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# Governance

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Corporate Governance

Internal Control

Establishment of Compliance

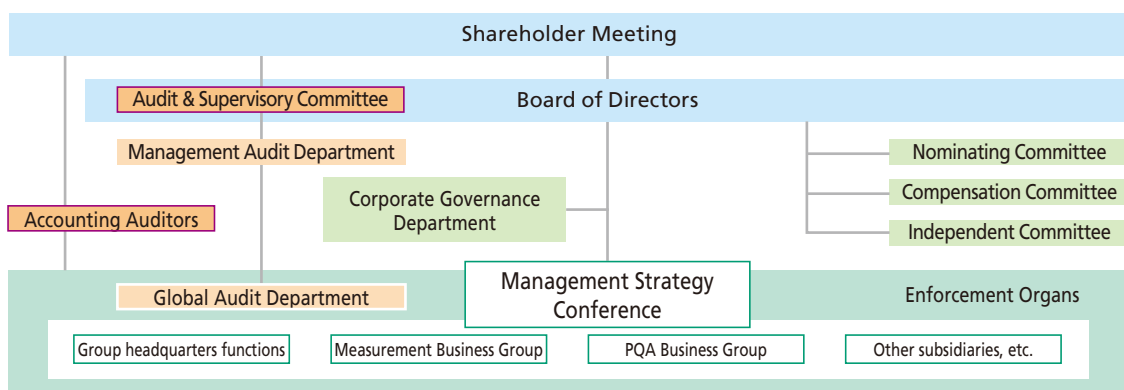
Promotion of Risk Management

## Corporate Governance

### Basic concept on corporate governance

Anritsu aims for “continuous growth with sustainable superior profits” and “enhanced corporate value” by responding to changes in the operating environment in a flexible and speedy manner and improving competitiveness as a global company. The Company seeks to fulfill these objectives by continuing to maintain and strengthen corporate governance systems and frameworks aimed at (1) enabling cooperation with various stakeholders such as shareholders, employees, customers, business partners, creditors, and local communities, (2) transparent, fair, prompt, and decisive decision making, and (3) appropriate and timely information disclosure.

### Corporate Governance Structure



Anritsu has opted to become a company with an Audit & Supervisory Committee in order to strengthen its audit and supervisory functions. In addition, the Company has introduced an executive officer system in order to enable rapid business execution, separating the Board of Directors’ decision-making and supervisory functions from business execution undertaken by executive officers.

The Board is composed of 10 directors, four of whom are independent outside directors, and five are not involved in business execution. Of note, independent outside directors had a 100% attendance rate at Board meetings in fiscal 2017.

The Company has established a Nominating Committee and Compensation Committee chaired by independent outside directors in order to complement the functions of the Board of Directors and further clarify its accountability. Moreover, the Independent Committee is composed of the Company’s independent outside directors, nominates senior independent outside directors by mutual vote, and serves as a place to facilitate smooth communication among outside directors. Free and lively discussions along with forums for exchanging opinions and sharing knowledge based on independent and objective viewpoints lay the groundwork for beneficial proposals from various perspectives on such topics as enhancing corporate governance and improving the efficiency of business execution.

### Creating an optimal and functional business execution system

The Company introduced an executive officer system from 2000 as a management system for continuously enhancing corporate value by enabling management to engage in rapid executive decision making and business execution as well as demonstrate precise management skills. In an effort to further enhance corporate governance, the Company has decided to promote the separation of decision making and business execution, hold Board of Directors meetings to make decisions on important management matters and supervise business execution, and more clearly transfer business execution to executive officers.

Consequently, the president now serves as an executive officer, and the Company has switched to selecting presidents from among executive officers in order to develop systems for optimal and agile business execution. These measures have made it possible for the Company to select presidents in tandem with the start of a new business year based on Board of Directors resolutions. From the start of the business year, the president will take steps to create a business execution system that fosters proactive leadership while making a clear commitment to achieving fiscal year targets and medium- and long-term business plans.

## Fiscal 2018 Composition of Board of Directors and Committees

Position	Independent executives	Name	Nominating Committee	Compensation Committee	Independent Committee	Audit & Supervisory Committee
Representative Director		Hirokazu Hashimoto	○ Committee member	○ Committee member		
Representative Director		Hirokazu Hamada				
Director		Toshisumi Taniiai	○ Committee member	○ Committee member		
Director		Akifumi Kubota				
Director		Masumi Niimi				
Outside Director	○	Takashi Sano	◎ Chairperson	○ Committee member	○ Committee member	
Outside Director	○	Yuji Inoue	○ Committee member	◎ Chairperson	◎ Senior independent director	
Outside Director (Audit & Supervisory Committee Member)	○	Takaya Seki	○ Committee member	○ Committee member	○ Committee member	◎ Chairperson
Outside Director (Audit & Supervisory Committee Member)	○	Norio Igarashi	○ Committee member	○ Committee member	○ Committee member	○ Committee member
Director (Audit & Supervisory Committee Member)		Osamu Nagata				○ Committee member

