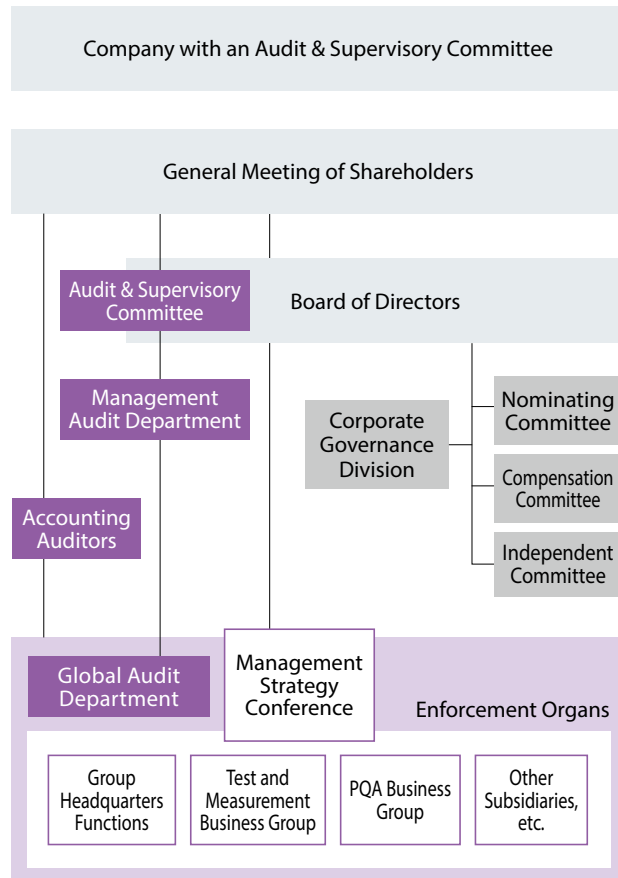




Governance

Corporate Governance

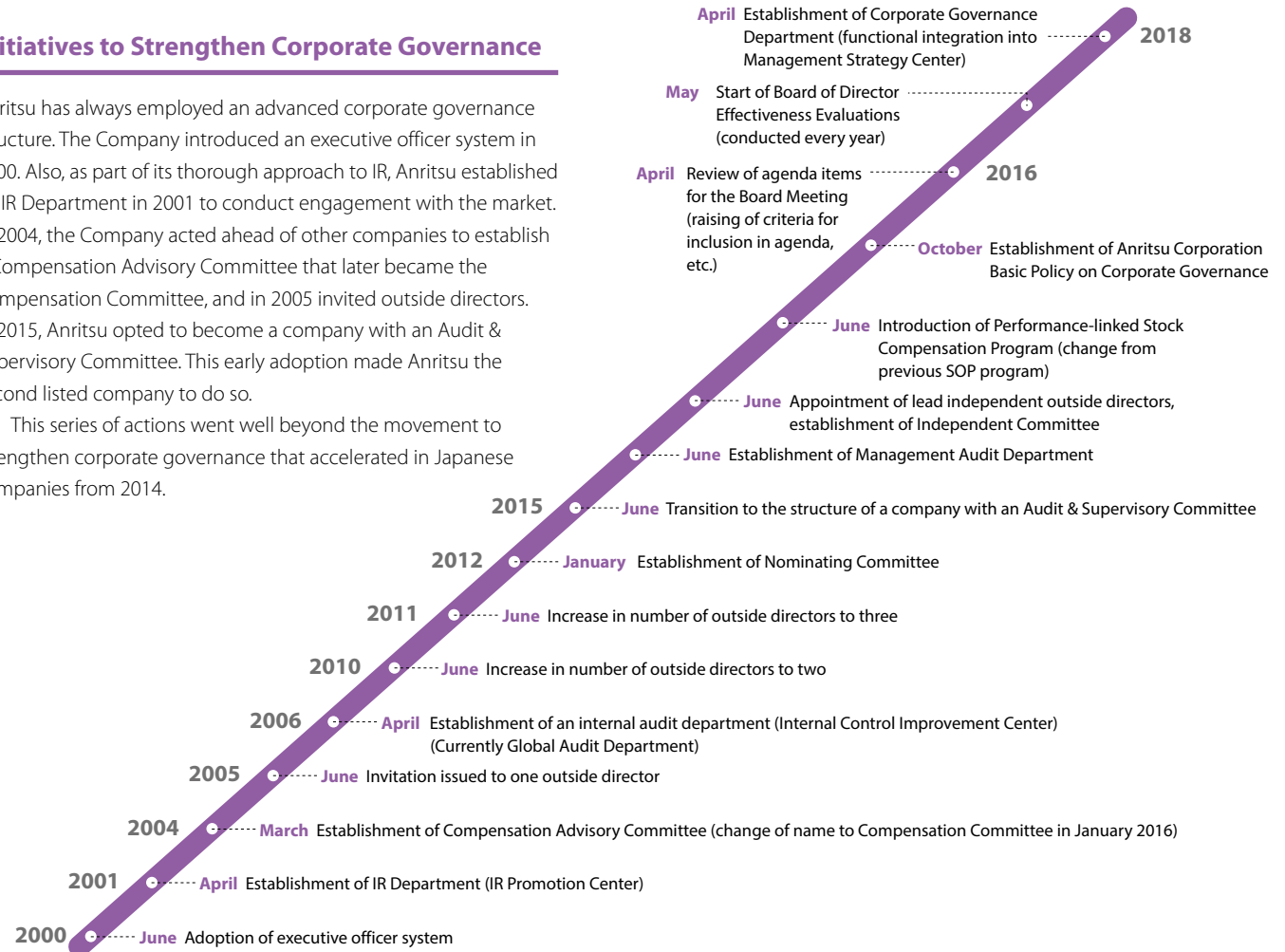
Corporate Governance Structure



Initiatives to Strengthen Corporate Governance

Anritsu has always employed an advanced corporate governance structure. The Company introduced an executive officer system in 2000. Also, as part of its thorough approach to IR, Anritsu established an IR Department in 2001 to conduct engagement with the market. In 2004, the Company acted ahead of other companies to establish a Compensation Advisory Committee that later became the Compensation Committee, and in 2005 invited outside directors. In 2015, Anritsu opted to become a company with an Audit & Supervisory Committee. This early adoption made Anritsu the second listed company to do so.

This series of actions went well beyond the movement to strengthen corporate governance that accelerated in Japanese companies from 2014.





Criteria for Selection of Directors

Selection of Internal Directors

The Company considers internal director candidates who have advanced expertise who can be expected to display high competence in business execution, and to contribute to business performance. Viewing human resources in light of "Anritsu Value," the Company comprehensively evaluates self-awareness as a leader of the Company, understanding of the Company's management philosophy, personal capacity, ability to take action, imagination, ethical sense, and other factors.

Reasons for Selection of Internal Directors

Name	Reasons for Selection
