conducted in fiscal 2023 will be reflected in future management plan strategies to formulate concrete plans for action.	
Risk management	The CSR Management Committee regularly evaluates a wide range of material issues in social, environmental, and economic areas through a structured process. In the most recent materiality assessment, the impact of climate change was identified as a critical risk and designated by the Board of Directors as an important issue for which Murata should prioritize management oversight and actions. Since 2018, Murata has been an executive member of the Japan Climate Leaders' Partnership (JCLP), as well as a member of other industry associations such as JEITA and global alliances such as RE100. Through our participation, we are able to gather insights into emerging risks and opportunities related to climate change, and also make policy recommendations through the global alliances. Risks arising from climate change are incorporated into the Company-wide enterprise risk register, under the supervision of the Risk Management Committee.	
Metrics and targets	In order to contribute to global initiatives to limit the average temperature increase to 1.5°C, Murata has had its targets validated under the Science Based Targets initiative (SBTi) and become a member of RE100. We expect our business scale to continue expanding, and as such we consider energy-saving, renewable energy, and renewable energy certificates as three pillars in promoting decarbonization initiatives to reduce GHG emissions and expand renewable energy sourcing. In addition, we will strive to further strengthen cooperation with suppliers to consider measures for reducing GHG emissions in our entire supply chain, thereby accelerating decarbonization across the whole value chain.	Fiscal 2050 Scope 1, 2, 3 GHG emissions: carbon neutral Fiscal 2040 Scope 1, 2 GHG emissions: carbon neutral Fiscal 2035 Renewable energy sourcing: 100% Fiscal 2030 Renewable energy sourcing: 75% GHG emissions (reduction rate compared with fiscal 2019) Scope 1 + 2: 873 kt-CO_2e (46% reduction: 1.5°C target) Scope 3: 3,246 kt-CO_2 (27.5% reduction: WB2°C target)

1. Intergovernmental Panel on Climate Change (IPCC) 2. International Energy Agency (IEA)

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

> Strengthening Murata's Response to Climate Change (TCFD)

Use of Sustainable Resources

Coexistence with Local Communities

Respect for Human Rights

Promoting CSR Procurement

Risk Management

Executives

Message from the Chairman of the Board

Corporate Governance

Discussion with Outside Directors

SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Strengthening Murata's Response to Climate Change (TCFD)

Strategy In fiscal 2023, we probed further into physical risk analysis under the TCFD recommendations. The results of our scenario analysis will be reflected in future management plan strategies to formulate concrete plans for action.

Scenario analysis results

	Climate change factors	Item	Action policy	Impact level
Transition risks	**Increase in decarbonized product needs** Short to medium term	Customer loss due to inability to respond to decarbonization needs	● Continuous product development with competitiveness in terms of smaller size, higher efficiency, and longer service life ● Reduction in CO_2 emissions in collaboration with suppliers ● Active introduction of renewable energy for the promotion of decarbonization in the manufacturing process	High
	Increase in environmental awareness Short to medium term	Deterioration of corporate value due to changes in investor criteria	● Ongoing dialogue with investors ● Timely and appropriate disclosure of information through the TCFD framework or CDP ● Monitoring of progress on environment management targets by the Climate Change Committee	Low
	Stricter energy conservation standards Medium to long term	Increase in factory construction and operating costs	● Decrease in cost burden through active use of energy conservation subsidies and tax incentives ● Offsetting increased building costs by reducing running costs through energy conservation ● Active adoption of low-environmental burden building materials for constructing factories	High
	Strained balance between mineral supply and demand Medium to long term	Increase in material procurement costs due to the strained balance between the supply of and demand for rare metals, etc.	● Efforts to reduce the amount of materials used, associated with downsizing of products ● Recycling process efforts and exploration of alternatives	High
	Introduction of carbon pricing Medium to long term	Increase in fuel and power costs	● Energy conservation efforts at manufacturing sites ● Reduction in fossil fuel-derived power consumption due to active introduction of renewable energy ● New attempts at realizing alternative energy sources, such as using hydrogen ● Introduction of internal carbon pricing system in fiscal 2021, aimed at promoting investments in energy conservation and renewable energy measures	Medium
	Instability in power supply due to active introduction of renewable energy Medium to long term	Loss of business opportunities due to insufficient BCP measures	● Enhancement of BCP at individual manufacturing sites ● Ensuring a backup system at key manufacturing sites	Low
Transition opportunities	**Increase in decarbonized product needs** Short to medium term	Increase in demand for high-added-value, low power consumption devices	● Providing cutting-edge electronic components that contribute to the evolution of hardware ● Continuous product development with competitiveness in terms of smaller size, higher efficiency, and longer service life	High
		Expansion of business opportunities relating to supporting energy conservation and renewable energy needs	● Contribution to a decarbonized society through battery and power supply businesses ● Promote stakeholders' understanding of the competitive advantages of Murata's products with regard to energy conservation and renewable energy efforts through information disclosure based on the TCFD recommendations and participation in environmental initiatives (RE100, SBT, CDP responses) ● Creation of new businesses related to energy conservation and renewable energy ● Environmental monitoring using modules and sensors (in-house technologies)	Medium
	Progression of shift to electric vehicles Short to medium term	Increase in demand for electronic parts for automobiles (CASE) and automotive infrastructure	● Acquisition of opportunities due to the expansion of the parts market associated with the shift to electric vehicles ● Provision of new value including software solutions drawing on findings in the field of communications ● Exploration of business opportunities in the Out-Car area	High
	Progress in the social implementation of information infrastructure* Short to medium term * Elements that indirectly constitute opportunities	Increase in demand for electronic parts for high-speed, large-capacity communications and the ubiquitous use of sensors throughout society	● Promotion of the development of products that can respond to the technical requirements for the upcoming 6G society ● Efforts for low power consumption and reduced loss ● Continuous development of sensing techniques and devices	High
	Energy conservation and improved efficiency in business operations Short to medium term	Reduction in power costs by introducing renewable energy and storage battery facilities at factories and promoting energy conservation	● Promotion of energy conservation efforts at manufacturing sites ● Reduction in costs to purchase non-fossil-fuel-derived power by actively introducing renewable energy and storage batteries	Low

	Natural disaster	Physical risks and mitigation measures	Impact level
Physical risks	**Extreme heat**	● Energy conservation: Initiatives to lower our demand for electricity, a major source of our CO_2 emissions ● Renewable energy: Initiatives for introducing solar power generation and storage batteries, and for the procurement of renewable energy ● Internal systems: An Internal Carbon Pricing system was introduced in 2021 to align investment decision-making with Murata's commitment to CO_2 emissions reduction ● Targets: Became a member of RE100, committing to implementing 75% renewable energy sourcing by fiscal 2030 and 100% by fiscal 2035. In addition to Scope 1+2 and 3's reduction targets for fiscal 2030 that have been validated under SBT initiative standards, we have established a goal of achieving carbon neutrality throughout the supply chain by fiscal 2050.	Medium
	Flooding and storm surges		Low
	Strong wind		Low

Notes: Short term: Within the next 3 years, Medium term: Within the next 3 to 5 years, Long term: Within the next 5 to 10 years
Impact levels: High: 20 billion yen or more, Medium: 10 billion to 19.9 billion yen, Low: Below 10 billion yen

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
> Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Strengthening Murata's Response to Climate Change (TCFD)

Examples of initiatives of countermeasures for climate change

For a breakdown of GHG emissions, see ESG data (Environment). Page 85: ESG Data

Scope 1, 2	● Renewable energy: On-site introduction of renewable energy, off-site PPA, and renewable energy based power procurement ● Energy saving: Introduction of energy-saving systems, initiatives at manufacturing sites, and production of energy-saving equipment ● New decarbonization initiatives: Use of hydrogen	Scope 1, 3	● Investment in a carbon credit creation fund
Scope 3	● Collaboration with suppliers ● Reduction of environmental impact in logistics ● Refinement of Scope 3 calculations		

Renewable energy procurement from various power sources

Scope 2

In 2020, Murata became a member of RE100. Under its commitment to achieve 100% use of renewable energy for power consumption associated with business activities, in addition to actively introducing solar power generation at domestic and overseas sites, the Company is focusing on sourcing environmental value and renewable energy from outside the premises. In 2024, we announced that we have revised our fiscal 2030 target for renewable energy sourcing upward, from 50% to 75%, and have brought forward to 2035 our goal of using 100% renewable energy, originally set for 2050.



Solar power plant for the virtual PPA

Under the virtual PPA with Mitsubishi Corporation and Renova, Inc. that has been announced, we are aiming to procure environmental value with additionality stably from newly built solar power plant.

Also, in addition to the solar power generation equipment installed at sites, we have been combining Murata storage batteries with our renewable energy control solution '*efinnos*' for the effective use of renewable energy, and have also been reviewing power contracts at each site. Consequently, we were able to steadily increase the renewable energy sourcing ratio. As of the end of fiscal 2023, there are four domestic sites and two overseas sites at Murata that are sourcing 100% renewable energy.

Climate change countermeasures across the entire value chain

Scope 3

Scope 3 accounts for approximately 80% of Murata's total GHG emissions, of which more than half are attributable to Category 1 (purchased goods and services).

The cooperation of suppliers is essential in order to refine GHG emissions calculations and move forward with reduction initiatives, so we are carrying out interviews and policy briefings with suppliers on decarbonization. We are also engaging in dialogue with suppliers and receiving their cooperation in providing data. As a result, in fiscal 2023, approximately 7% of GHG emissions in Category 1 were derived from primary data.*

As we continue to improve the proportion of emissions accounted for using primary data, we will provide support using Murata's own products and technologies and GHG visualization solutions, as well as Murata's initiatives, expertise, and experience in reducing GHG emissions, to enhance the accuracy of data and further reduce GHG emissions at both suppliers and Murata and realize a continuous cycle of social value and economic value throughout the supply chain.

* Proprietary data provided by relevant parties in the supply chain

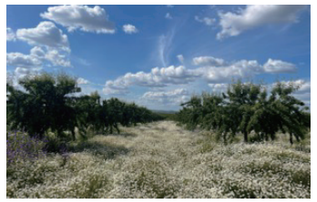
Investment in a carbon credit creation fund

Scope 1, 3

In March 2024, Murata announced an investment of up to USD 30 million in the Apple's expansion of its Restore Fund for higher quality carbon removal. The expanded Restore Fund is managed by Climate Asset Management, a joint venture between HSBC Asset Management and climate and investment advisory firm, Pollination.

Our objective is to expand investment into high-quality, nature-based carbon removal projects worldwide and maximize its effects while protecting valuable ecosystems.

Projects are selected through a thorough due diligence process to ensure they meet robust environmental, social and operational criteria, as well as rigorous standards for quality, scalability and impact.



Cover crop project in Spain

After selection, regular assessments are carried out to monitor changes over time, to address potential risks, and to verify the amount of carbon storage. Through this investment, Murata aims to offset residual emissions that are difficult to avoid both from direct emissions as well as throughout the supply chain.

Selected among CDP A list for Climate Change survey and Supplier Engagement Leader 2023

Since fiscal 2015, we have responded to the international environmental not-for-profit organization CDP's Climate Change questionnaire, and disclosed Murata's initiatives and strategies concerning climate change.

As a result, for three consecutive years running from fiscal 2021, we have been rated as a Leadership Level company, and attained the highest assessment of A List in fiscal 2021 and fiscal 2023. Also, for four consecutive years from fiscal 2020 to fiscal 2023, Murata was selected as a company in the Supplier Engagement Leader in the CDP's Supplier Engagement Rating.

We will further accelerate our CO_2 reduction initiatives through the supply chain, such as by reducing our GHG emissions by implementing energy saving measures and procuring renewable energy using parts and materials with a lower environmental load, and increasing the usage ratio of recycled materials.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
> Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 **MANAGEMENT FOUNDATION**

The infrastructure that supports management

Use of Sustainable Resources

Basic approach

As the global population increases, social issues such as resource depletion and increased waste have become more severe. Murata intends to contribute to the advancement of society by addressing these social issues. We will therefore promote the use of sustainable resources, including by using them in our own business activities. Murata has set targets for fiscal 2050 for two indicators—rate of use of sustainable resources and resource recovery rate for waste—and is promoting efforts to achieve them.

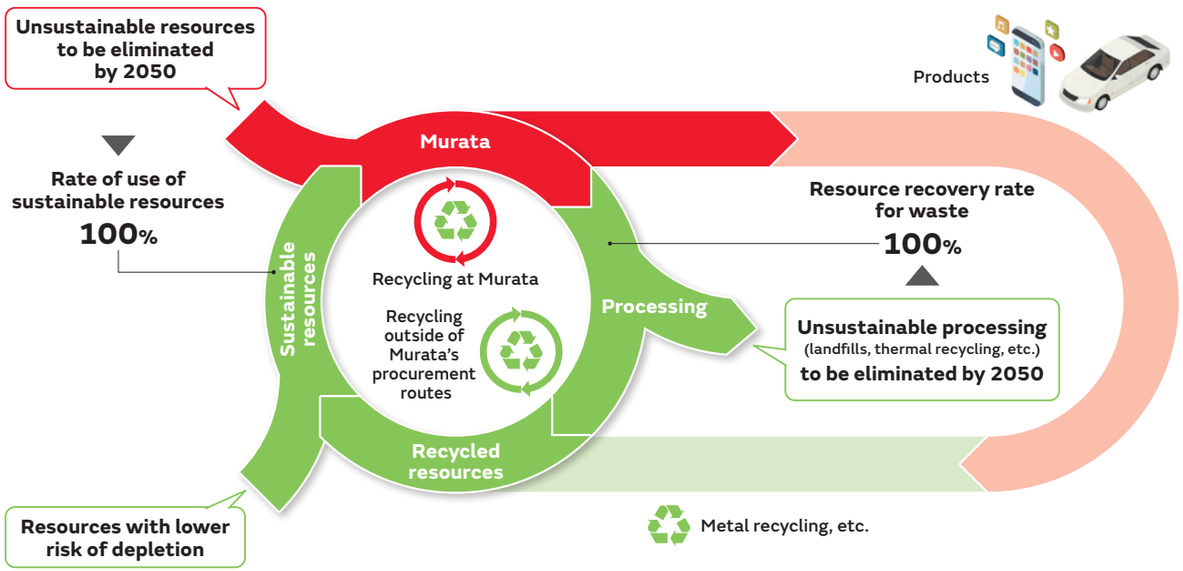
Use of sustainable resources

Social value targets

	FY2023 results	FY2024 targets	FY2030 targets	FY2050 targets
Rate of use of sustainable resources[1]	Approx. 15%[3]	1% improvement from fiscal 2021 result[4]	25%	100%
Resource recovery rate[2]	39.6%	5% improvement from fiscal 2021 result[4]	50%	100%

1. Use ratio by weight of recycled materials, mainly for 24 resources with a high risk of depletion
2. Ratio by weight of Murata's discharges (waste + valuable material) that are processed into circulating resources
3. Rate of use of sustainable resources is an estimate as calculations are based on publicly available information on recycling rates.
4. In fiscal 2021, the rate of use of sustainable resources was approx. 15%, and resource recovery rate was approx. 36.0%.

Murata's initiative toward realization of the use of sustainable resources



Going forward, we will look into the potential of circulating products sold to our customers based on the basic approach described above. We will also continue our efforts to reduce our total waste, including the reduction of waste liquids.

Key features of Murata's initiatives

Rate of use of sustainable resources

In order to achieve sustainable resource availability for the future, we aim to cease the utilization of virgin materials from resources with high depletion risks, such as nickel and silver, or transition to alternative resources.

