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, suppliers, 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 nine directors, five of whom are not involved in business execution (four of those five are independent outside directors). Of note, independent outside directors had a 98% attendance rate at Board meetings in fiscal 2018.

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 all 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.

Board of Directors Effectiveness Evaluation

Board of Directors Effectiveness Evaluation Methods

The Company conducts an annual review of the Board of Directors effectiveness on the criteria of each item listed in its basic policy on corporate governance, and implements measures to increase effectiveness. Evaluations of the effectiveness of the Board of Directors take place for four to five months every year, after first reconfirming the previous fiscal year’s issues and evaluating, for example, the status and level of improvement. We start with discussions about whether there are points about the evaluation method or evaluation items that should be changed from the previous fiscal year for the current fiscal year. This is linked to implementation in the following fiscal year through an exchange of opinions by the Board of Directors, deep discussion and the sharing of issues.

Board of Director Effectiveness Evaluation Results and Issues

The main results of evaluation for fiscal 2018 are as follows:

Leading to a deepening of discussion, the Company confirmed the status of measures that had followed the previous year’s evaluation results. The measures had included discussing medium- and long-term business with external technical advisors, the faster provision of documents to outside directors, and the carrying out of briefings on monthly proposals in advance.

The Company also 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, as with the previous fiscal year 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.

On the other hand, the following proposals have been raised and shared at Board of Directors’ meetings with regard to key issues that prioritize further increases in the Board’s effectiveness.

(1) Board of Directors’ Diversity

On an ongoing basis, the Board of Directors will consider inviting outside directors who are knowledgeable about the Company’s future business areas and the technologies of those areas, or outside directors who possess experience as corporate executives.

(2) Contributions to Sustainability

The Board of Directors will further enhance contributions to address social sustainability issues.
### Composition of Board of Directors and Committees As of June 26, 2019

<table>
<thead>
<tr>
<th>Position</th>
<th>Independent Executives</th>
<th>Name</th>
<th>Nominating Committee</th>
<th>Compensation Committee</th>
<th>Independent Committee</th>
<th>Audit &amp; Supervisory Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representative Director</td>
<td></td>
<td>Hirokazu Hamada</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td></td>
<td>Akifumi Kubota</td>
<td></td>
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</tr>
<tr>
<td>Director</td>
<td></td>
<td>Masumi Niimi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Director</td>
<td></td>
<td>Takaya Seki</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Director (Audit &amp; Supervisory Committee Member)</td>
<td></td>
<td>Kazuyoshi Aoki</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Director (Audit &amp; Supervisory Committee Member)</td>
<td></td>
<td>Norio Igarashi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Director (Audit &amp; Supervisory Committee Member)</td>
<td></td>
<td>Keiko Shimizu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director (Audit &amp; Supervisory Committee Member)</td>
<td></td>
<td>Toshisumi Tanai</td>
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</tr>
</tbody>
</table>

* Independent executive ○ Chairperson ○ Committee member

### Reasons for Selection of Directors

#### Non-executive Directors (Outside Directors)

<table>
<thead>
<tr>
<th>Name</th>
<th>Reasons for Selection</th>
<th>Important Concurrent Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takaya Seki</td>
<td>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 along with his knowledge and experience as a Director (Audit &amp; Supervisory Committee Member) of the Company.</td>
<td>Director of Corporate Practice Partners, Inc. Professor, Rissho University Faculty of Business Administration</td>
</tr>
<tr>
<td>Kazuyoshi Aoki</td>
<td>Mr. Aoki was deemed to be qualified as an outside director for his having served as a manager of finance and accounting of a listed company, for having specialized knowledge and abundant experience of and remarkable insight into finance and accounting, and also for having a wealth of experience in global business.</td>
<td></td>
</tr>
<tr>
<td>Norio Igarashi</td>
<td>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 professor as well as for his wide-ranging expertise in management from his experience as an outside auditor of a listed company.</td>
<td>Outside Director (Audit &amp; Supervisory Committee.) of Mitsubishi UFJ Securities Holdings Co., Ltd.</td>
</tr>
<tr>
<td>Keiko Shimizu</td>
<td>Ms. Shimizu was deemed qualified as an outside director for possessing expertise and rich experience in finance and accounting as a CPA and university professor. As a qualified auditor she also has remarkable insight into areas that include information security.</td>
<td>Director of Shimizu CPA Office Professor, Department of Business Administration, Faculty of Economics, Teikyo University</td>
</tr>
</tbody>
</table>