Hirokazu Hamada	Tasked with product development and domestic/overseas marketing at the Test and Measurement Business Group, Mr.Hamada currently leads the entire Anritsu Group business as the Company's Representative Director, President and Anritsu Group CEO. Mr. Hamada was deemed qualified as a board of director for possessing broad knowledge and experience in business operations that include industrial and technological trends.
Akifumi Kubota	Having had been in charge of the Accounting & Control Department for the Company and overseas subsidiaries, and Mr.Kubota is now responsible for finance strategy and Group business administration as CFO and Chief Corporate Officer. Mr. Kubota was deemed qualified as a board of director for his extensive knowledge and experience in the areas of finance, accounting, and corporate governance.
Masumi Niimi	Mr. Niimi is tasked with production management, corporate planning and overseas subsidiary management at the Product Quality Assurance (PQA) Business. He currently leads the PQA Business as a group executive and as the President of the subsidiary Anritsu Invisu Co., Ltd. Mr. Niimi was deemed qualified as a board of director for demonstrating his strong leadership in managing the PQA Business.
Takeshi Shima	Mr. Shima has wide-ranging knowledge and experience concerning global business, and currently exerts leadership in the Test and Measurement Business as the President of the Test & Measurement Company. Mr. Shima was deemed qualified as a board of director for demonstrating his strong leadership in Anritsu Group's core Test and Measurement Business.
Toshiumi Taniai	Mr. Taniai 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 Chief Corporate Officer. He also has a wealth of experience obtained as Director of the Company.