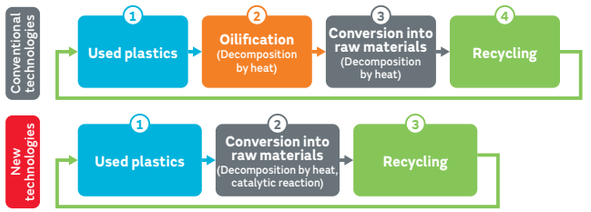
Resource recovery rate

We are working on resource recycling to use all waste generated during manufacturing processes as resources for Murata or other companies by repeatedly recycling discharges (waste and valuable material) as resources.

Examples of initiatives in fiscal 2023

Invested in the used plastics recycling business of R PLUS JAPAN Co., Ltd.

We decided to invest in R PLUS JAPAN Co., Ltd., which is aiming to set up a scheme for the cyclical use of plastics from raw materials and usage to disposal, through cross-industry partnerships and collaborations. Murata is promoting the recycling of used plastics through its investment in this business.



Recycling technologies for used plastics

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- > Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- Corporate Governance
- Discussion with Outside Directors

SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION

The infrastructure that supports management

Coexistence with Local Communities

Basic approach

Murata has set coexistence with local communities as a material issue. As we strive to achieve Vision 2030, guided by the philosophy of the Company's founder, we will value communication with local communities and help to resolve the issues they are facing. Specifically, we have established five priority areas: "support for the development of the next generation," "local community support," "environmental protection," "cultural support," and "academic support." Following our Activities to Contribute to Society and Local Communities Guidelines, each Group company independently identifies the areas to focus on based on the needs of local communities, and plans and implements activities to contribute to society and those communities.

Through dialogue with a wide range of stakeholders, including local residents, we will engage in social and community contribution activities to achieve our common goals of realizing a sustainable society and developing local communities.

Coexistence with society and local communities

Priority areas	Background and purpose of initiatives
Support for the development of the next generation	Under the slogan "Innovator in Electronics," Murata has produced and supplied various electronic components worldwide. With the passion for manufacturing that we have cultivated in our businesses since our founding and based on our scientific technologies, Murata is supporting the development of human resources that will carry the future through STEAM education,* such as science classes and electronic workshops.
Local community support	As we strive to realize the will of our founder of "Murata being a company whose presence in local communities is a source of pride and joy to those communities, as well as a company that our employees are proud and happy to work for," we will build relationships of trust with local communities and actively support the development of a sustainable society.
Environmental protection	We believe that we must aim to not only reduce environmental burden through our business activities, but also to actively work toward the creation of an abundant environment together with local communities. As we strive to achieve harmony with local communities, we will move forward with activities such as ecosystem conservation and regeneration that consider the relationship between business activities and biodiversity.
Cultural support	Artistic culture enriches our lives by bringing deep emotion and the joy of living to people, while sports culture helps people to develop a healthy mind and body. Additionally, the traditional culture industry is the foundation of communities, where the local people value traditional crafts and aspire to pass them on. At Murata, we believe that all of these aspects of culture are play an important part in the development of society, and so we support cultural activities to revitalize communities.
Academic support	Since its founding, Murata has received much multifaceted support in academia and research, which has helped us to develop technologies. We are contributing to the development and improvement of academia and culture by supporting the Murata Science and Education Foundation, and also supporting students studying at universities in countries and communities around the world.

* STEAM education is a creative approach to math and science education in the five fields of Science, Technology, Engineering, Liberal Arts, and Mathematics.

Status of Murata's initiatives

Number of Murata Group employees participating in social contribution activities (fiscal 2023)	**20,759** persons
Murata Group's total expenditure on social/ local contribution activities (fiscal 2023)	Approx. **1,362** million yen

Fiscal 2023 social/local contribution activity data

STEAM education to apply learning at schools in society



Murata Electronics Singapore (Pte.) Ltd. collaborated with Singapore's specialist education institution the Institute of Technical Education (ITE) College West, and held a competition to discuss sustainability and digitalization. The students referred to advice from Murata's employees, which is based on the knowledge accumulated in the battery business, to consider solutions to issues on the thermal cooling of battery packs used in electric-powered motorcycles. The students learned about the need to apply the things they learn at school in industry, while also considering how this knowledge can be used to realize a sustainable society. The students were then invited to take a tour of Murata's factory, where they were able to experience firsthand what it is like on an actual worksite.

Support for sustainable agriculture



Kanazawa Murata Manufacturing Co., Ltd. (Ishikawa Prefecture) held talks with the JA Group Ishikawa and farms to find solutions to labor shortages at the farms of local communities. We recruited employees to take part in the harvesting and sorting of okra on official Company holidays, as a side job. The participants experienced for themselves how tough farming work is, while also being able to do something different than their normal work. The farms commented that "the extra labor allowed us to give our farm employees a day off. This initiative was more successful than we expected it to be."

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- > Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- Corporate Governance
- Discussion with Outside Directors

SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Respect for Human Rights

Basic approach

To become an innovator by leveraging diverse human resources, it is essential to respect the human rights of all persons involved in Murata's value chain.

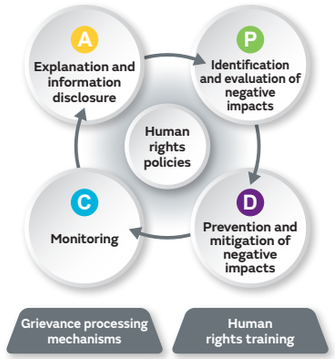
Based on this belief, Murata's Human Rights and Labor Policies specify the commitment of each executive and employee to respect, protect, and not violate the basic human rights of all stakeholders. By understanding the broadening scope of human rights and implementing initiatives throughout the value chain, we will continue to be a company that earns the trust of and is chosen by all stakeholders.

Respect for Human Rights

PDCA in human rights due diligence

Murata operates a PDCA cycle to identify and evaluate negative impacts, prevent and mitigate them, perform monitoring, and disclose information in accordance with UN Guiding Principles on Business and Human Rights.

Human rights due diligence initiatives



P Identification and evaluation of negative impacts

We work with external experts to analyze potential human rights risks across our value chain and all of our businesses, and identify human rights issues that require our attention.

D Prevention and mitigation of negative impacts

To prevent and mitigate negative impacts, we share human rights risks identified through assessments and stakeholder feedback with relevant internal departments.

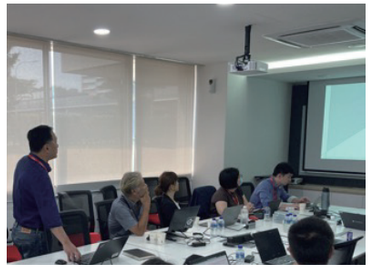
C Monitoring

At Murata, we monitor work conditions and working hours, exchange opinions with labor unions and other organizations, and conduct employee surveys. We also implement a risk assessment system for suppliers.

A Explanation and information disclosure

Murata discloses information through its website and integrated report (this document; the *Murata Value Report*).

Human rights impact assessment



Murata partnered with external experts to conduct a survey at three factories in Japan and overseas as a human rights impact assessment of risks that affect indirectly employed workers and foreign workers, an area that was identified in the fiscal 2020 impact assessment. Using the worker-driven monitoring method, we confirmed the appropriateness of the employment process and working conditions of foreign workers. Also, as many foreign workers are indirectly employed, we confirmed the need to promote initiatives on respecting human rights at both Murata and partner companies. We will continue to engage in dialogue with all stakeholders to ensure the human rights of workers are respected. In fiscal 2024, we once again identified and evaluated risks in the value chain, also taking into account changes in the operating environment.

Human rights training



At Murata, we believe that the foundation of everything we do is having each employee understand and act in a way that links their own work with human rights, and to this end we carry out ongoing human rights training. All employees in Japan take part in e-learning on business and human rights, and at our overseas companies as well we conduct human rights training tailored to local circumstances. In fiscal 2023, we held a lecture meeting led by an external expert for persons in charge of and responsible for work that is closely connected to human rights in Japan and overseas. Additionally, those promoted to management positions are given human rights training, HR departments hold human rights workshops tailored to specific scenarios, and we welcome external lecturers to talk about topics specific to factory management, among various other opportunities for employees to enhance their awareness of human rights.

Grievance processing mechanisms

We have set up several channels, both inside and outside of the Company, for receiving reports from stakeholders when a potential human rights violation occurs. In April 2024, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which is an independent complaints handling consultation center specializing in human rights, and further enhanced our system for handling complaints, while also referencing knowledge provided by external experts. We will continue to listen to feedback from our various stakeholders, and link this information to actions by relevant departments to correct any issues that are revealed and prevent their recurrence.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
> Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Promoting CSR Procurement

Basic approach

Based on the Murata Philosophy, "procurement that considers the environment and human rights" was set as a major theme under the Medium-Term Direction. As such, at our procurement departments, we carry out CSR procurement activities that comply with laws and regulations throughout the supply chain and into take into account matters including those relating to labor (respect for human rights), the environment, and health and safety.

In recent times, sustainability issues relating to the supply chain have become increasingly diverse and complex. This means we must engage in strategic initiatives both for the environment, such as countermeasures for climate change and the cyclical use of resources, and also for society, including occupational health and safety and the prevention of human rights violations. It is important to address these issues through actions not only at Murata, but throughout the supply chain.

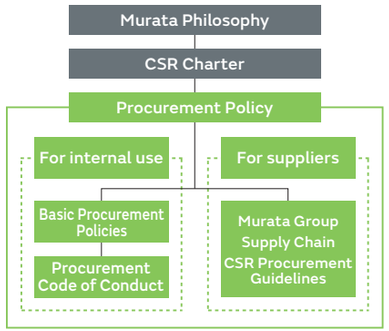
The Procurement Group builds good relationships with suppliers and stakeholders, while also striving for the sustainable improvement of corporate value and working on sustainable CSR procurement.

Responsibility to and actions concerning suppliers (CSR procurement initiatives)

Procurement Policy

Murata has set out a Procurement Policy to strengthen the partnerships we have with suppliers from the perspective of ethical and legal compliance, emphasis on quality and delivery, and environmental conservation.

The Procurement Policy consists of the Basic Procurement Policies and the Procurement Code of Conduct, which each present Murata's basic approach to procurement activities as well as standards for action and decision-making, and the Murata Group Supply Chain CSR Procurement Guidelines, which present the basic approach and standards for action and decision-making with regard to CSR expected of our suppliers.



In 2022, Murata joined the Responsible Business Alliance (RBA), an industry coalition promoting CSR in global supply chains. The Procurement Group is incorporating elements of the RBA Code of Conduct in the Murata Group Supply Chain CSR Procurement Guidelines and also asks suppliers to ensure they understand the significance of and comply with these guidelines, thereby enabling Murata and suppliers to carry out fair and just business activities with a united stance.

CSR risk evaluation and improvement initiatives

Targets and fiscal 2023 performance

KPI	FY2022–2024 targets	FY2023 results
Percentage of suppliers who have signed declarations of compliance with the Murata Group Supply Chain CSR Procurement Guidelines	**95% on a global basis**	**97%**
CSR evaluation improvement	**100% improvement among suppliers needing corrective action**	**98%**
CSR audit implementation	**95% implementation of CSR audits for important suppliers***	**100%**

* Murata identifies important suppliers taking into consideration various factors including ESG risks, total transaction amount, and the availability of alternative suppliers.

Overview of fiscal 2023 CSR evaluation results

1) Self-assessments

In fiscal 2023, we administered self-assessments to 125 important suppliers, and did not identify any high risk among any of these suppliers. Corrective actions were necessary at one company, which was promptly done after the improvement request was made based on the guidelines.

2) CSR audits

From the perspective of procurement risks and understanding current circumstances that self-assessment results do not reveal, we have been visiting important suppliers and conducting CSR audits. In fiscal 2023, we conducted CSR audits at 36 important suppliers worldwide, and determined three suppliers to be high risk. Specifically, the risk pertained to overtime (working seven consecutive days, working 60 hours or more a week) requested from migrant workers. As a result of steady collaboration with suppliers on improvements, we confirmed through follow-up audits that these companies had set rules to prevent recurrence and improvements were reflected in data.

Supplier evaluation and correction

Promotion of responsible mineral procurement

	Gold	Tin	Tantalum	Tungsten	Cobalt	Overall
RMAP conformant smelter and refinery usage	**92%**	**98%**	**99%**	**92%**	**88%**	**94%**

We conduct regular surveys of our suppliers to confirm if there are any Annex II risks[1] among specified minerals from CAHRAs, which are used in Murata products. In the fiscal 2023 survey of responsible minerals, we carried out a survey of 165 major suppliers and confirmed 94% of smelters overall were certified as RMAP[2] conformant. Moreover, we have already confirmed that our mainstay products, such as multilayer ceramic capacitors, are free of conflict minerals.

1. Material risks that may occur in relation to mining, trading, dealing, and exporting of minerals from CAHRAs (Conflict-Affected and High-Risk Areas).
2. Responsible Minerals Assurance Process

Promotion of responsible mineral procurement

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
> Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Risk Management

Basic approach

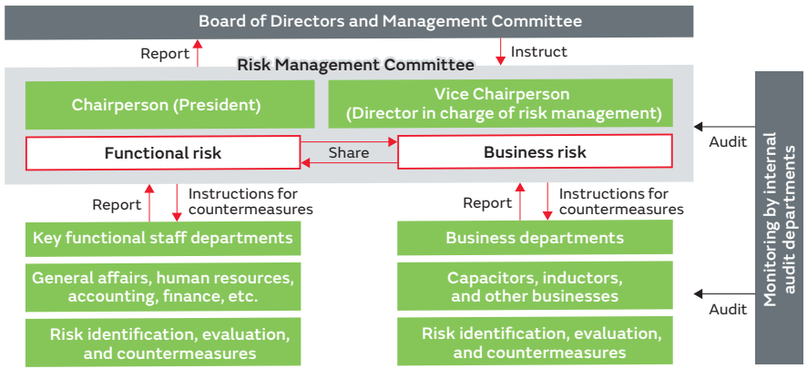
In order to sustainably improve Group-wide corporate value, Murata has built a risk management system to appropriately manage the various internal and external risks related to its business activities. Moreover, we engage in activities to minimize loss when a risk with the potential to have a significant impact on our business manifests. Examples of these activities include a regular twice-yearly classification and evaluation of each risk that concerns our business activities overall, and implementation of preemptive countermeasures according to the degree of priority.

Reinforcing risk management

Understanding risks

Twice a year on a regular basis, the key functional staff departments and business departments, which are responsible for each risk, identify the risks that Murata is currently facing or risks that are expected in the near future. The key functional staff departments prevent oversights in risk identification and work to build systems for appropriately responding to Company-wide risks by correctly recognizing: (1) risks which should be considered Company-wide risks from among those extracted by the business departments and (2) risks that key functional staff departments and business departments must share and cooperate in addressing. Moreover, the identified risks are comprehensively investigated and managed by evaluating their importance, based on the likelihood of occurrence and impact, and plotted on a risk map.

Company-wide risk management system



Promotion framework

Murata established the Risk Management Committee to consider measures for countering Company-wide risks. This Committee is comprised of Board Members and Vice Presidents, with the President serving as the Committee Chairperson and the Director in charge of risk management as the Vice Chairperson. We have also established the Information Security Subcommittee and Business Continuity Management (BCM) Subcommittee as subordinate organizations to study and take measures to address particular risks.