#### (Internal Director)

<table>
<thead>
<tr>
<th>Name</th>
<th>Reasons for Selection</th>
<th>Important Concurrent Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshisumi Tanai</td>
<td>Mr. Tanai 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.</td>
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</tbody>
</table>

### Executive Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Reasons for Selection</th>
<th>Important Concurrent Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hirokazu Hamada</td>
<td>Tasked with product development and domestic/overseas marketing at the Group's mainstay Test and 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 Representative Director, President, Anritsu Group CEO and the head of Test and Measurement Business Group, Mr. Hamada was deemed qualified as a director who is demonstrating his leadership in driving global businesses.</td>
<td></td>
</tr>
<tr>
<td>Akifumi Kubota</td>
<td>Having been in charge of the Accounting &amp; 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.</td>
<td></td>
</tr>
<tr>
<td>Masumi Niimi</td>
<td>Mr. Niimi has wide-ranging knowledge and experience, having been tasked mainly with production management, corporate planning, and overseas subsidiary management at the Product Quality Assurance (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.</td>
<td></td>
</tr>
<tr>
<td>Takeshi Shima</td>
<td>Possessing a wealth of knowledge and experience in global business, as Chief Global Sales Officer Mr. Shima currently leads global sales and develops the measurement business, which is the main business of Anritsu Group, in the global market, including Japan. He was therefore deemed qualified to be appointed as a director.</td>
<td></td>
</tr>
</tbody>
</table>
It has been four years since Anritsu became a company with an Audit & Supervisory Committee. As part of this year’s Integrated Report, members of the Audit & Supervisory Committee will talk about the company’s auditing system and its contribution to enhancing the Company’s overall corporate governance system, as well as current initiatives related to auditing and challenges moving forward.

The direction of the Anritsu Auditing System

Mr. Toshisumi Taniai: Anritsu (hereafter the Company) aims to achieve enhanced transparency in management from a global standpoint by strengthening the audit and supervisory functions (hereafter referred to as the auditing system) of the Board of Directors and enhancing corporate governance systems. The Company auditing system is comprised of three members, including two external directors and one full-time internal director. From the perspective of an outside director and member of the Audit & Supervisory Committee, what are your thoughts on: 1) the auditing system in general; 2) auditing at overseas subsidiaries engaged in global development; 3) the system for internal audits; and 4) the trilateral auditing system?

(1) The auditing system in general

Mr. Norio Igarashi: The Anritsu auditing system is organically linked to and coordinated by the Audit & Supervisory Committee and the Management Audit Department that supports it, as well as the Global Audit Department responsible for internal audits. Members of the Management Audit Department have a wealth of experience in executive management as well as a deep understanding of the Company and its business, making it an effective organization for auditing and supervising the board of directors.

To ensure and strengthen the effectiveness of the Audit & Supervisory Committee, we need to adopt a risk-based approach that reflects the corporate culture in regard to financial reporting, the appropriateness of internal controls and compliance, and quality assessments of external audits, including by assessing risks from the perspective of the Audit and Supervisory Committee, setting priority themes, formulating auditing policies on an annual basis, drafting auditing targets, and carrying out audits.

We meet regularly with the representative director to discuss the results of audits, and exchange opinions on how to address the important issues confronting the company. I believe this illustrates the important role the Audit and Supervisory Committee can play in bolstering corporate value at the Company.
Ms. Keiko Shimizu: We have established regular opportunities for communication between the board of directors and the Audit and Supervisory Committee, the Global Audit Department and the Audit Corporation, and believe strengthening communications to allow the prompt sharing of information on risks is also key to improved governance.