Selection of Outside Directors

From the perspectives of the balance of knowledge and experience of the Board of Directors as a whole and of incorporating the viewpoints of diverse stakeholders into the oversight and appropriate management of the Group's business activities, the Company comprehensively judges candidates with consideration of diversity of fields of expertise, backgrounds, and other factors, also taking into account independence from the Company.

Reasons for Selection of Outside Directors

Name	Reasons for Selection
Takaya Seki	Mr. Seki was deemed qualified as an outside director for his abundant knowledge and outstanding insight as a specialist in global corporate governance.
Kazuyoshi Aoki	Mr. Aoki was deemed qualified as an outside director for having specialized knowledge, abundant experience of and remarkable insight into finance and accounting from his background as a manager responsible for finance and accounting of a listed company, and also for having a wealth of experience in global business.
Norio Igarashi	Mr. Igarashi was deemed qualified as an outside director for his specialized knowledge and abundant experience in finance and accounting as a certified public accountant and university professor as well as for his wide-ranging expertise in management from his experience as an outside auditor of a listed company.
Keiko Shimizu	Ms.Shimizu was deemed qualified as an outside director for her specialized knowledge and abundant experience in finance and accounting as a certified public accountant and university professor as well as for her wide-ranging expertise in the areas such as information security and so forth.

Composition and Activities of the Advisory Committees

Organization	Composition	Purpose	Number of times convened in FY2019
Audit & Supervisory Committee	<ul style="list-style-type: none"> Norio Igarashi ☆ Keiko Shimizu Toshiumi Taniai 	Anritsu established the regulations for the Audit & Supervisory Committee system and the accompanying subsidiary rules and at the beginning of the term, the selection of chairperson, the selection of full-time directors, the allocation of auditing work, and other matters necessary to carry out the duties of the Audit & Supervisory Committee members are agreed. The committee reviews the audit results of the previous fiscal year, evaluates risks of management concerns for the current fiscal year, and deliberates on and formulates audit policies, priority audit items, annual audit plans etc.	10
Nominating Committee	<ul style="list-style-type: none"> Takaya Seki ☆ Kazuyoshi Aoki Hirokazu Hamada Norio Igarashi Akifumi Kubota Keiko Shimizu 	Bears the duties of supplementing the role of the Board of Directors in the appointment, selection, removal, and dismissal of directors and executive officers, and improving validity and transparency in the appointment, selection, removal, and dismissal of directors and executive officers.	3
Compensation Committee	<ul style="list-style-type: none"> Kazuyoshi Aoki ☆ Takaya Seki Hirokazu Hamada Norio Igarashi Akifumi Kubota Keiko Shimizu 	Bears the duties of supplementing the role of the Board of Directors in determining compensation for directors and executive officers, and improving the fairness, validity, and transparency of compensation.	3
Independent Committee	<ul style="list-style-type: none"> Takaya Seki ☆ Norio Igarashi Kazuyoshi Aoki Keiko Shimizu 	Composed of four independent outside directors; holds twice-yearly regular meetings as well as conferences before and after meetings of the Board of Directors as needed, with the aim of ensuring the supervisory functions of the Company from an independent standpoint.	2

Director Outside Director Chairperson



Basic Concept on Corporate Governance

By flexibly and speedily responding to changes in the business environment and enhancing Anritsu's competitiveness as a global company, the Company aims to achieve continuous growth with sustainable superior profits, as well as increases in corporate value over the medium- to long-term.