Business and other risks

The frequency of occurrence and the degree of impact of residual risk remaining after implementing each risk countermeasure are classified into the three categories: High, Medium, and Low. With regard to the degree of impact, an indicator is selected from the five indicators: “Organizational impact,” “Impact on production activities, etc.,” “Regulatory/Administrative impact,” “Impact on business transactions,” and “Media/Reputational impact.”

Business and other risks

Business continuity management (BCM)

We have formulated a Business Continuity Plan (BCP) to ensure that we can fulfill our duty to provide customers with a stable supply of products. We conduct initiatives to minimize damage and keep business continuity, such as ensuring earthquake resistance and safety for buildings and production facilities, constructing backup frameworks for our communications and information systems, and maintaining supply from product inventory.

Within material procurement, the production locations of material suppliers are stored in a database so that procurement activities are not delayed when a disaster or other risk occurs. We have also formulated an initial response system and a response flow for expected risks so that we are able to implement a rapid initial response. Furthermore, in order to ensure stable procurement of important materials, we are promoting measures such as implementing a multi-vendor system, confirming the BCP implementation status of our vendors, and ensuring sufficient materials inventory to cover the expected recovery period if a risk should materialize.

Additionally, we must promote the establishment of BCM organizations to handle risks that could occur at the global level, prevent risks that could impair Murata’s business continuity, and minimize loss if a risk should materialize. To this end, we are taking measures such as verifying the effectiveness of our BCP through periodic drills at our domestic and overseas offices and factories. We recognize that preparing for the Nankai Trough Earthquake, which has the potential to be especially massive and damaging, and for geopolitical risks is of utmost importance. We continue to promote measures in order to fulfill our obligations as a components manufacturer to continue supplying products.

During the Noto Peninsula Earthquake that occurred in January 2024, some of our sites suffered serious damage. We implemented various measures in response to this situation, such as using alternate production at other sites. Going forward, in addition to the measures listed above, we will strengthen our business continuity organizations, such as by making further progress on setting up multiple production sites.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata’s Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
> Risk Management
Executives
Message from the Chairman of the Board
Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04

MANAGEMENT FOUNDATION

The infrastructure that supports management

Executives



INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- > Executives
- Message from the Chairman of the Board
- Corporate Governance
- Discussion with Outside Directors

SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Executives

Board Members

1 Norio Nakajima
President

Norio Nakajima has been involved in technology development and business management, accumulating a wealth of experience and a solid record of achievement.

2 Hiroshi Iwatsubo
Executive Deputy President

Hiroshi Iwatsubo has been involved in technology development and business management, planning and sales, accumulating a wealth of experience and a solid record of achievement.

3 Masanori Minamide
Representative Director, Nomination Advisory Committee Member, Remuneration Advisory Committee Member

Masanori Minamide has been involved in accounting and financial affairs, corporate planning duties and corporate management as a chief officer at a local headquarters company in Southeast Asia, accumulating a wealth of experience and a solid record of achievement.

4 Hiroshi Izumitani
Board Member

Hiroshi Izumitani has been involved in sales, business management and corporate management as a chief officer at a local headquarters company in Southeast Asia, accumulating a wealth of experience and a solid record of achievement.

5 Takaki Murata
Board Member

Takaki Murata has been involved in technology development and accounting, planning, business management and corporate management as a chief officer at business companies in the United States, accumulating a wealth of experience and a solid record of achievement.

6 Yuko Yasuda
Outside Director, Nomination Advisory Committee Member, Remuneration Advisory Committee Member (Committee Chairperson)

Yuko Yasuda has engaged in introducing, assessing and developing CEOs and evaluating the effectiveness of the Board of Directors for many years as the Japan Director at companies that search for corporate executive candidates. She has extensive experience and insight in fields concerning assessment and development of executive personnel and corporate governance.

7 Takashi Nishijima
Outside Director, Chairman of the Board of Directors, Nomination Advisory Committee Member (Committee Chairperson), Remuneration Advisory Committee Member

Takashi Nishijima has extensive experience and insight as a corporate executive and a board chairman in a company group expanding business related to industrial automation globally.

8 Hiroyuki Ina
Outside Director

Having engaged in the management of the electronic system and device business for many years at a company expanding its business related to automotive technologies, systems and products globally, Hiroyuki Ina possesses extensive experience and knowledge.

9 Yoshiro Ozawa
Board Member, Audit and Supervisory Committee Member (Full-time, Committee Chairperson)

Yoshiro Ozawa has been involved in accounting, finance and personnel affairs in and outside of Japan, and has extensive experience and insight in these fields.

10 Takatoshi Yamamoto
Outside Director, Audit and Supervisory Committee Member, Nomination Advisory Committee Member

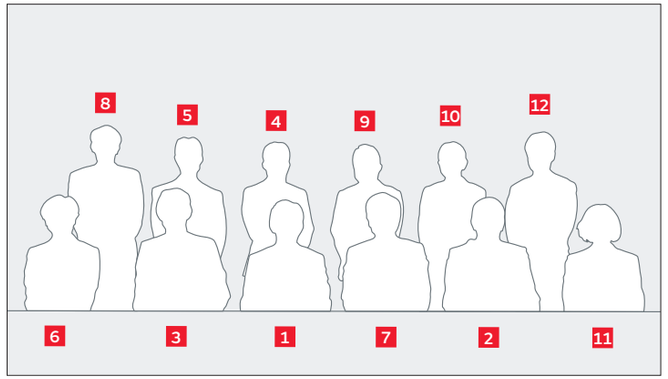
Takatoshi Yamamoto has extensive experience of corporate analysis of companies in and outside of Japan as a securities analyst, particularly in regard to the electronics industry, and has specialized insight in finance and accounting, in addition to a wealth of experience related to global corporate management.

11 Naoko Munakata
Outside Director, Audit and Supervisory Committee Member, Remuneration Advisory Committee Member

Naoko Munakata has extensive experience and insight in the national administrative field of economics, international trade and intellectual property, among others.

12 Seiichi Enomoto
Outside Director, Audit and Supervisory Committee Member

Seiichi Enomoto has engaged in affairs concerning financial auditing, internal control advising, risk management and strengthening governance for many years as a certified public accountant and possesses extensive experience and insight in the fields of corporate accounting, auditing and internal controls.



Vice Presidents 26, of whom three concurrently serve as Board Members

Senior Executive Vice President
Masanori Minamide

Executive Vice Presidents
Nagato Omori
Ken Tonegawa

Senior Vice Presidents
Yoshihiro Yamada
Eiichi Morimoto
Hiroshi Izumitani
Takaki Murata

Vice Presidents
Shinji Nomura
Takaharu Sakai
Noriyuki Kubodera
Toshinobu Yamazaki
Tatsuo Bizen
Harunobu Sano
Shogo Hashimoto
Yoshitaka Tanino
Kohei Miyao
Masamichi Ando
Takanori Toi
Toshiyuki Sato
Shigeki Fukunaga
Koichi Kawakita
David Kirk
Makoto Kawashima
Atsuyoshi Maeda
Toshifumi Oida
Fumiyuki Suchi

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
> Executives
Message from the Chairman of the Board
Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION

The infrastructure that supports management

Message from the Chairman of the Board

How the perspective of an outside Chairman of the Board will benefit Murata's management during the coming transitional phase

Takashi Nishijima

Outside Director
Chairman of the Board of Directors

Background: Takashi Nishijima began his career at Hokushin Electric Works, Ltd. (now Yokogawa Electric Corporation), where he held several key positions, including President and Chief Operating Officer; Chairman and Representative Director; and then Chairman of the Board for two years. He has been serving as an Outside Director at Murata since June 2022.



My view on the role of the Board of Directors

I have been an Outside Director at Murata for two years and was appointed Chairman of the Board in June 2024. As I step into that role, my impression is that meetings of Murata's Board of Directors already have a free and open atmosphere, allowing for candid exchanges of opinions. Outside Directors contribute their unique expertise and are encouraged to express critical opinions when necessary. Moreover, top management values these insights and incorporates them into enhancements of the Company's management practices. Another key characteristic is that ongoing improvements are made through the PDCA cycle, which I feel has enhanced the effectiveness of the Board of Directors.

Amid widespread change and uncertainty in the current operating environment, Murata is entering a period of transition. Given this context, I believe the primary responsibility of the Board of Directors is to establish the medium-to-long-term direction for the Company. The Board must then oversee whether the strategies to achieve the Company's goals are appropriate and producing tangible outcomes, while also advocating necessary strategic adjustments and encouraging top management to adopt a bolder risk appetite.

This marks the first time an Outside Director has been appointed as Chairman of the Board at Murata, and it is truly humbling to take over the role from Tsuneo Murata, current advisor and a member of the Company's founding family. I hope to leverage my experience as chairman at Yokogawa Electric Corporation to meet the expectations of our stakeholders.

Building on a free and open atmosphere with discussions that get to the heart of the matter

During my time as chairman at Yokogawa Electric, I emphasized elevating the quality of broad, strategic discussions that generate insights among top management and encourage a high level of performance. In that regard, summarizing discussion points in advance was essential. I made it a point, prior to board meetings, to fully share background information and data pertaining to the agenda with Outside Directors. Based on this, I would confirm the perspectives from which they wished to approach discussions and reconcile them with top management's topics of concern. As Murata's Chairman of the Board, I intend to facilitate effective discussions by organizing key topics through pre-meeting briefings* and other similar initiatives.

I also strive to promote open communication and the free exchange of ideas between Inside and Outside Directors. One difference from my previous chairmanship is that this time I am serving as an Outside Director. As such, I can engage with the other Outside Directors on equal terms. Additionally, since I may not be fully acquainted with internal matters, I can pose candid questions to the Inside Directors. In doing so, I aim to inspire greater enthusiasm and engagement among Inside Directors. My goal is to foster dialogue between Inside and Outside Directors from a fair and neutral standpoint, which I believe will facilitate comprehensive discussions that consider multiple perspectives.

If discussions begin to diverge due to the range of opinions expressed, it is the Chairman's responsibility to steer the conversation back on track. Additionally, summarizing key points and unresolved issues is essential for guiding the future efforts of the business execution team. However, there are times when it is more effective to remain flexible and postpone discussions to the next session rather than pushing for a forced consensus. On this I will work closely with the Secretariat.

My predecessor, Tsuneo Murata, fostered a free and open atmosphere for Board discussions while exemplifying Murata's corporate culture. Murata's sincere, grounded, and ambitious corporate culture, as expressed in the Murata Philosophy, forms the foundation of its competitive strength. Keeping that in mind, I will remain focused on determining the most suitable governance structure for Murata as I support the Company in achieving sustainable growth and maximizing corporate value.

* Initiatives to brief Outside Directors prior to Board of Directors meetings on key agenda items, especially those with significant information gaps between Inside and Outside Directors, as well as other relevant matters.

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management
- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- > Message from the Chairman of the Board
- Corporate Governance
- Discussion with Outside Directors

SECTION 05 Data

SECTION 04

MANAGEMENT FOUNDATION

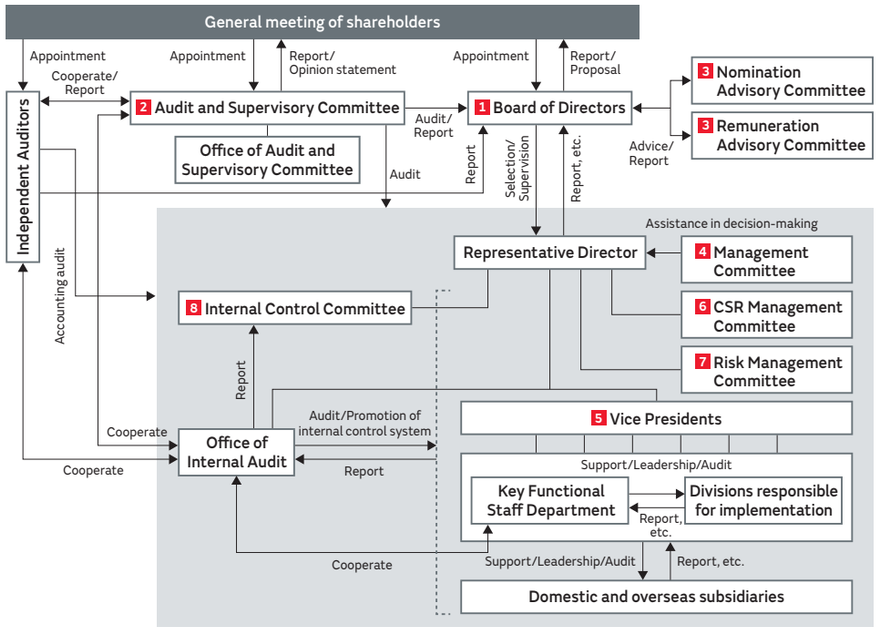
The infrastructure that supports management

Corporate Governance

At Murata, corporate governance is one of our most important management focuses for achieving sustainable growth and improving medium- to long-term corporate value. We constantly work to establish and ensure the efficient functioning of optimal management systems, while also considering all our stakeholders.

Corporate Governance

Corporate governance system



Recent developments

- An Outside Director has been appointed as Chairman of the Board of Directors.
- The Chairperson of the Nomination Advisory Committee and the Chairperson of the Remuneration Advisory Committee are Outside Directors.
- We have further enhanced cooperation between the Nomination Advisory Committee and the Remuneration Advisory Committee.

1 Board of Directors* Page 72: Board of Directors

The Board of Directors decides on our basic management direction and particularly important matters for business execution. It entrusts the decision-making on important business execution to Executive Directors, and aims for quicker management decisions and flexible business execution while striving to strengthen monitoring functions, etc.

2 Audit and Supervisory Committee* Page 76: Audit and Supervisory Committee

The Audit and Supervisory Committee establishes auditing guidelines and plans, and based on these, in addition to attending important meetings, audits the legitimacy and appropriateness of duties implemented by Board Members by conducting surveys of the status of operations and corporate finances with the cooperation of departments involved in the Company's internal control system. The Committee may state their opinions in relation to the appointment and remuneration of Board Members at the General Meeting of Shareholders.

3 Nomination Advisory Committee,* Remuneration Advisory Committee* Page 76: Nomination Advisory Committee and Remuneration Advisory Committee

These committees have been established as advisory bodies for the Board of Directors in order to enhance the independence, objectivity and accountability of its functions in relation to the nomination and remuneration of executives.

4 Management Committee

The Management Committee has been set up as a deliberation body to assist in the decision-making of the Board of Directors and Representative Director. It is made up of Board Members (excluding Outside Directors and those who are Audit and Supervisory Committee Members), creating a system for deliberation on management issues specified by the Company regulations.

5 Vice Presidents

To ensure the effectiveness of both supervisory and executive functions, the Company distinguishes between important management decision-making by the Board of Directors and day-to-day execution of business tasks, for which Vice Presidents are entrusted with responsibility and authority.

6 CSR Management Committee Page 29: Promotion framework

The CSR Management Committee has been established to continuously and systematically promote CSR management, including initiatives related to sustainability, and to further entrench CSR within the Company. It serves as a main office to handle issues outside the Company. The CSR Management Committee regularly reports to the Board of Directors regarding the status of its activities.

7 Risk Management Committee Page 67: Promotion framework

The Risk Management Committee discusses Company-wide risks that may affect Murata's business activities and corresponding countermeasures. The Risk Management Committee regularly reports to the Board of Directors and the Management Committee regarding the status of its activities.

8 Internal Control Committee

The Internal Control Committee is responsible for the maintenance and continual improvement of the system to secure the appropriateness of the Company's operation (the internal control system) and evaluates and examines the status of the maintenance and operation of the system. The Internal Control Committee regularly reports to the Board of Directors regarding the status of its activities.