(2) Strengthening Anritsu’s Global Auditing System

Mr. Toshisumi Tanai: Roughly two-thirds of consolidated sales at Anritsu are overseas, and given an overseas group network that includes the measuring instrument and PQM businesses in North America, the EMEA (Europe, the Middle East, and Africa) region, and Asia, there is a pressing need to improve the internal control systems at our overseas locations. With this in mind, what are your thoughts on the Company’s global auditing system?

Mr. Norio Igarashi: It’s my understanding that the Global Audit Department enacts audits for the domestic and overseas subsidiaries, with an emphasis in the audits placed on risks to the operation of the business.

There are 32 overseas subsidiaries in 21 countries around the world, as well as 10 domestic subsidiaries, with the measuring instruments and PQM businesses each having business locations overseas. Of course, the size of each company varies, though it is clear to see that it is not easy for the Global Audit Department to visit each of these companies in the space of a single year. The duties of the Global Audit Department include conducting a general assessment of each company’s business, the competitive environment, and applicable regulations, as well as each company’s risk management, operation of the business, financial reporting system, organization, and employees. The Global Audit Department also assesses risk and constructs a risk map and heat map for each company while conducting the audit. The Audit & Supervisory Committee assesses the Global Audit Department and the Audit Corporation, and offering advice when necessary so the latter can effectively serve as a risk management advisor that is trusted by the executive departments.

Ms. Keiko Shimizu: There have recently been reported cases of fraud related to internal controls. I believe it important to focus on the Global Audit Department’s efforts in selecting themes and departments for attention based on assumed risk.

(3) Direction of the Global Audit Department

Mr. Toshisumi Tanai: Anritsu’s Global Audit Department conducts audits based on a particular theme each year, mainly statutory audits with an emphasis on J-SOX audits. What are your thoughts on the Global Audit Department?

Mr. Norio Igarashi: The Global Audit Department is essential to the Audit & Supervisory Committee fulfilling its role in the Company.

Internal controls in the Company are confirmed through cooperation between the Audit & Supervisory Committee, the Management Audit Department, and the Global Audit Department. Audits of subsidiaries to ensure the appropriateness of operations are also conducted in cooperation with the internal auditing departments of the subsidiaries, with the results regularly reported to the board of directors.

As evidenced by the measuring instruments business, Anritsu is operating in a particularly volatile industry. Amid such an environment, the Global Audit Department is expected to serve not only as a discoverer of issues for action, but also as a provider of audit themes and a mechanism for solutions. Looking at the maturation model for internal audits, it would appear there is still some room for improvement. For the Audit & Supervisory Committee, the focus is on whether the Global Audit Department has effectively utilized the auditing knowhow built up over many years and the measures effectively applied to date to further improve the quality and efficiency of audits. The Audit & Supervisory Committee also works with the Global Audit Department, providing a medium- to long-term perspective and offering advice as necessary so the latter can effectively serve as a risk management advisor that is trusted by the executive departments.

Ms. Keiko Shimizu: As with the dialogue being conducted with the Audit Corporation, I would like to see improved effectiveness based on the perspective of each participant in a trilateral audit. The theme of KAM is of course to improve the transparency of audits conducted by Audit Corporation while at the same time deepening the exchange of opinions.

Ms. Keiko Shimizu: Anritsu holds regular meetings including the accounting auditor, the Global Audit Department, and the Audit & Supervisory Committee. Key Audit Matters are central to Audit Corporation when auditing financial statements, and can identify matters the company would consider important risks. Through KAM, the Audit & Supervisory Committee members can clearly grasp the audit risks upon which the Audit Corporation are focused in financial reporting, and they can accordingly assess whether the accounting auditor approach is appropriate as well as the overall quality of the audit. A key theme this year is preparations for the introduction of KAM, with the goal of improving the effectiveness of audits while at the same time deepening the exchange of opinions.
Board of Directors and Auditors