Throughout the process, the Company will maintain an awareness of the duties it bears toward shareholders, employees, clients, business partners, creditors, local communities, and other diverse stakeholders. Furthermore, with the goals of transparent, fair, speedy, and resolute decision-making and appropriate and timely information disclosure, the Company will maintain a structure and frameworks for corporate governance and will work continually toward the advancement and enhancement of them.

Corporate Governance Structure

As its structure for corporate governance, the Company has adopted the structure of a company with an Audit & Supervisory Committee and has set up a Board of Directors, Audit & Supervisory Committee, and Accounting Auditor, with the aim of further strengthening audit and supervisory functions.

As part of a highly specialized manufacturing industry that calls for on-site-oriented sensibilities and swiftness in business execution, the Company has introduced an executive officer system and has separated the decision-making and oversight functions of the Board of Directors from the business execution functions of executive officers.

The Board of Directors is composed of nine directors, five of whom are not involved in business execution (with four of the five being independent outside directors). Of note, the attendance rate of outside directors at Board of Directors meetings in fiscal 2019 was 100%.

Board of Directors

As a management decision-making body, the Board of Directors makes determinations on important matters including management policy and management strategy for the Group as a whole, while also monitoring and supervising the execution of operations by organizations that execute business.

The Company has strengthened the monitoring and supervision functions of the Board of Directors through the inclusion of multiple outside directors into the board. In Board of Directors' meetings, directors who possess wide-ranging knowledge and experience express opinions regarding agenda items proposed by company management from their respective viewpoints and engage in active discussion. The current Board of Directors consists of five internal directors and four outside directors (with both groups including directors who are Audit & Supervisory Committee members), for a total of nine Board of Directors members.

Methods for Evaluating the Efficacy of the Board of Directors

Every year, the Company conducts a review of the effectiveness of the Board of Directors with respect to items specified in the Basic Policy on Corporate Governance, and undertakes measures to improve effectiveness. This evaluation of the effectiveness of the Board of Directors takes place over the span of four to five months every year, progressing from reaffirmation of issues from the previous fiscal year to evaluation of the status of actions and the degree of improvement. This is followed by discussions of whether any points in the previous year's evaluation methods or evaluation items should be changed for the current fiscal year.

The discussion is deepened through exchanges of opinions within the Board of Directors, where issues are shared, and the outcomes are connected to initiatives for the following year.

Results of Evaluating the Efficacy of the Board of Directors

Every year, the Board of Directors carries out an analysis and evaluation of the effectiveness of the Board of Directors, based on factors including self-assessments by directors. The main results of evaluation of fiscal 2019 are as follows.

The Board of Directors of the Company affirmed that its composition is appropriate in terms of the presence and number of internal and outside management personnel. This is to enhance the Company's global management structure with the aim of business expansion and taking into account the source of the Group's corporate value. It also affirmed that structures are in place for conducting constructive discussions and decision-making concerning key matters involving the management of the Group and for supervising business execution by directors. The board further confirmed that directors who are constituent members of the Board of Directors, Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee fully understand the roles that they should carry out to achieve improvement of corporate value and continuous growth with sustainable superior profits for the Group, and that, in respective committee meetings, the directors display insight and expert knowledge based on diverse experience and that all, internal and outside directors alike, engage in active discussions.

Conversely, issues identified for further enhancement of effectiveness include increasing the number of opportunities to hear from business executives in subsidiaries regarding strategies, progress, and other management issues concerning the subsidiaries, to deepen appropriate involvement of the Board of Directors in business execution of the Group as a whole. Initiatives aimed at addressing and mitigating these issues were shared among all directors.