* For information on the number of meetings and attendance rates of the Board of Directors and each committee, please refer to ESG data (Governance).

Page 86: ESG Data

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
> Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Corporate Governance

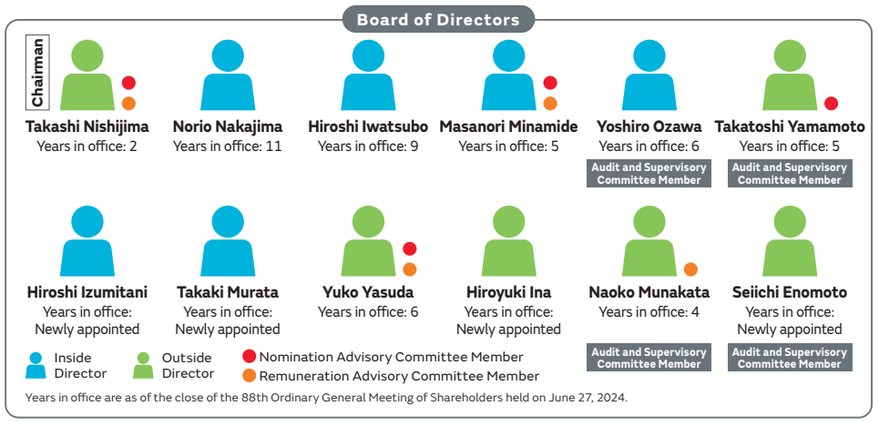
Board of Directors

Composition policy

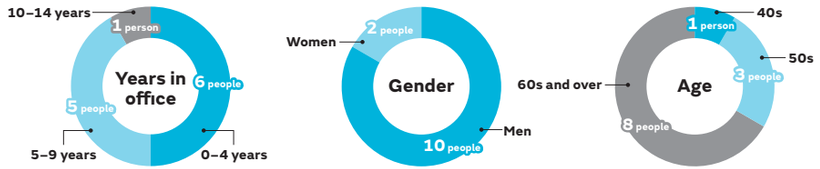
The Board of Directors is composed of a necessary and sufficient number of people to ensure substantive and lively discussions at meetings. The basic policy is to ensure diversity and balance in the knowledge, experience and capabilities of the Board of Directors as a whole. Furthermore, in order to ensure the transparency of management and strengthen the supervisory functions of the Board of Directors, the composition ratio of the Board of Directors is as follows.

- **Ratio of Outside Directors: 50% or more**
- **Ratio of Female Directors: Aiming for 30% or more by 2030**

Composition



Years in office are as of the close of the 88th Ordinary General Meeting of Shareholders held on June 27, 2024.



Criteria for the selection of candidates for Board Members

The Company appoints as senior management people who have the knowledge, experience and qualities to contribute to the execution of business, taking into consideration the business content, scale and management environment, etc., of the Company. Also, personnel with the knowledge, experience and qualities that can contribute to enabling the Board of Directors to function (determination of basic management policies and important business execution, as well as supervision of the execution of duties of Board Members) are selected as candidates for Board Members, based on the policy for composition of the Board of Directors that is prescribed on the left.

Criteria for selection of Outside Directors

In addition to the above, the Company makes sure to satisfy the independence standards set by the Tokyo Stock Exchange as well as by the Company. The Company also considers that by its criteria for selection, adequate time can be secured for the execution of duties as a Board Member, and that attendance at the meetings of the Board of Directors can be expected to be over 75%.

Criteria for selection of Board Members who are Audit and Supervisory Committee Members

In addition to the above, the Company selects personnel with a wealth of knowledge and experience regarding management administration and business operations, and who have qualities that can contribute to improvement in the soundness and transparency of management and audit the business execution of Board Members from a fair and objective standpoint. A majority of the candidates for Board Members who are Audit and Supervisory Committee Members nominated by the Company are Outside Directors.

Nomination policies and procedures

Status of activities of fiscal 2023

Main contents of discussion	Period
Progress under medium-term management policies	July and December
Business portfolio	May
Financial strategy and IR activities	April and December
Strategies and initiatives around sustainability	April and November
Strategies and initiatives around human capital	March
Strategies and initiatives around intellectual property	October
Promotion of digital transformation (DX)	February
Mechanisms to identify and evaluate Company-wide risks and their status	July and February
Matters related to the nomination of candidates for Board Members (including advisory committee reports)	April
Matters related to the director remuneration system (including advisory committee reports)	April and May
Corporate governance and internal control	May, December and March
Effectiveness and preferred form of the Board of Directors	February and March

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
> Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Corporate Governance

Skill matrix of the Board of Directors

Positions in the Company Name	Skills that the Company as a listed company requires Board Members to have regardless of management environment					Skills required in light of the business category, management environment and policy of Murata		
	Corporate and business management	Finance and accounting, and capital policy	HR, personnel affairs and human resources development	Governance, risk management and compliance	Insight into industry and market strategy	Technology and R&D	Internationality and global experience	Industrial and trade policy
President **Norio Nakajima**	●				●	●	●	
Executive Deputy President **Hiroshi Iwatsubo**	●				●	●	●	
Representative Director and Senior Executive Vice President **Masanori Minamide**	●	●		●	●		●	●
Board Member and Senior Vice President **Hiroshi Izumitani**	●				●		●	
Board Member and Senior Vice President **Takaki Murata**	●	●			●	●	●	
Outside Director **Yuko Yasuda** Outside Independent	●		●	●			●	
Outside Director **Takashi Nishijima** Outside Independent	●			●	● Solution business	●	●	
Outside Director **Hiroyuki Ina** Outside Independent	●				● Mobility	●	●	
Board Member (Audit and Supervisory Committee Member, Full time) **Yoshiro Ozawa**		●	●	●	●		●	
Outside Director (Audit and Supervisory Committee Member) **Takatoshi Yamamoto** Outside Independent	●	●			●		●	
Board Member (Audit and Supervisory Committee Member) **Naoko Munakata** Outside Independent				●		●	●	●
Board Member (Audit and Supervisory Committee Member) **Seiichi Enomoto** Outside Independent		●		●			●	

Notes: Not all skills, experience, knowledge are listed. The skill matrix is based on the members' past position experience, current positions, qualifications, etc.
Independent indicates an independent outside director.

Main skills, experience and knowledge that Board Members of the Company are required to have, and the definition thereof as well as reasons for their selection

Skills that the Company as a listed company requires Board Members to have regardless of management environment		
	Corporate and business management	Experience in building a company's or business entity's strategy, and operating an organization as top management, from a medium-to long-term perspective **Reasons for selection:** To plan, build and oversee management strategy that enables Murata as a corporation to enhance its corporate value sustainably.
	Finance and accounting, and capital policy	Knowledge and/or experience in accounting, tax affairs, finance, capital policy and IR activities in corporate and business management **Reasons for selection:** To plan, execute and oversee accounting, tax affairs, financial strategy, capital policy and IR activity in line with management strategy, taking into account requests from the capital markets to Murata as a listed company.
	HR, personnel affairs and human resources development	Knowledge and/or experience in human capital management **Reasons for selection:** To perform management of human capital, which Murata positions as a key form of management capital, and realize and oversee employee satisfaction (ES), which is one of the values that Murata cherishes.
	Governance, risk management and compliance	Knowledge and/or experience in the mechanism of corporate governance, risk management and monitoring methods, and corporate ethics **Reasons for selection:** To plan, build and oversee strategies regarding governance, risk management and compliance that will be the foundation for Murata to perform management that creates a continuous cycle of social value and economic value and realize sustainability.
	Insight into industry and market strategy	Knowledge of the electronics industry that Murata operates in and industries that Murata intends to focus on, and/or experience in these industries' market strategy research, building, execution, or oversight **Reasons for selection:** Because these skills will become the preconditions for planning, executing and overseeing Murata's management strategy and market strategy from a bird's eye view.
Skills required in light of the business category, management environment and policy of Murata		
	Technology and R&D	Knowledge and/or experience in technology and R&D, and intellectual and technological capital management **Reasons for selection:** To plan, execute and oversee strategies, whereby Murata enriches and utilizes intellectual and technological capital to ensure Murata keeps providing unique products into the future as an Innovator in Electronics.
	Internationality and global experience	Experience working in another country and/or knowledge of the business environment and culture in other countries **Reasons for selection:** To plan, execute and oversee strategies from a global perspective as Murata, whose overseas sales ratio exceeds 90% and whose subsidiaries and affiliates overseas outnumber its domestic ones, aims to be the Global No. 1 Component & Module Supplier.
	Industrial and trade policy	Knowledge and/or experience of the industrial and trade strategies of different countries (including the networks, gained from such experience, for understanding the latest and future trends from a strategic perspective) **Reasons for selection:** To plan, execute and oversee strategies flexibly and effectively amid mounting geopolitical risks as Murata is pursuing the fields of communications, mobility, the environment and wellness as business opportunities and such fields involve large volumes of cross border transactions and strongly reflect each country's industrial policies.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
> Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Corporate Governance

Remuneration program

Basic policy of the director remuneration system

Regarding the remuneration for Board Members and Vice Presidents of the Company, the Company makes it a basic policy to provide a system and level of remuneration that is considered suitable for executive-level managers of a globally competitive electronic equipment and component manufacturer to ensure recruitment of human talent considered to be excellent based on a comparison with same-industry competitors, to raise the morale and motivation to improve financial results and to contribute to the maximization of corporate value.

Individual remuneration for Board Members who are not Audit and Supervisory Committee Members

Remuneration for Board Members (excluding those who are Outside Directors)

Remuneration is comprised of (a) monthly remuneration, (b) bonuses, and (c) share-based remuneration (non-monetary). Each standard and composition ratio of monthly remuneration, bonus and share-based remuneration is based on the "Executive Compensation Database" operated by the external remuneration consulting company, WTW (Willis Towers Watson plc) and will be determined by performing benchmarks on corporations similar to the Company's type of industry and size, and verifying the validity. Furthermore, the composition ratio of remuneration elements of remuneration of the President is largely as illustrated on the right. The composition of remuneration elements for other Inside Directors who are not Audit and Supervisory Committee Members is set so that the ratio of bonuses and share-based remuneration is higher for upper ranking positions according to the responsibilities, etc. of each position. In the diagram of composition ratios on the right, the ratios displayed are those in the case where the bonus and the share-based remuneration are the base amount. The actual composition ratios of the remuneration components actually paid may differ from those shown on the right.

Remuneration for Outside Directors

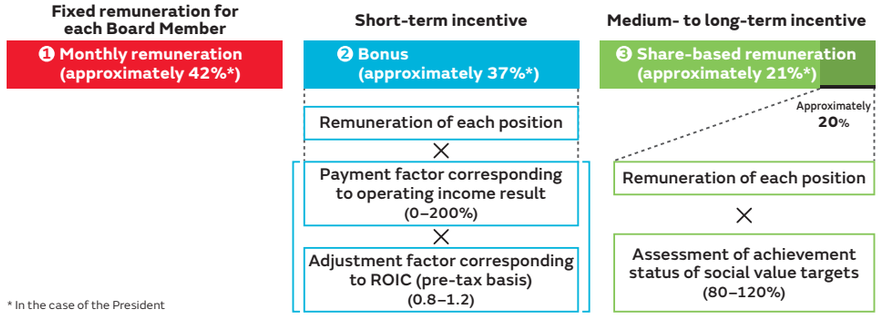
Remuneration for Outside Directors (excluding Board Members who are Audit and Supervisory Committee Members) independent of the Company's business execution consists only of monthly remuneration, in light of their role. The level is determined with reference to benchmark results and other information from companies of similar industry or size.

Individual remuneration for Board Members who are Audit and Supervisory Committee Members

Remuneration for Board Members (including Outside Directors) who are Audit and Supervisory Committee Members consists only of monthly remuneration, in light of their role. Individual remuneration is determined according to discussions between Board Members who are Audit and Supervisory Committee Members, pursuant to the provisions of Article 361, Paragraph (3) of the Companies Act.

Guidelines for the holding of shares / Repayment of remuneration, etc. (malus and clawback provision)

Composition of remuneration for Inside Directors (excluding Audit and Supervisory Committee Members)



* In the case of the President

❶ Monthly remuneration

- The monthly remuneration consists of fixed remuneration of an amount individually decided for each Board Member based on a fixed amount for service as a Board Member, and an amount that is decided based on consideration of the level of importance of each Board Member's business execution allocation and responsibility.
- Monthly remuneration is paid on a monthly basis.

❷ Bonus

- The bonus consists of cash remuneration that is provided as an incentive to create economic value in each fiscal year.
- The amount paid is calculated by multiplying a base amount for each position by a factor (variable within a range of 0% to 200%) according to the level of achievement of the targets for the performance evaluation indicators.
- The performance evaluation indicators are consolidated operating profit and ROIC (pre-tax basis), which are indicators related to the Group-wide management targets for economic value in the Medium-Term Direction 2024. The Company selected these indicators in order to provide an incentive to increase revenues, which are associated with the profitability rate that the Company emphasizes, and efficiently generate profits from invested capital.
- In principle, the bonus is paid in June after the end of the fiscal year.

❸ Share-based remuneration

- Restricted shares are granted as non-monetary remuneration in order to increase the willingness to contribute to the continuous enhancement of value sharing and corporate value spanning the long term between the Company's Board Members and shareholders.
- The value granted is determined based on the base amount for each position.
- Because a portion of share-based remuneration (approximately 20% of total share-based remuneration) is based on an evaluation of initiatives related to the creation of medium- to long-term social value and ESGs, every fiscal year the Remuneration Advisory Committee evaluates the progress of initiatives for achieving the Group-wide management targets related to social value (Environment, Diversity and ES) in Medium-Term Direction 2024 and adjusts the amount of such portion within a range of ±20% of the base amount set for each position.

Stock-based remuneration (Portion of the creation of social value and ESG)

- Share-based remuneration is, in principle, granted in July.
- Restrictions of the allotted restricted shares will be lifted when eligible Board Members' term of both positions as Board Member and Vice President expires, or when the individual retires due to the compulsory retirement age or resigns.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
> Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION
The infrastructure that supports management

Corporate Governance

Analysis and evaluation of effectiveness of the Board of Directors

The Company endeavors to improve the effectiveness of the Board of Directors by conducting an analysis and evaluation of the effectiveness of the Board of Directors as a whole once a year and discloses an overview of the procedure and results. Based on the analysis and evaluation process shown to the right, the Board of Directors of the Company has been assessed to be functioning with sufficient overall effectiveness in consideration of its duties and obligations. We will continue working to further improve the effectiveness of the Board of Directors.

Analysis and evaluation process

Questionnaire and interviews

- A questionnaire for all Board Members*
- Individual interviews with Outside Directors*
- Individual interviews with Inside Directors

Items for confirmation: Composition of the Board of Directors, agenda items submitted to meetings, status of deliberation, participation stance of each Board Member, operation of each committee including the voluntary advisory committees, and other matters regarding the operation of the Board of Directors

Analysis and discussion

- Analysis and discussion within the Company
- Analysis and discussion among the Board of Directors
- Determination of evaluation outcomes at the Board of Directors meeting

* The questionnaire and individual interviews with Outside Directors were carried out by a third party.