Representative Director

Hirokazu Hamada
Apr. 1988 Joined the Company
Apr. 2004 Senior Manager of 1st Development
Dept. of IP-Network Div., Measurement
Business Group
Apr. 2011 Vice President of Anritsu Company (USA)
Apr. 2015 Vice President of the Company
Chief R&D Officer of Measurement
Business
Apr. 2016 Senior Vice President
General Manager of Measurement
Business Group
Jun. 2017 Executive Vice President
President of Measurement Business
Group (Incumbent)
Jun. 2017 Director of the Company
Executive Vice President
Apr. 2018 Representative Director, President
(Executive Officer) (Incumbent)
Jun. 2018 Representative Director (Incumbent)
Apr. 2019 Anritsu Group CEO (Incumbent)

Director

Akitumi Kubota
Apr. 1983 Joined the Company
Apr. 2007 Senior Manager of Accounting &
Control Dept.
Apr. 2010 Vice President
Chief Financial Officer (CFO) (Incumbent)
Jun. 2013 Director of the Company (Incumbent)
Apr. 2017 Senior Vice President
Apr. 2018 Chief Corporate Officer (Incumbent)
General Manager of Global Corporate
Headquarters
Apr. 2019 Executive Vice President (Incumbent)

Director

Masumi Niimi
Apr. 1983 Joined the Company
Jun. 2006 Senior Manager of Manufacturing
Dept., Manufacturing Div., Anritsu
Industrial Solutions Co., Ltd. (Currently
Anritsu Infvis Co., Ltd.)
Jun. 2008 President of Anritsu Industrial Solutions
Thailand Co., Ltd. (Thailand)
Apr. 2011 Senior Manager of Planning Dept.,
Anritsu Industrial Solutions Co., Ltd.
(Currently Anritsu Infvis Co., Ltd.)
Apr. 2012 President of Anritsu Industrial Solutions
Co., Ltd.
Apr. 2016 Vice President of the Company
President of PQA Business Group
(Incumbent)
Representative Director, President of
Anritsu Infvis Co., Ltd. (Incumbent)
Apr. 2018 Senior Vice President of the Company
(Incumbent)
Jun. 2018 Director of the Company (Incumbent)

Director

Takeshi Shima
Apr. 1988 Joined the Company
Apr. 2009 Senior Manager of APAC Team Business
Development Dept., Marketing Div.
Apr. 2012 Senior Manager of Wireless Device
Manufacturing Solution Dept.,
Marketing Div.
Apr. 2014 Senior Manager of Project Team 3
Product Marketing Dept., Marketing Div.
Apr. 2016 Director of Global Business
Development Dept., Measurement
Business Div. (Incumbent)
Apr. 2017 Vice President (Incumbent)
Chief Global Sales Officer (Incumbent)
General Manager of Global Sales
Center (Incumbent)
Oct. 2017 General Manager of APAC Sales Center
Apr. 2019 President of Anritsu Americas Sales
Company (Incumbent)
Jun. 2019 Director of the Company (Incumbent)

Director

Takaya Seki
Apr. 1977 Joined Toyo Trust and Banking Co., Ltd.
(Currently Mitsubishi UFJ Trust and
Banking Corporation)
Mar. 2001 Resigned from Toyo Trust and Banking
Co., Ltd.
Joined Mizuho Securities Co., Ltd.
Senior Research Manager and Chief
Researcher, Japan Investor Relations and
Investor Support, Inc.
Apr. 2006 Lecturer at Meiji University Graduate
School of Global Business (Incumbent)
Jun. 2008 Resigned from Mizuho Securities Co., Ltd.
and Japan Investor Relations and
Investor Support, Inc.
Managing Director of Corporate
Practice Partners, Inc.
Mar. 2009 PhD (Econ), Kyoto University
Jun. 2011 Outside Director of the Company
Jun. 2015 Outside Director of the Company (Audit
& Supervisory Committee Member)
Feb. 2017 Director of Corporate Practice Partners,
Inc. (Incumbent)
Apr. 2017 Professor, Rissho University Faculty of
Business Administration (Incumbent)
Jun. 2019 Outside Director of the Company
(Incumbent)