In response, the Board of Directors of the Company will enact necessary measures to further improve the effectiveness of the board with respect to issues based on the evaluation and review of effectiveness, and will work toward improvements without being



bound by precedent.

The Company intends to continue conducting regular evaluations of the effectiveness of the Board of Directors, and will continue to pursue the ideal for the Company by aiming to achieve better corporate governance.

■ FY2019/Main Themes for Deliberation at the Board of Directors/ Number of Reports Submitted (case)

Category	FY2019
Management Strategy/Sustainability/Governance/General Meeting of Shareholders	20
Business Related	26
IR, SR	6
Budget/Settlement of Accounts/Dividends/Finance Related	26
Internal Control/Risk Management/Compliance Related	5
Human resources/Nomination/Compensation	14
Audit & Supervisory Committee/Accounting Auditor	3
Individual Projects (Investment and Loan Projects etc.)	1
Total	101

Meetings Held for the Board of Directors and its Advisory Committees (FY2019)

B oard of Directors
 A udit & Supervisory Committee
C ompensation Committee
 N ominating Committee
I ndependent Committee
 F ree Discussion

■ Meetings in FY2019

April	B A F	October	B A F
May	B A	November	B N I
June	B A	December	B B A
July	B A F	January	B A F
August	B A C	February	B C N
September	B A	March	B A C N I

System of Officer Compensation

Under the policy stated below, the composition and level of officer compensation, etc. are determined with reference to data on officer compensation from external research organizations, while also taking into account a balance between basic compensation according to responsibilities and performance-linked compensation, with the primary aim of compensation to function effectively as an incentive for the improvement of business performance and the increase of medium- to long-term corporate value every fiscal year.

- The scheme and its content should lead to the enhancement of motivation to achieve management objectives and sustainably improve corporate value
- The scheme and its content should attract and retain talented, diverse personnel who are sought after as officers of global corporations.
- The Company will ensure the validity and objectivity of the decision-making process and the balanced allocation of compensation, etc.

The current scheme for officer compensation, etc. sets business performance-linked compensation to the equivalent of 50% of the basic compensation, as a structural feature to motivate officers in sharing a profit orientation with shareholders and in engaging in management from an awareness of performance and stock price from a medium- to long-term perspective. However, it limits directors who do not engage in execution of business (including outside directors) to fixed compensation only.

The performance-linked compensation is composed of monetary compensation (bonus equivalent to 30% of basic compensation) and non-monetary compensation (stock compensation equivalent to 20% of basic compensation) through an incentive plan employing trusts – i.e., it consists of a bonus as short-term performance-linked compensation and stock

compensation as medium- to long-term performance-linked compensation.

The Company conducts evaluations in light of factors including the level of distribution of surpluses for the fiscal year under evaluation, degree of achievement of numerical targets involving management metrics, and degree of achievement of management objectives that include non-financial perspectives set in advance.

Compensation, etc. of Directors

Officer classification	Amount of compensation, etc. (millions of yen)	Amount of compensation, etc. by type (millions of yen)			Number of officers	
		Basic compensation	Bonus	Stock compensation		
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	222	116	80	26	106	6
Directors on the Audit & Supervisory Committee (excluding Outside Directors)	23	23	—	—	—	2
Outside Directors	30	30	—	—	—	6

- Notes: 1. In addition to the above payments, there is an amount equivalent to the employee salary (including bonuses) of ¥9 million for directors who concurrently serve as employee.
2. Anritsu does not pay bonuses or stock-based compensation to directors and outside directors who are members of the Audit & Supervisory Committee.
3. The above number includes four directors (excluding those who are Audit & Supervisory Committee members and of which two are outside directors) who retired at the conclusion of the 93rd Ordinary General Meeting of Shareholders held on June 26, 2019, and two Audit & Supervisory Committee members (of which one is an outside director).
4. None of the officers of the Company has a total of 100 million or more in consolidated compensation, etc. (including compensation as officers of major consolidated subsidiaries).