Recognized issues in fiscal 2022

- **Specify and clarify a common understanding among the Board Members regarding the borderline of execution and oversight and the vision of the Company's Board of Directors.**
- **Foster even more strategic discussions from a wider perspective.**
  - Make report contents more complete
  - Acquire timely and appropriate Company information from Outside Directors
- **Further improve monitoring functions**
  - Discuss matters from a risk perspective
  - Improve the effectiveness of the Management Committee
- **Enhance discussions on the individual themes listed below**
  - Ensure the diversity of core human resources
  - Internal control system

Main initiatives in fiscal 2023

- **Holding discussions regarding the ideal form for the Board of Directors**
- **Enhancing the operation of pre-meeting explanations, including the identification of discussion points for the Board of Directors meetings**
- **Providing Outside Directors with more comprehensive Company information**
- **Further enhancing the functions of the Management Committee, etc. and strengthening cooperation with the Board of Directors**
- **Strengthening cooperation between organizations in charge of agenda items and the Secretariat of the Board of Directors, particularly in regard to themes requiring enhanced discussions**

Fiscal 2023 analysis and evaluation results, recognition of issues

Based on the results of the analysis and evaluation process, the Board of Directors of the Company has been assessed to be functioning with sufficient overall effectiveness in consideration of its duties and obligations.

- **The composition of the Board of Directors including the number of Board Members, their diversity, and the ratio of Inside to Outside Directors are generally appropriate.**
- **The selection of agenda items, leadership by the Chairperson, and operation of the Secretariat are appropriate.**
- **Discussions are steadily becoming more strategic and from a wider perspective.**
- **In general, Outside Directors effectively provide advice and pose questions, and Inside Directors take the advice, statements and questions of Outside Directors with sincerity and fully take them into consideration when making decisions and determinations.**
- **The Nomination Advisory Committee and Remuneration Advisory Committee are functioning effectively, and there has been adequate cooperation between the committees as well as with the Board of Directors.**
- **Steady progress is being made to address the challenges recognized in the previous evaluation of effectiveness.**

On the other hand, further improvement was expected for the following points.

(1) Consolidating opinions and knowledge of both Inside and Outside Directors and deepening deliberations that contribute even more to enhancing corporate value

(2) Supporting a bold risk appetite by executives, and further reinforcing structures including the Board of Directors

Future initiatives

Regarding issue (1)

- **Engage in healthy debate that takes into consideration more diverse perspectives and opinions of both Inside and Outside Directors**
- **Further enhance the quality of explanations by reinforcing collaboration between the department in charge of explanation and the Secretariat to identify fundamental discussion topics and secure adequate time for deliberation**
- **Provide additional opportunities for Outside Directors to learn about the initiatives relating to the execution of business**

Regarding issues (1) and (2)

- **Conduct ongoing discussions within the Board Members concerning the optimal status of the Board of Directors and individual organizations that embody the spirit of Murata**

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
Strengthening Murata's Response to Climate Change (TCFD)
Use of Sustainable Resources
Coexistence with Local Communities
Respect for Human Rights
Promoting CSR Procurement
Risk Management
Executives
Message from the Chairman of the Board
> Corporate Governance
Discussion with Outside Directors
SECTION 05 Data

SECTION 04 MANAGEMENT FOUNDATION

The infrastructure that supports management

Corporate Governance

Nomination Advisory Committee



Takashi Nishijima (Committee Chairperson), Masanori Minamide, Yuko Yasuda, Takatoshi Yamamoto

Role/Composition

The Nomination Advisory Committee deliberates on criteria for the selection of candidates for Board Members, independence standards for Independent Outside Directors, nomination of candidates for Board Members, nomination of candidates for Representative Directors and executive Board Members, and succession plans for the President, and reports its findings to the Board of Directors. The Committee also considers the skill matrix of Board Members and other key issues from the perspective of human resources, so that the Board of Directors can continue to perform its functions, and supervises the appointment of Vice Presidents.

Committee members are selected by the Board of Directors from among Board Members. Independent Outside Directors comprise the majority of committee members in order to ensure the independence of the committee. Furthermore, the chairperson is an Independent Outside Director.

Activities

Activities of the Nomination Advisory Committee for fiscal 2023 were as follows.

Main contents of discussion	Period
Determination of activity plans for the committee for the 88th term	September
Consideration of skill matrix and skills	September
Board succession	April, September, December, January and March
Succession plans for the President	December
Determination of evaluation of the President (jointly with the Remuneration Advisory Committee)	June, December and January
Report on the nomination of Board Member, Representative Director and executive Board Member candidates	January and March

Notes: The 88th term refers to the period starting from the 87th Ordinary General Meeting of Shareholders held on June 29, 2023 until the 88th Ordinary General Meeting of Shareholders held on June 27, 2024.
In June, December and January, a joint meeting for the Nomination Advisory Committee and the Remuneration Advisory Committee was held in addition to the meeting of the Nomination Advisory Committee.

Remuneration Advisory Committee



Yuko Yasuda (Committee Chairperson), Masanori Minamide, Takashi Nishijima, Naoko Munakata

Role/Composition

The Remuneration Advisory Committee deliberates on the remuneration system and levels for Board Members and reports its findings to the Board of Directors, and is entrusted from the Board of Directors to decide on the amounts of individual remuneration.

Committee members are selected by the Board of Directors from among Board Members. Independent Outside Directors comprise the majority of committee members in order to ensure the independence of the committee. Furthermore, the chairperson is an Outside Director.

Activities

Activities of the Remuneration Advisory Committee for fiscal 2023 were as follows.

Main contents of discussion	Period
Determination of individual bonus amounts for Board Members for the 87th term	May
Reporting of decision policy for determining director remuneration for the 88th term	April
Consideration and reporting of the base amount of director remuneration for the 88th term	April, May and June
Consideration and reporting of bonus targets for the 88th term	April and May
Assessment of progress in achieving social value targets, and consideration and reporting of share-based remuneration targets for the 88th term	May and June
Consideration and determination of the individual base amount for Board Members, etc. for the 88th term	June and July
Determination of activity plans for the committee for the 88th term	July
Verification of the latest trends surrounding director remuneration	October
Determination of evaluation of the President in the current fiscal year (jointly with the Nomination Advisory Committee)	June, December and January
Consideration of revision of director remuneration taking into account issues and trends	July, October, December, January, February and March

Notes: The 87th term refers to the period starting from the 86th Ordinary General Meeting of Shareholders held on June 29, 2022 until the 87th Ordinary General Meeting of Shareholders held on June 29, 2023.
The 88th term refers to the period starting from the 87th Ordinary General Meeting of Shareholders held on June 29, 2023 until the 88th Ordinary General Meeting of Shareholders held on June 27, 2024.
In June, December and January, joint meetings for the Nomination Advisory Committee and the Remuneration Advisory Committee were held in addition to the meeting of the Remuneration Advisory Committee.

Audit and Supervisory Committee



Yoshiro Ozawa (Committee Chairperson), Takatoshi Yamamoto, Naoko Munakata, Seiichi Enomoto

Role/Composition

The Audit and Supervisory Committee, in accordance with Japan's Companies Act, is comprised of three or more members, with the majority being Outside Directors. Full-time Audit and Supervisory Committee Members attend important internal meetings on a daily basis, where they gather information and work closely with the Independent Auditors and the Internal Audit Department, etc., to enhance the effectiveness of the committee's audit and supervisory functions.

Based on the audit policies and audit plan formulated every fiscal year, the Audit and Supervisory Committee examines Group companies' operations as well as the status of assets, in cooperation with corporate internal control-related departments. In addition, the committee regularly holds meetings with the Internal Audit Department (Office of Internal Audit) and the Independent Auditors to ensure close cooperation between them by mutually reporting audit plans and the status of implementation, etc. Furthermore, by examining the status of execution of duties by Board Members and Vice Presidents, etc., and the status of development and operation of the internal control system, the committee conducts audits concerning the legality and appropriateness of execution of duties by Board Members as well as the reasonableness of the Independent Auditors' audit approach and their results; and prepares audit reports.

A member of the Audit and Supervisory Committee is assigned to each of the voluntarily established advisory committees (Nomination Advisory Committee and Remuneration Advisory Committee) to participate in matters regarding the nomination, etc. of candidates for the Company's Board Members (excluding Board Members who are Audit and Supervisory Committee Members) and their remuneration, etc. In addition, after receiving reports from the respective secretariats, the Audit and Supervisory Committee confirms the structure and details of that deliberation and upon review, forms its opinions and expresses them at the General Meeting of Shareholders.

Inside Director　Outside Director

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- > Corporate Governance
- Discussion with Outside Directors

SECTION 05 Data

SECTION 04

MANAGEMENT FOUNDATION

The infrastructure that supports management

Discussion with Outside Directors

Four Outside Directors share candid insights on four topics concerning the Board of Directors: initiatives to enhance the Board's effectiveness; the activities of the Audit and Supervisory Committee, as well as the two advisory committees; management challenges on the path to achieving Vision 2030; and the role of Outside Directors.

The Board of Directors' effectiveness has increased significantly over the last few years, which I attribute to management's dedication and the Secretariat's committed efforts. The Board's agenda includes the Company's medium-term direction, risk management, human capital, and other topics essential to improving corporate value. We have engaged in meaningful discussions regarding the role of the Board of Directors and organizational design, informed by insights from the evaluation of the Board's effectiveness. In addition to Board meetings, discussions between Outside Directors and the President involve in-depth exchanges of ideas. On-site visits also provide excellent opportunities to gain insight into the realities of manufacturing (*monozukuri*) at Murata. The Outside Directors hold a profound respect and appreciation for Murata, fostering a strong sense of unity among the members of the Board of Directors. To begin, please share your thoughts on improving the Board of Directors' effectiveness.

Discussion Topic

01

Initiatives to enhance the Board of Directors' effectiveness



Yuko Yasuda
Outside Director
Nomination Advisory Committee Member
Remuneration Advisory Committee Member (Committee Chairperson)



Naoko Munakata
Outside Director
Audit and Supervisory Committee Member
Remuneration Advisory Committee Member

Improving the quality of discussions on key issues

With enhancements in the agility of Board meetings and comprehensive information-sharing with Outside Directors – such as through pre-meeting briefings and on-site visits – the Board can concentrate on priority topics, making meetings more effective. In the future, I hope to see an even greater improvement in the quality of discussions at Board meetings. In terms of risk management, there is a growing awareness of new risks arising from changes in the operating environment, coupled with a stronger mindset of perceiving risks as both threats and opportunities. I expect there to be deeper discussions around the impact of residual risk as well. Regarding human capital, we should further explore the ideal organizational and personnel structure needed to effectively implement our management strategy centered on our 3-layer portfolio. With intellectual capital, we need to develop a new and more robust intellectual property strategy to support our third-layer business, specifically focused on new business creation.



Takatoshi Yamamoto
Outside Director
Audit and Supervisory Committee Member
Nomination Advisory Committee Member

Defining the Board of Directors' ideal structure

Holding the Board of Directors meeting at a location other than the head office (at Kanazawa Murata Manufacturing, Ishikawa Prefecture) for the first time and having all Directors there was a great initiative. This experience not only deepened our understanding of the manufacturing front lines but also fostered a shift in mindset among the personnel at the facility. The advisory meetings held since 2022 have also been a valuable step toward better leveraging the views and experience of Outside Directors. Discussion on the Board's optimal structure provided a valuable opportunity to clarify and share previously unstated ideas, as well as to exchange expectations regarding organizational design, the role of Outside Directors, and the ideal format for Board discussions. This has laid the groundwork for further discussion. Nevertheless, I believe we should enhance our discussions about whether the Board of Directors is fully meeting the expectations of shareholders, investors, and other stakeholders.



Takashi Nishijima
Outside Director
Chairman of the Board of Directors
Nomination Advisory Committee Member (Committee Chairperson)
Remuneration Advisory Committee Member

Enhancing collaboration with the Management Committee

One key characteristic of Murata's governance is the ongoing application of the improvement cycle to enhance the effectiveness of the Board of Directors over time. Identifying the right discussion topics is crucial for fostering meaningful conversations on key priorities. Through strategies such as pre-meeting briefings, strengthening collaboration between the Chairman of the Board, senior management, and the Secretariat, enhancing the quality of material presented to the Board, and implementing additional initiatives, we have successfully clarified topics and consistently improved the overall quality of discussions. Nevertheless, the need to improve collaboration with the Management Committee is an ongoing issue. In today's fast-paced business landscape, the Company must swiftly identify issues that could impact operations and assess at the Board of Directors whether any strategic adjustments are necessary. While we have previously addressed the scope of authority delegation, this is an opportune time to reevaluate the division of responsibilities between the Management Committee and the Board of Directors. I also want to develop a more comprehensive understanding of the depth of discussions among top management and the extent of their engagement.

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- Corporate Governance
- > Discussion with Outside Directors

SECTION 05 Data

SECTION 04

MANAGEMENT FOUNDATION

The infrastructure that supports management

Discussion with Outside Directors

Regarding the Audit and Supervisory Committee, risk-based audits are essential for enhancing our understanding of the risks Murata faces.
I anticipate that the Company will create more opportunities for Outside Directors on the Audit and Supervisory Committee to visit worksites and receive direct briefings from relevant business or corporate departments during those respective meetings. As a newly appointed member of the Remuneration Advisory Committee, I plan to encourage more in-depth discussions about Murata's priorities and how to align our remuneration systems with the organizational capabilities we aim to develop as part of the management strategy. The Audit and Supervisory Committee receives reports on nominations and remuneration from the two advisory committees. What are some of the strengths of this cross-committee collaboration and the initiatives within each, and what aspects could be improved?

Discussion Topic

02

Activities of the Audit and Supervisory Committee and the two advisory committees

Naoko Munakata

Outside Director
Audit and Supervisory Committee Member
Remuneration Advisory Committee Member





Yuko Yasuda

Outside Director
Nomination Advisory Committee Member
Remuneration Advisory Committee Member (Committee Chairperson)

Ensuring transparency in joint committee meetings

The two advisory committees have been holding joint meetings since fiscal 2022. In these meetings, members of the committees have provided candid feedback regarding President evaluations with a high level of transparency. Beginning this fiscal year, a new generation of Directors has been appointed to the Board, and succession planning has been moving in a very positive direction. However, with the environment undergoing drastic change and the fact that there are fewer opportunities for candidates to harness the successes Murata earned in the past, we must continue to evaluate how the Company should develop the next generation. In the Remuneration Advisory Committee it is crucial to strive for a system that aligns with Murata's values and reflects our fundamental approach of aligning interests with those of our stakeholders. Additionally, an important focus going forward is finding ways to integrate incentives into the system that will drive medium- to long-term value creation.



Takatoshi Yamamoto

Outside Director
Audit and Supervisory Committee Member
Nomination Advisory Committee Member

Evaluating the ideal composition for the Audit and Supervisory Committee

Having Chairman Takashi Nishijima take on the role of chair for the Nomination Advisory Committee is a positive development, as it means that Outside Directors now lead both advisory committees in addition to the Board of Directors. In the Nomination Advisory Committee's activities, developing a structured pool of Director candidates and potential management leaders was an excellent step. The Audit and Supervisory Committee should continue to engage in discussions around improving committee effectiveness. In 2016, Murata changed the organizational design of the Audit and Supervisory Committee. At that time, what sort of role was expected of the committee in the context of Company-wide governance? We should revisit the original principles and reflect on the role that shareholders and other stakeholders expect from us. From this foundation, we can explore a future vision for the Company and determine how the organization should be operated and managed. We should also keep the conversation going about the best way to coordinate with internal auditing departments.