## Reasons for selection of outside directors and executive directors

### Outside Directors

Name	Reasons for Selection	Important Concurrent Posts
<b>Takashi Sano</b>	Mr. Sano was deemed to be qualified as an outside director for his abundant experience and wide-ranging knowledge as a manager with deep insight to global business as well as for his broad insight in finance and accounting as a certified public accountant.	President of Sano CPA Office Outside Director of Zuken Inc.
<b>Yuji Inoue</b>	Mr. Inoue was deemed to be qualified as an outside director for his abundant experience as a corporate manager, broad insight into finance and accounting, and the knowledge and experience he has gained as a director on the Company's Audit & Supervisory Committee.	Outside Corporate Auditor of Ryohin Keikaku Co., Ltd. Outside Corporate Auditor of Kyowa Hakko Kirin Co., Ltd.
<b>Takaya Seki</b>	Mr. Seki was deemed to be qualified as an outside director for his abundant knowledge and outstanding insight as a specialist in global corporate governance.	Director of Corporate Practice Partners, Inc. Professor, Rissho University Faculty of Business Administration
<b>Norio Igarashi</b>	Mr. Igarashi was deemed to be qualified as an outside director for his specialized knowledge and abundant experience in finance and accounting as a certified public accountant and university instructor as well as for his wide-ranging expertise in management from his experience as an outside auditor of a listed company.	Visiting Professor, Center for Economic Growth Strategy, YOKOHAMA National University Outside Director (Audit & Supervisory Committee.) of Mitsubishi UFJ Securities Holdings Co., Ltd.

### Executive Directors

Name	Reasons for Selection
<b>Hirokazu Hashimoto</b>	Mr. Hashimoto has demonstrated his strong leadership for many years as representative director and Group CEO as well as boasts abundant experience and achievements regarding the management of the Company and Anritsu Group. In addition, Mr. Hashimoto was deemed qualified as a director for his wide-ranging knowledge of finance, accounting, and corporate governance.
<b>Hirokazu Hamada</b>	Tasked with product development and domestic/overseas marketing at the Group's mainstay Measurement Business Group, Mr. Hamada possesses broad knowledge and experience in operations that include keeping abreast of industrial and technological trends. Currently serving as the Company's Executive Vice President and General Manager of the Measurement Business Division, Mr. Hamada was deemed qualified as a director who is demonstrating his leadership in driving global businesses.
<b>Toshisumi Taniiai</b>	Mr. Taniiai was deemed qualified as a director for his broad knowledge and experience in the areas of corporate planning, corporate governance, and compliance, having overseen the Group business administration as a corporate controller during his time managing the Sales Support Department and Human Resource and Administration Department.
<b>Akifumi Kubota</b>	Having been in charge of the Accounting & Control Department for the Company and overseas subsidiaries, Mr. Kubota currently oversees accounting strategies and Group business administration as CFO and corporate controller. Mr. Kubota was deemed qualified as a director for his extensive knowledge and experience in the areas of finance, accounting, and corporate governance.
<b>Masumi Niimi</b>	Mr. Niimi has wide-ranging knowledge and experience, having been tasked mainly with production management, corporate planning, and overseas subsidiary management at the PQA Business Division, which has expanded to become a Group business pillar. Mr. Niimi was deemed qualified as a director after demonstrating his leadership as manager of the PQA Business Group and Anritsu Infivis Co., Ltd., which runs the PQA business.

## Board of Directors Effectiveness Evaluation

### Board of Directors Effectiveness Evaluation Methods

The Company conducts an annual review of the Board of Directors on the criteria of each item listed in its basic policy on corporate governance, and implements measures to increase effectiveness. The method for evaluating the effectiveness of the Board of Directors involves all directors conducting self-assessments by filling out questionnaires, on which they can freely write down five-point scale evaluations and key points for each survey item as well as improvement measures. The content of these questionnaires is put together into core data that is presented to the Board of Directors. In an effort to further deliberations and share issues facing the Board, the Board of Directors receives another explanation of the evaluation points and issues raised by each director and exchanges opinions on these matters.

### Board of Director Effectiveness Evaluation Results and Issues

The main results for fiscal 2017 are as follows.

The company verified the establishment of a system which is aimed at fostering constructive discussions and decision making regarding key management items as well as supervising business execution. In addition, the composition of the Board of Directors is appropriate in terms of the presence and number of internal/external management personnel for global business expansion and management system enhancement. However, the need for further diversity-oriented measures has been confirmed.

The participation and contributions of each director are discussed (which includes self-assessments) at meetings of the Board of Directors, Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee. The results indicate that all directors fully understand the role they play in enhancing the Group's corporate value, have insights on high levels of expertise based on a wide array of experience, and, in turn, engage in lively discussions.

Specifically, a thorough review was conducted to determine if the Board engaged in sufficient discussions for making decisions on medium- to long-term management plans and growth scenarios in fiscal 2017—when the new three-year plan GLP2020 was formulated—and whether it added to deliberations to help management take appropriate risks. Taking on board these standpoints, the following proposals have been raised and shared at Board of Directors meetings regarding key issues prioritizing increasing the Board's effectiveness even further.

#### (1) Board of Director Diversity

The Board of Directors will consider inviting outside directors or external advisors with knowledge particularly in future business fields and technologies.

#### (2) Support Measures for Outside Director

Efforts will be made to provide agenda-related documents at an earlier stage. In addition, proposals and reports to the Board of Directors will be given in a more-innovative manner in order to promote understanding among outside directors.

#### (3) Contributions to Sustainability

The Board of Directors will further enhance contributions to address social sustainability issues.

### New Organizations for Enhancing Corporate Governance

The Corporate Governance Department has been established in order to improve the effectiveness of the Board of Directors. Its key functions are to support outside director activities as well as the management of the Nominating and Compensation committees. Specifically, this office will assist contemplating proposals on management issues and internal control systems, including information provision activities in advance to help the Board examine agenda and report items.

In addition, the newly established Sustainability Promotion Center not only promotes sustainability activities but also works to improve and enrich communication about corporate value assessment-related sustainability and ESG (environmental, social, governance) investment.