Takashi Nishijima

Outside Director
Chairman of the Board of Directors
Nomination Advisory Committee Member (Committee Chairperson)
Remuneration Advisory Committee Member

Systematizing Board succession

Both the Nomination Advisory Committee and the Remuneration Advisory Committee allocate sufficient time for engaging, meaningful, and in-depth discussions.
I believe that the processes for evaluating both nominations and remuneration are highly transparent and objective, significantly contributing to improved governance effectiveness. The Nomination Advisory Committee is comprised of three Outside Directors and one Inside Director, with me serving as chair. With regard to Board succession, we should remain flexible in considering the Board's optimal composition given Murata's current business environment and refine our talent pool as needed. On the topic of succession planning for the role of President, I believe that initiatives aimed at developing candidates for management leadership will lead to positive outcomes.
As one possible approach, the various committees and the Board should work together to share information on the status of development programs and involve Outside Directions in this process.

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- Corporate Governance
- > Discussion with Outside Directors

SECTION 05 Data

SECTION 04

MANAGEMENT FOUNDATION

The infrastructure that supports management

Discussion with Outside Directors

In light of the forecast that Murata may not meet the economic value targets outlined in Medium-Term Direction 2024, discussions are currently underway to develop the next medium-term direction. Meanwhile, stakeholders are demanding more specific measures regarding our strategy for achieving Vision 2030, including our approach for global markets, how we plan to secure a greater competitive edge, and how we will establish a continuous cycle of social and economic value. We must first reaffirm the spirit of the Murata Philosophy and our meaning of "Innovator in Electronics" as we identify and address the issues left unresolved by Medium-Term Direction 2024. We also need to strengthen our portfolio and leverage digital transformation (DX) along with efficient capital allocation to achieve ROIC that exceeds our cost of capital. Moreover, we must consider the rapid technological progress in fields such as generative AI, semiconductors, and electric vehicles as business opportunities and capture them to drive our growth. What issues do you think are key to Murata's medium- to long-term growth?

Discussion Topic

03

Management challenges to achieving Vision 2030

Takatoshi Yamamoto
Outside Director
Audit and Supervisory Committee Member
Nomination Advisory Committee Member





Takashi Nishijima
Outside Director
Chairman of the Board of Directors
Nomination Advisory Committee Member (Committee Chairperson)
Remuneration Advisory Committee Member

Company-wide strategic backcasting

Murata's business environment is evolving much faster than anticipated. As a result, we need to create a framework that allows for effective change management. The goals outlined in Vision 2030 are not mere extensions of Murata's current business model. Achieving them will require a holistic approach rather than isolated initiatives centered on individual business growth strategies. We need to first envision the future landscape of Murata's businesses as a whole and then work backward to develop a comprehensive company strategy. Our role as members of the Board of Directors is to closely monitor the progress of discussions among those responsible for business execution and support a bold risk appetite that drives innovation. Looking back at its history, Murata has thrived by continually transforming itself. While honoring the valued Murata Philosophy as the steadfast foundation, the Company should be selective in pursuing businesses without relying on past successes, focusing instead on creating distinctive new products and services.



Naoko Munakata
Outside Director
Audit and Supervisory Committee Member
Remuneration Advisory Committee Member

Bolstering organizational capabilities for innovation

In the past, discussions about improving portfolio management were founded on the assumption that Murata's core businesses would remain rock solid. However, given the potential impact of such factors as other countries' policies on the profitability of the first layer, we must engage in discussions that thoroughly assess these factors and take into account the timeline needed to achieve the optimal portfolio mix. When it comes to innovation strategy, the Company must distinguish between the first and second layers, where the focus is on developing breakthrough technologies, and the third layer, where the emphasis is on creating new business models. Having made that distinction, it should deepen discussions about essential organizational capability needs related to human and intellectual capital. As we begin to develop the next medium-term direction, Murata should take this opportunity to identify and discuss the current gaps between its current position and its desired future state. This will enable us to develop a strategy by working backward from that vision, which can then be communicated to stakeholders in a clear and straightforward manner.



Yuko Yasuda
Outside Director
Nomination Advisory Committee Member
Remuneration Advisory Committee Member (Committee Chairperson)

Measures to further enhance human capital

Some issues that we face regarding business models include how to cultivate opportunities in our "challenge fields" of environment and wellness, as well as how to strengthen unprofitable areas like the battery business. Furthermore, progress on strategic investments under the capital allocation plan has been slow, reflecting our overly cautious approach, when we should be actively pursuing bold transformation. I consider this to be a major issue. Meanwhile, with regard to human capital, the Company has implemented a variety of measures and is seeing results such as an increase among eligible male employees taking childcare leave, along with various actions that support health and productivity management. However, this is only the starting point for linking initiatives to generating innovation. Perhaps we need to implement more impactful measures. With regard to developing female leaders, I hope we will take bold actions to promote the many talented women on the front lines to roles where they can achieve major personal growth.

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- Corporate Governance
- > Discussion with Outside Directors

SECTION 05 Data

SECTION 04

MANAGEMENT FOUNDATION

The infrastructure that supports management

Discussion with Outside Directors

I have served as Chairman of the Board since June 2024. I am fully committed to fulfilling the responsibilities that lie ahead. I am working closely with the Secretariat to ensure there are ample opportunities for clear communication between Outside Directors and Inside Directors, both during and outside of Board of Directors meetings. During my tenure, the Board of Directors will be a platform where Inside Directors and Outside Directors can engage in meaningful discussion. With their extensive expertise, I anticipate that the Outside Directors will challenge Inside Directors by posing insightful questions from perspectives that may not be fully represented within the Company. Additionally, by sharing the enthusiasm that we have as Outside Directors, I hope to inspire similar excitement in top management. It is important for all Directors to maintain a healthy tension about whether the status quo is truly adequate and to engage in discussions with the appropriate sense of urgency. What are your thoughts on the role that Outside Directors should play at the Company?

Discussion Topic

04

The role of Outside Directors

Takashi Nishijima

Outside Director
Chairman of the Board of Directors
Nomination Advisory Committee Member (Committee Chairperson)
Remuneration Advisory Committee Member





Yuko Yasuda

Outside Director
Nomination Advisory Committee Member
Remuneration Advisory Committee Member (Committee Chairperson)

Ensuring the ongoing quality of the Board of Directors

Takashi Nishijima's appointment as Chairman of the Board marks a major step forward in governance reforms. The appointment of an Outside Director reflects the strong governance foundation that Murata has established and serves as an indicator of improved transparency and objectivity toward stakeholders. Chairman Nishijima has earned a high level of trust from the Directors, and I want each of them to show passion as they contribute to enhancing the quality of discussion. As an Outside Director, I want to focus on my areas of expertise: improving the design of the nomination and remuneration systems and improving the quality of discussion around these topics. With regard to nominations, as the Board of Directors transitions to the next generation, it is essential for Outside Directors to ensure that the quality of both the Board and top management is upheld.



Takatoshi Yamamoto

Outside Director
Audit and Supervisory Committee Member
Nomination Advisory Committee Member

Improving our ability to communicate with the capital markets

Coming from a background as a securities analyst, I would like to enhance Murata's medium-term corporate value by explaining how the capital markets view the Company, as well as the gaps between that perception and Murata's own assessment. Additionally, by providing counsel aimed at improving transparency, fairness, and timely information disclosure at Murata, I hope to strengthen the Company's capacity to communicate with the capital markets. On topics such as business viability evaluations, portfolio reforms, M&As, and cost structures, I will ask fundamental questions aimed at ensuring that core assumptions are sound. I believe that such interactions will foster a healthy sense of tension between the executive team and Outside Directors, as well as strengthen risk management. I would like Chairman Nishijima to maintain a balance between monitoring and advising, while fostering active discussions between Inside and Outside Directors.



Naoko Munakata

Outside Director
Audit and Supervisory Committee Member
Remuneration Advisory Committee Member

Turning economic security risks into business opportunities

I worked on trade and industrial policy in a government position for many years. In light of growing demands for companies to bolster economic security, I seek to enhance corporate value by viewing this not only as a threat but also as a business opportunity. Capitalizing on it will require advanced risk management.
By identifying and visualizing various risks, I will support top management in embracing a bold risk appetite to expand the available business opportunities. With his experience as chairman at another company, the appointment of Takashi Nishijima as Chairman of the Board is a groundbreaking move in enhancing the effectiveness of the Board of Directors.
I anticipate that he will serve as a bridge, helping the business execution team understand and integrate the insights of Outside Directors into Murata's operations. In so doing, I expect him to help articulate and clarify issues that may be implicitly assumed by the execution team. As Outside Directors, we are fully committed to supporting Murata, in achieving its goal of becoming the Global No. 1 Component & Module Supplier.

INTRODUCTION Publishing the *Murata Value Report*

SECTION 01 What we have accumulated

SECTION 02 Message from the President

SECTION 03 Into the future

SECTION 04 The infrastructure that supports management

- Strengthening Murata's Response to Climate Change (TCFD)
- Use of Sustainable Resources
- Coexistence with Local Communities
- Respect for Human Rights
- Promoting CSR Procurement
- Risk Management
- Executives
- Message from the Chairman of the Board
- Corporate Governance
- > Discussion with Outside Directors

SECTION 05 Data

SECTION

05

DATA

Murata in numbers

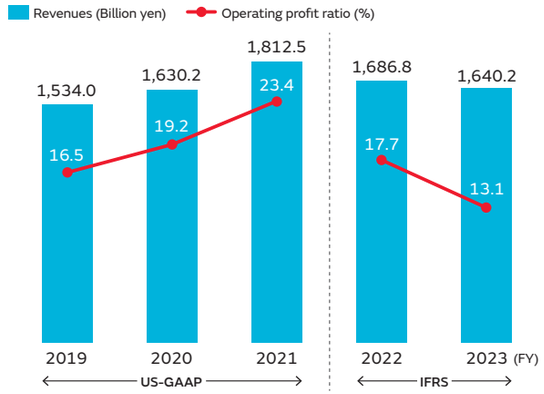


INTRODUCTION	Publishing the *Murata Value Report*
SECTION 01	What we have accumulated
SECTION 02	Message from the President
SECTION 03	Into the future
SECTION 04	The infrastructure that supports management
SECTION 05	> Data

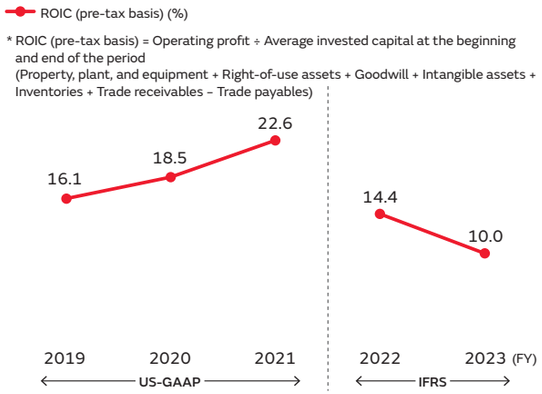
SECTION 05 DATA
Murata in numbers

Financial Data Highlights

Revenues / Operating profit ratio

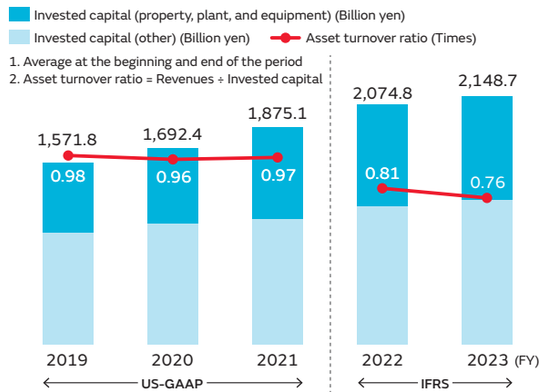


ROIC (pre-tax basis)*



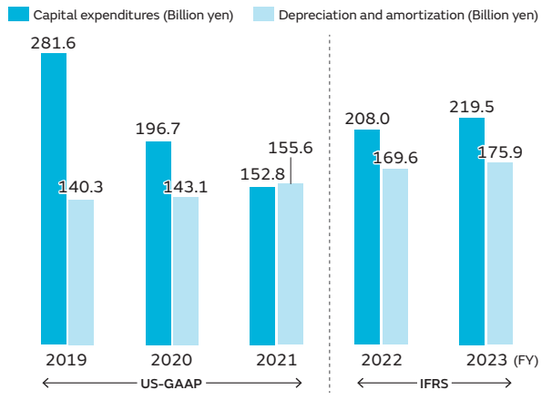
* ROIC (pre-tax basis) = Operating profit ÷ Average invested capital at the beginning and end of the period
(Property, plant, and equipment + Right-of-use assets + Goodwill + Intangible assets + Inventories + Trade receivables − Trade payables)

Invested capital[1] / Asset turnover ratio[2]

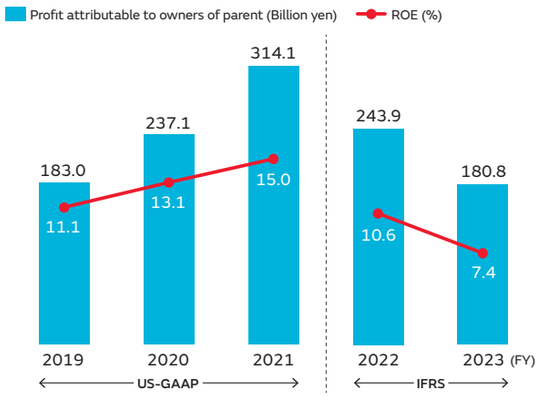


1. Average at the beginning and end of the period
2. Asset turnover ratio = Revenues ÷ Invested capital

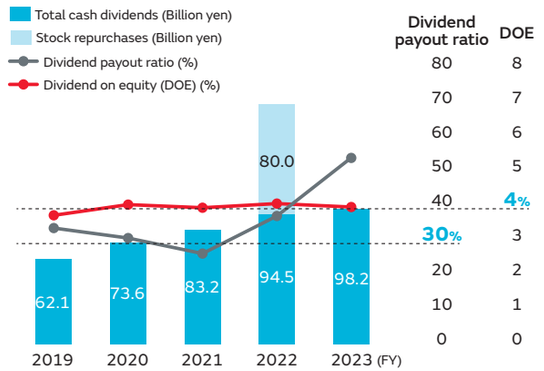
Capital expenditures / Depreciation and amortization



Profit attributable to owners of parent / ROE



Shareholder returns



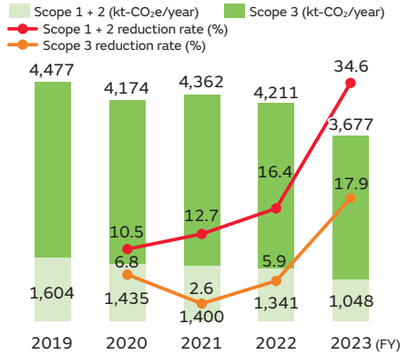
In fiscal 2023, we adopted the International Financial Reporting Standards (IFRS) to replace the previously used US-GAAP. Accordingly, items are presented in accordance with IFRS. For comparison purposes, figures for fiscal 2022 have been restated to conform with IFRS.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
> Financial Data Highlights
ESG Data Highlights
11-Year Consolidated Financial Summary
ESG Data
External Evaluations
Stock and Company Information

SECTION 05 DATA
Murata in numbers

ESG Data Highlights

Amount of GHG emissions / Emissions reduction rate vs. fiscal 2019



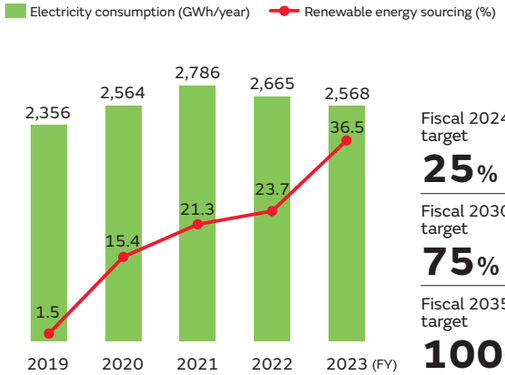
Fiscal 2024 target
Scope 1 + 2:
20% reduction

Fiscal 2030 target
Scope 1 + 2:
46% reduction
Scope 3:
27.5% reduction

Fiscal 2040 target
Scope 1 + 2:
Carbon neutral

Fiscal 2050 target
Scope 1 + 2 + 3:
Carbon neutral

Electricity consumption / Renewable energy sourcing

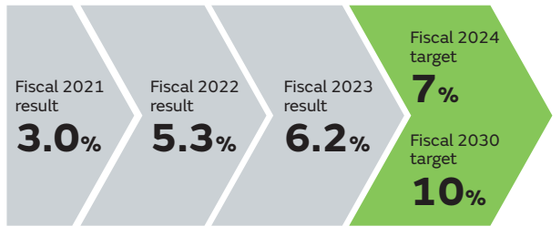


Fiscal 2024 target
25%

Fiscal 2030 target
75%

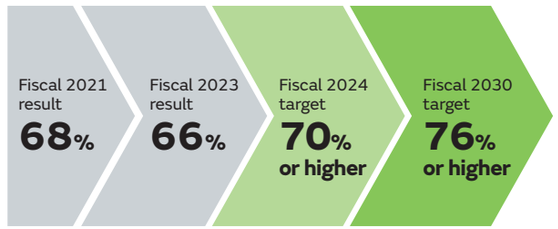
Fiscal 2035 target
100%

Percentage of overseas employees in administrative departments* with experience working at other sites



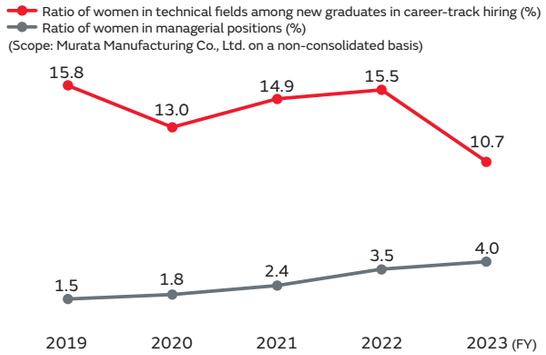
* Applies to overseas local staff, excluding those transferred from Japan to overseas.

Positive employee engagement response rate

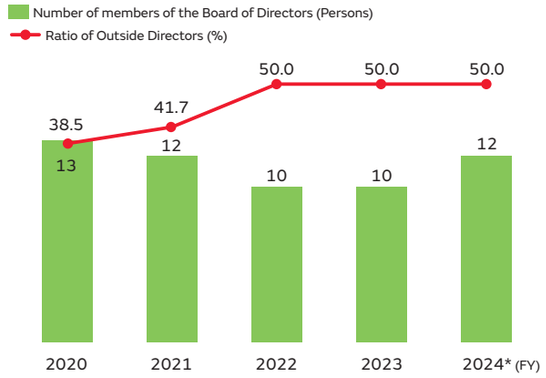


Note: The survey was not implemented in fiscal 2022.

Ratio of women in technical fields among new graduates in career-track hiring / Ratio of women in managerial positions



Number of members of the Board of Directors / Ratio of Outside Directors



* As of June 30, 2024

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
Financial Data Highlights
> ESG Data Highlights
11-Year Consolidated Financial Summary
ESG Data
External Evaluations
Stock and Company Information

SECTION 05 DATA
Murata in numbers

11-Year Consolidated Financial Summary

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	← US-GAAP										IFRS →
Operating results											
Revenues (Millions of yen)	846,716	1,043,542	1,210,841	1,135,524	1,371,842	1,575,026	1,534,045	1,630,193	1,812,521	1,686,796	1,640,158
Operating profit (Millions of yen)	125,891	214,535	275,406	201,215	163,254	266,807	253,247	313,240	424,060	298,231	215,447
Operating profit ratio (%)	14.9	20.6	22.7	17.7	11.8	16.9	16.5	19.2	23.4	17.7	13.1
Profit before tax (Millions of yen)	132,336	238,400	279,173	200,418	167,801	267,316	254,032	316,417	432,702	302,683	239,404
Profit attributable to owners of parent (Millions of yen)	93,191	167,711	203,776	156,060	146,086	206,930	183,012	237,057	314,124	243,946	180,838
Equity attributable to owners of parent (Millions of yen)	955,760	1,123,090	1,229,159	1,354,819	1,456,600	1,603,976	1,694,104	1,920,805	2,263,596	2,359,985	2,556,147
Total assets (Millions of yen)	1,243,687	1,431,303	1,517,784	1,634,999	1,797,013	2,048,893	2,250,230	2,462,261	2,809,171	2,858,303	3,037,895
Net cash provided by operating activities (Millions of yen)	185,751	259,936	252,451	243,920	225,249	279,842	350,334	373,571	421,458	277,641	489,637
Net cash used in investing activities (Millions of yen)	(117,150)	(91,379)	(205,316)	(202,697)	(194,165)	(303,741)	(284,431)	(150,275)	(212,300)	(151,416)	(201,571)
Net cash provided by (used in) financing activities (Millions of yen)	(40,899)	(66,966)	(56,614)	(11,729)	(83,585)	51,546	17,650	(118,189)	(117,505)	(182,271)	(165,321)
Cash and cash equivalents at end of year (Millions of yen)	118,884	212,936	212,570	239,184	187,910	217,805	302,320	407,699	512,072	469,406	622,007
Average exchange rate (Yen/U.S. dollar)	100.24	109.94	120.14	108.42	110.86	110.91	108.75	106.06	112.38	135.48	144.62
Indices											
ROIC (pre-tax basis)* (%)	18.1	26.8	30.9	21.2	14.4	18.9	16.1	18.5	22.6	14.4	10.0
Ratio of equity attributable to owners of parent (%)	76.8	78.5	81.0	82.9	81.1	78.3	75.3	78.0	80.6	82.6	84.1
Basic earnings per share (Yen)	48.96	88.02	106.95	81.54	76.21	107.82	95.35	123.50	163.65	128.64	95.72
Return on equity (ROE) (%)	10.3	16.1	17.3	12.1	10.4	13.5	11.1	13.1	15.0	10.6	7.4
Equity attributable to owners of parent per share (Yen)	501.61	589.44	645.12	707.61	758.94	835.70	882.63	1,000.71	1,179.27	1,249.22	1,353.01
Cash dividends per share (Yen)	14.33	20.00	23.33	24.33	29.00	31.00	32.33	38.33	43.33	50.00	52.00
Capital expenditures (Millions of yen)	68,197	101,184	172,540	158,579	306,608	291,581	281,599	196,660	152,786	207,985	219,531
Depreciation and amortization (Millions of yen)	76,884	84,935	99,105	113,523	141,625	124,419	140,267	143,074	155,583	169,618	175,873
Research and development expenses (Millions of yen)	54,649	64,990	77,982	81,809	94,181	101,589	102,486	101,727	111,297	124,660	132,502

The Company implemented a three-for-one common stock split, effective April 1, 2019, followed by another three-for-one common stock split, effective October 1, 2023. Information per share has been calculated as if the stock splits had taken place at the beginning of fiscal 2013.
In fiscal 2023, we adopted the International Financial Reporting Standards (IFRS) to replace the previously used US-GAAP. Accordingly, items are presented in accordance with IFRS. For comparison purposes, figures for fiscal 2022 have been restated to conform with IFRS.
* ROIC (pre-tax basis) = Operating profit / Average invested capital at the beginning and end of the period (Property, plant, and equipment + Right-of-use assets + Goodwill + Intangible assets + Inventories + Trade receivables − Trade payables)

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
- Financial Data Highlights
- ESG Data Highlights
- > 11-Year Consolidated Financial Summary
- ESG Data
- External Evaluations
- Stock and Company Information

SECTION 05 DATA
Murata in numbers

ESG Data

			Unit	FY2019	FY2020	FY2021	FY2022	FY2023	Reporting scope
Environment	GHG emissions[1]	GHG Scope 1 + 2 + 3 emissions[2]	t-CO_2e	6,081,000	5,609,000	5,762,000	5,552,000	4,725,000	Consolidated
		Scope 1	t-CO_2e	293,000	278,000	260,000	264,000	195,000	Consolidated
		Scope 2[3]	t-CO_2	1,311,000	1,157,000	1,140,000	1,077,000	853,000	Consolidated
		Scope 1 + 2	t-CO_2e	1,604,000	1,435,000	1,400,000	1,341,000	1,048,000	Consolidated
		Scope 3	t-CO_2	4,477,000	4,174,000	4,362,000	4,211,000	3,677,000	Consolidated
		Purchased goods and services	t-CO_2	2,481,000	2,292,000	2,530,000	2,514,000	2,148,000	Consolidated
		Capital goods	t-CO_2	825,000	678,000	519,000	717,000	597,000	Consolidated
		Fuel- and energy-related activities not included in Scope 1 or Scope 2	t-CO_2	38,000	219,000	229,000	243,000	227,000	Consolidated
		Upstream transportation and distribution	t-CO_2	347,000	273,000	382,000	256,000	221,000	Consolidated
		Waste generated in operations	t-CO_2	20,000	48,000	22,000	37,000	32,000	Consolidated
		Business travel	t-CO_2	20,000	11,000	20,000	6,000	13,000	Consolidated
		Employee commuting	t-CO_2	35,000	35,000	36,000	34,000	34,000	Consolidated
		Upstream leased assets	t-CO_2	400	400	500	700	700	Consolidated
		Processing of sold products	t-CO_2	148,000	64,000	77,000	66,000	56,000	Consolidated
		Use of sold products	t-CO_2	546,000	498,000	523,000	314,000	306,000	Consolidated
		End-of-life treatment of sold products	t-CO_2	7,000	8,000	9,000	7,000	7,000	Consolidated
		Investments	t-CO_2	10,000	49,000	14,000	17,000	35,000	Consolidated
		Percentage of GHG emissions by region: Japan	%	66	77	75	73	71	Consolidated
		Percentage of GHG emissions by region: China	%	21	9	17	16	19	Consolidated
		Percentage of GHG emissions by region: Rest of Asia	%	12	13	7	10	9	Consolidated
		Percentage of GHG emissions by region: Europe	%	1	1	1	1	2	Consolidated
		Total energy consumption[4]	TWh	7.81	8.07	8.65	7.39	6.92	Consolidated
		Non-renewable fuel consumption (fossil fuel, coal, oil, natural gas, etc.) (A)	MWh	916,000	985,000	867,000	794,000	722,000	Consolidated
		Non-renewable energy consumption (steam, heat, cooling) (B)	MWh	164,000	208,000	248,000	239,000	263,000	Consolidated
		Non-renewable electricity consumption (C)	MWh	2,321,000	2,168,000	2,194,000	2,033,000	1,630,000	Consolidated
		Total consumption of non-renewable energy (A+B+C)	MWh	3,401,000	3,361,000	3,309,000	3,065,000	2,615,000	Consolidated
		Renewable electricity consumption (wind, solar, biomass, hydraulic, geothermal, etc.) (D)	MWh	35,000	396,000	593,000	632,000	938,000	Consolidated
		Total electricity consumption (C+D)	MWh	2,356,000	2,564,000	2,786,000	2,665,000	2,568,000	Consolidated
		Renewable energy ratio (D÷(C+D))	%	1.5	15.4	21.3	23.7	36.5	Consolidated
	Chemical substance management	Volatile organic compounds (VOCs) subject to reduction initiatives aimed at fiscal 2030 targets							
		Volume of use	t			44,000	39,100	35,600	Consolidated
		Volume of discharge	t			1,910	1,690	1,310	Consolidated
		20 specified VOCs for which measures have been taken to reduce their volume of discharge since 2000							
		Volume of use	t	23,100	27,200	32,400	27,700	22,400	Consolidated (domestic)
		Volume of discharge	t	1,240	1,150	1,320	1,000	830	Consolidated (domestic)
	Waste management	Total emissions volume	t	108,000	105,000	102,000	86,000	71,000	Consolidated
		Recycled volume[5]	t	104,000	102,100	98,200	84,000	70,000	Consolidated

			Unit	FY2019	FY2020	FY2021	FY2022	FY2023	Reporting scope
Environment	Waste management	Recycling rate[6]	%	95	98	96	97	99	Consolidated
		Hazardous waste volume[7]	t	52,000	43,000	33,000	27,000	24,000	Consolidated
	Water resource management	Water intake volume	1,000 m^3	18,500	17,900	18,400	17,100	16,800	Consolidated
		Wastewater discharge	1,000 m^3	14,800	15,600	15,300	13,600	13,600	Consolidated
		Volume consumed[8]	1,000 m^3	3,600	2,300	3,000	3,400	3,200	Consolidated
		Recycled volume	1,000 m^3	4,500	4,900	4,900	4,100	4,400	Consolidated
		Recycling rate[9]	%	20	21	21	19	21	Consolidated
	Environmental violations	Number of violations (10,000 USD or above)	cases	0	0	0	0	0	Consolidated
		Serious environmental incidents[10]	cases	1	0	3	4	4	Consolidated
	Related to environmental accounting	Environmental and energy investments	million yen	4,000	1,900	1,800	3,800	5,500	Consolidated (domestic)
		Environmental and energy business expenditures	million yen	6,100	7,200	8,600	9,500	6,400	Consolidated (domestic)
		Economic effects per year due to environmental burden reductions	million yen	650	430	1,110	3,150	3,086	Consolidated
	ISO 14001 acquisition	Certification rate (of headquarters and production sites)	%	95	96	100	100	100	Consolidated

1. This data is based on the SBT standards, and covers 95% or more of the Murata Group.
2. Amounts less than the specified unit are rounded off, so the breakdown and total may not match.
3. Scope 2 CO_2 calculation method
   Until fiscal 2018: Location basis (Calculated using the average CO_2 emissions coefficient of the electricity networks of the relevant region)
   From fiscal 2019: Market basis (Calculated using the CO_2 emissions coefficient of each electricity contract)
   Calculation via the market basis has a higher level of accuracy, and has become the mainstream method in recent years; accordingly, we have switched to this calculation method.
4. The total volume of energy consumed is the total amount of purchased power converted into primary energy, and is different from the total of the values in the table.
5. Disposal by landfill is excluded.
6. Amounts less than the specified unit are rounded off, so the breakdown and total may not match for the total emissions volume and recycled volume.
7. Waste as defined by the laws of each country. In Japan, it refers to specially controlled industrial waste.
8. Calculated by deducting wastewater discharge from water intake volume.
9. Calculated by dividing recycled volume by the sum of recycled volume and water intake volume.
10. This refers to incidents involving the runoff of chemical substances to offsite areas that exceed the regulatory values specified under environmental laws or cause concern among local residents. (As part of Murata's commitment to pollution prevention, we list incidents even if the level did not necessitate administrative actions or guidance by regulatory bodies.)

			Unit	FY2019	FY2020	FY2021	FY2022	FY2023	Reporting scope
Society	Composition of employees	Number of employees	Persons	74,109	75,184	77,581	73,164	73,165	Consolidated
		Japan	Persons	31,258	31,775	32,291	33,178	33,908	Consolidated
		Overseas	Persons	42,851	43,409	45,290	39,986	39,257	Consolidated
		Ratio of women among all employees	%	47.6	47.8	47.4	45.2	44.3	Consolidated
		Average number of years continuously employed	Years	14.9	14.7	14.3	14.1	13.9	Non-consolidated
		Average age	Age	41.0	40.1	40.1	40.1	39.9	Non-consolidated
		Ratio of employees with disabilities	%	2.32	2.33	2.37	2.38	2.47	Non-consolidated
	Composition of management	Number of management staff[1]	Persons	-	-	-	1,805	1,828	Consolidated
		Ratio of women	%	-	-	-	4.5	4.9	Consolidated

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
Financial Data Highlights
ESG Data Highlights
11-Year Consolidated Financial Summary
> ESG Data
External Evaluations
Stock and Company Information

SECTION 05 DATA
Murata in numbers

ESG Data

			Unit	FY2019	FY2020	FY2021	FY2022	FY2023	Reporting scope
Society	Composition of management	Number of management staff[1]	Persons	656	712	749	800	831	Non-consolidated
		Ratio of women	%	1.5	1.8	2.4	3.5	4.0	Non-consolidated
	Hires	Number of recent graduate hires[2]	Persons	1,034	1,001	915	938	1,072	Consolidated (domestic)
		Ratio of women	%	29.7	31.5	32.8	34.0	29.4	Consolidated (domestic)
		Number of mid-career hires[3]	Persons	514	309	517	628	465	Consolidated (domestic)
		Ratio of women	%	15.6	18.1	19.9	24.5	34.4	Consolidated (domestic)
		Ratio of mid-career hires	%	33.2	23.6	36.1	40.1	30.3	Consolidated (domestic)
	Turnover rate	Voluntary turnover rate[4]	%	1.3	1.5	1.5	1.8	1.8	Consolidated (domestic)
	Development	General employee education (number of e-learning registrants)	Persons	32,962	33,975	35,116	37,648	37,584	Consolidated (domestic)
		Training results by class	Persons	5,245	4,590	6,690	10,794	11,547	Consolidated (domestic)
		Employee education expenses	Million yen	1,463	1,012	1,363	1,740	1,963	Consolidated (domestic)
		Percentage of overseas employees in administrative departments with experience working at other sites	%	-	-	3.0	5.3	6.2	Consolidated
	Workstyles	Paid leave utilization rate[5]	%	73.3	74.4	67.1	71.1	76.1	Non-consolidated
		Total hours worked	Hours	157.7	159.5	158.7	156.2	156.6	Non-consolidated
		Average overtime hours	Hours	15.3	15.3	17.4	15.6	15.2	Non-consolidated
		Rate of taking childcare leave (male)[6]	%	6.0	8.0	18.0	32.0	50.0	Non-consolidated
		Rate of taking childcare leave (female)[7]	%	100.0	100.0	100.0	106.0	98.0	Non-consolidated
	Gender wage ratio	All employees	%	-	-	-	62.8	63.8	Non-consolidated
		Full-time employees	%	-	-	-	62.0	62.9	Non-consolidated
		Part-time and fixed-term employees	%	-	-	-	64.9	68.9	Non-consolidated
	Work safety and hygiene	Lost Time Injury Frequency Rate (LTIFR)[8]	-	0.42	0.30	0.35	0.37	0.37	Consolidated
		Number of serious incidents[9]	Cases	0	0	0	0	0	Consolidated
		Number of industrial accidents resulting in lost workdays	Cases	58	48	56	58	54	Consolidated
		Industrial accident rate per 1,000 workers[10] — All employees	-	2.12	1.56	1.70	1.44	1.28	Consolidated
		Industrial accident rate per 1,000 workers[10] — Full-time employees, temporary employees	-	2.06	1.31	1.59	1.35	1.21	Consolidated
		Industrial accident rate per 1,000 workers[10] — Contract employees	-	2.87	4.22	2.85	2.71	2.36	Consolidated
		ISO 45001 certification rate (of headquarters and production sites)	%	64	82	82	83	90	Consolidated
		Number of in-house industrial doctors	Persons	15	15	16	16	15	Consolidated (domestic)

1. Includes expert managerial positions from fiscal 2020.
2. Recalculated from fiscal 2016; includes global and other hires in the number of recent graduate hires.
3. Recalculated from fiscal 2016 due to revision of the definition.
4. The definition was revised in fiscal 2022.
5. The calculation period was revised in fiscal 2022.
6. Number of male employees who took childcare leave, etc. during the period / Number of male employees whose spouse gave birth during the period
7. Number of female employees who took childcare leave, etc. during the period / Number of female employees who gave birth during the period
8. The number of injuries and fatalities per million cumulative hours worked. Represents the frequency of accidents.
9. Represents the number of serious industrial accidents that led to death or after-effects.
10. Represents the ratio of the number of injuries and fatalities that occurred per 1,000 workers in a one-year period. At Murata, this rate is managed per 1,000 workers including both accidents that require time off from work and those that do not.

			Unit	As of June 27, 2024
Governance	Composition of the Board of Directors	Number of members	Persons	12
		Outside Directors	Persons	6
		Outside Directors designated as Independent Directors	Persons	6
		Female Directors	Persons	2
	Composition of Audit and Supervisory Committee	Number of members	Persons	4
		Outside Directors	Persons	3
	Composition of Nomination Advisory Committee	Committee chairperson	-	Outside Director
		Number of members	Persons	4
		Outside Directors	Persons	3
	Composition of Remuneration Advisory Committee	Committee chairperson	-	Outside Director
		Number of members	Persons	4
		Outside Directors	Persons	3
			Unit	FY2023
	Number of meetings, etc.	Number of meetings of the Board of Directors	Times	12
		Board of Directors meeting attendance rate	%	99.2
		Board of Directors meeting attendance rate for Outside Directors	%	100.0
		Number of meetings of the Audit and Supervisory Committee	Times	10
		Audit and Supervisory Committee meeting attendance rate	%	100.0
		Number of meetings of the Nomination Advisory Committee*	Times	9
		Nomination Advisory Committee meeting attendance rate	%	100.0
		Number of meetings of the Remuneration Advisory Committee*	Times	14
		Remuneration Advisory Committee meeting attendance rate	%	100.0

* The number of meetings of the Nomination Advisory Committee and the Remuneration Advisory Committee in fiscal 2023 each includes the four joint meetings of the two committees.

CSR-related policy list

CSR Charter; Corporate Ethics Policy and Code of Conduct; Human Rights and Labor Policies; EHS Disaster Prevention Policy; Procurement Policy; Quality Policy; Disclosure Policy; Basic Policy for Activities to Contribute to Society and Local Communities; Basic Policy for Prevention of Cartels and Bribery; Global Tax Policy

For other data, please see:
ESG data collection
GRI Standards reference table
SASB reference table

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
Financial Data Highlights
ESG Data Highlights
11-Year Consolidated Financial Summary
> ESG Data
External Evaluations
Stock and Company Information

SECTION 05 DATA
Murata in numbers

External Evaluations

Inclusion under ESG indices

- Included in the MSCI Japan ESG Select Leaders Index since fiscal 2017
- Included in the MSCI Nihonkabu ESG Select Leaders Index since fiscal 2024
- Included in the MSCI Japan Empowering Women Index (WIN) since fiscal 2020
- Included in the FTSE4Good Index Series since fiscal 2019
- Included in the FTSE Blossom Japan Index since fiscal 2019
- Included in the FTSE Blossom Japan Sector Relative Index since fiscal 2022
- Included in the S&P/JPX Carbon Efficient Index since fiscal 2018
- Included in the Morningstar Japan ex-REIT Gender Diversity Tilt Index since fiscal 2023
- Included in the iSTOXX MUTB Japan Platinum Career 150 Index since fiscal 2023

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF Murata Manufacturing Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Murata Manufacturing Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

THE INCLUSION OF Murata Manufacturing Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Murata Manufacturing Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Murata Manufacturing Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Murata Manufacturing Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

FTSE4Good

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

STOXX Indices by Qontigo Member 2023/2024 Platinum Career Index

Evaluation concerning sustainability from external sources

- Awarded the Gold Medal in the EcoVadis sustainability assessment in fiscal 2023 for the second consecutive year
- Included in the A list in the CDP's Climate Change in fiscal 2023 for the second time
- Selected for the Supplier Engagement Leaderboard since fiscal 2020, a title awarded to the highest-rated companies in CDP's Supplier Engagement Rating
- Selected under the Health & Productivity Management Outstanding Organizations Recognition program, White 500 since fiscal 2017
- Rated as a low-risk company in Sustainalytics ESG Risk Ratings

GOLD 2023 ecovadis Sustainability Rating

Rated SUSTAINALYTICS

2024 健康経営優良法人 Health and productivity ホワイト500

CDP A LIST 2023 CLIMATE

CDP SUPPLIER ENGAGEMENT LEADER 2023

Other major external awards

- Awarded the Grand Prix S Award at the 3rd Annual Nikkei Integrated Report Awards
- Awarded the Best IR Award in the Japan Investor Relations Association 2023 IR Award
- Awarded a 5-star rating (highest ranking) in the 7th NIKKEI Smart Work Management Survey
- Selected as a Clarivate Top 100 Global Innovator 2024 for the third consecutive year
- Awarded the IEEE Milestone Award for contributions to the development of industry with the commercialization of multilayer ceramic capacitors with nickel electrodes (Ni-MLCCs)
- Awarded the 70th Okochi Memorial Prize for significant contributions to academic advancements and the development of industry with the development and mass production of dielectric material used in thin-layer and high-capacity multilayer ceramic capacitors for the communications and automotive markets

NIKKEI 日経統合報告書アワード Integrated Report Award

NIKKEI Smart Work ★★★★★ 2024 Best 22

2023 IR Prime Business Award 優良企業賞 member of Japan Investor Relations Association

Top 100 Global Innovator 2024 Clarivate

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
- Financial Data Highlights
- ESG Data Highlights
- 11-Year Consolidated Financial Summary
- ESG Data
- > External Evaluations
- Stock and Company Information

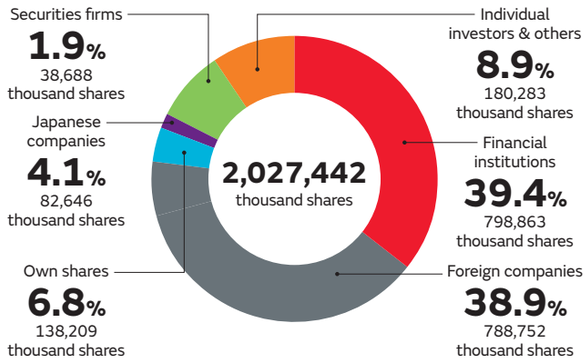
SECTION 05 DATA
Murata in numbers

Stock and Company Information (As of March 31, 2024)

Company overview

Trade name	Murata Manufacturing Co., Ltd.
Date of incorporation	December 23, 1950 (established in October 1944)
Common stock	69,444 million yen
Location	10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto 617-8555, Japan
Subsidiaries in Japan	30 companies
Subsidiaries outside of Japan	54 companies
Stock exchange listing	Tokyo Stock Exchange Prime Market Singapore Exchange
Number of shares outstanding	2,027,442 thousand shares
Number of shareholders	136,242 persons

Ownership breakdown

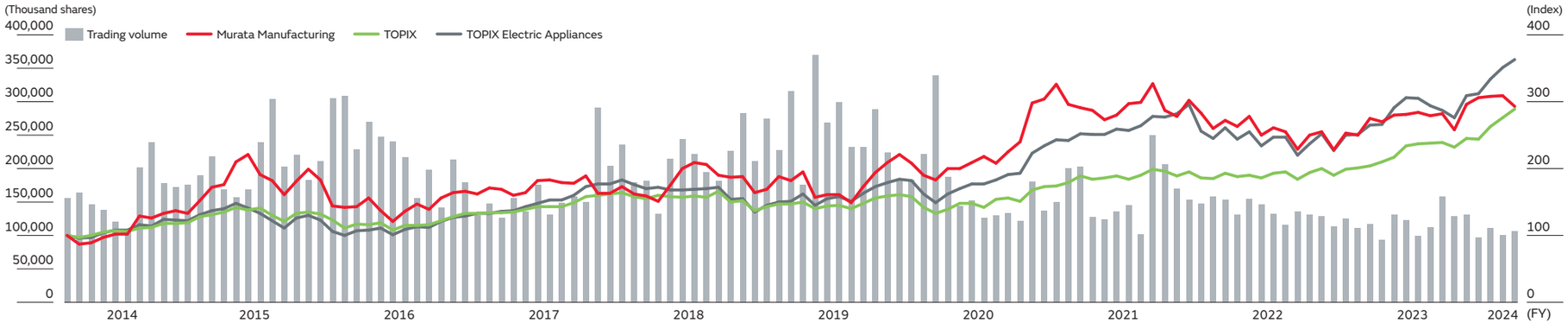


Major shareholders

Name	Number of shares (Thousand)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	313,038	16.6
Custody Bank of Japan, Ltd. (Trust Account)	133,082	7.0
Nippon Life Insurance Company	49,687	2.6
The Bank of Kyoto, Ltd.	47,340	2.5
Meiji Yasuda Life Insurance Company	47,168	2.5
SSBTC CLIENT OMNIBUS ACCOUNT	45,554	2.4
STATE STREET BANK WEST CLIENT - TREATY 505234	33,830	1.8
THE BANK OF NEW YORK MELLON 140042	25,986	1.4
Mizuho Bank, Ltd.	24,892	1.3
GOVERNMENT OF NORWAY	23,983	1.3

Note: The Company holds 138,209 thousand shares of its own stock. As these shares do not confer voting rights, they are excluded from the above table.

Trends in stock price and trading volume



* The Company implemented a three-for-one common stock split, effective April 1, 2019, followed by another three-for-one common stock split, effective October 1, 2023. Information per share has been calculated as if the stock splits had taken place at the beginning of fiscal 2013.
* The graph for Total Shareholders Return indicates the change in market value, including cumulative dividends and stock price fluctuations, assuming the end of March 2014 as the baseline date and a starting value of 100.

Total Shareholders Return (TSR*)

	Past 1 year	Past 3 years		Past 5 years		Past 10 years	
	TSR	TSR	Annual rate	TSR	Annual rate	TSR	Annual rate
Murata Manufacturing	7.3%	0.7%	0.2%	65.5%	10.6%	192.9%	11.3%
TOPIX (including dividends)	41.3%	52.5%	15.1%	96.2%	14.4%	188.6%	11.2%
TOPIX Electric Appliances	36.9%	44.2%	13.0%	139.8%	19.1%	262.9%	13.8%

* Total Shareholder Return (TSR):
TSR represents a ratio of return on equity investment consisting of capital gains and dividends. The stock prices at the start of investment used as the basis of calculation are the closing prices as of March 31, 2021 for three years, March 31, 2019 for five years, and March 31, 2014 for 10 years.

INTRODUCTION Publishing the *Murata Value Report*
SECTION 01 What we have accumulated
SECTION 02 Message from the President
SECTION 03 Into the future
SECTION 04 The infrastructure that supports management
SECTION 05 Data
Financial Data Highlights
ESG Data Highlights
11-Year Consolidated Financial Summary
ESG Data
External Evaluations
> Stock and Company Information

muRata

INNOVATOR IN ELECTRONICS

Murata Manufacturing Co., Ltd.

10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto 617-8555, Japan
TEL. +81 75 951 9111
https://corporate.murata.com/en-global/

@murata_pr @muRata_PR @MurataManufacturing