Director

Kazuyoshi Aoki
Apr. 1979 Joined Kao Soap Co., Ltd. (Currently
Kao Corporation)
Feb. 1994 Manager of Finance and Accounting
Div., Wakayama factory, Kao
Corporation
Jul. 2001 Senior Manager of IR Dept., Accounting
and Finance Center, Kao Corporation
Mar. 2005 Vice Chairman of the Board and Vice
President, Kao (China) Holding Co., Ltd.
May. 2007 Senior Manager of Accounting and
Finance Div.
Jun. 2012 Executive Officer in charge of
Accounting and Finance
Jan. 2017 Resigned Kao Corporation
Jun. 2019 Outside Director of the Company
(Incumbent)
Director*  
(Audit & Supervisory Committee Member)  
Norio Igarashi  
Apr. 1977  Registration of CPA  
Jul. 1988  Representative Partner of Aoyama Audit Corporation  
Sep. 2006  Representative Partner of Aarata Audit Corporation  
(May currently Pricewaterhouse Coopers Aarata LLC)  
Mar. 2007  Resigned from Aarata Audit Corporation  
Apr. 2007  Professor, Graduate School of International Social Sciences, YOKOHAMA National University  
Mar. 2013  Outside Corporate Auditor of Kao Corporation  
Apr. 2014  Visiting Professor, Center for Economic Growth Strategy, YOKOHAMA National University (Incumbent)  
Jun. 2016  Outside Director (Audit & Supervisory Committee Member) of Mitsubishi UFJ Securities Holdings Co., Ltd (Incumbent)  
Mar. 2017  Resigned as outside Corporate Auditor of Kao Corporation  
Jun. 2017  Outside Director of the Company (Audit & Supervisory Committee Member) (Incumbent)  

Norio Igarashi  
Apr. 1977  Registration of CPA  
Jul. 1988  Representative Partner of Aoyama Audit Corporation  
Sep. 2006  Representative Partner of Aarata Audit Corporation  
(May currently Pricewaterhouse Coopers Aarata LLC)  
Mar. 2007  Resigned from Aarata Audit Corporation  
Apr. 2007  Professor, Graduate School of International Social Sciences, YOKOHAMA National University  
Mar. 2013  Outside Corporate Auditor of Kao Corporation  
Apr. 2014  Visiting Professor, Center for Economic Growth Strategy, YOKOHAMA National University (Incumbent)  
Jun. 2016  Outside Director (Audit & Supervisory Committee Member) of Mitsubishi UFJ Securities Holdings Co., Ltd (Incumbent)  
Mar. 2017  Resigned as outside Corporate Auditor of Kao Corporation  
Jun. 2017  Outside Director of the Company (Audit & Supervisory Committee Member) (Incumbent)  

Keiko Shimizu  
May 1979  Joined Price Waterhouse (Currently Pricewaterhouse Coopers Aarata LLC)  
Feb. 1982  Resigned from Price Waterhouse  
Apr. 1982  Joined Chuo Audit Corporation (Later renamed MISUZU Audit Corporation)  
Sep. 1982  Registration of CPA  
Apr. 2007  Resigned MISUZU Audit Corporation  
May 2007  ShinNihon LLC Audit Corporation  
(Originally Ernst & Young ShinNihon LLC)  
Oct. 2010  Resigned ShinNihon LLC Audit Corporation  
Nov. 2010  Joined Consist Inc.  
Nov. 2012  Established Shimizu CPA Office (Incumbent)  
Apr. 2016  Professor, Department of Business Administration, Faculty of Economics, Teikyo University (Incumbent)  
Jun. 2019  Outside Director of the Company (Audit & Supervisory Committee Member) (Incumbent)  

Toshisumi Taniai  
Apr. 1981  Joined the Company  
Apr. 2009  Vice President  
Apr. 2011  Chief Corporate Officer  
Jun. 2011  Director of the Company  
Apr. 2013  General Manager of Management Strategy Center  
Apr. 2015  Senior Vice President  
Apr. 2017  Executive Vice President  
Apr. 2018  Director of Appliance Business Dept.  
Jun. 2019  Senior Executive Officer  

Director*  
(Audit & Supervisory Committee Member)  
Hirokazu Hamada®  
President  
Group CEO  
Measurement Business Group President  

Akifumi Kubota®  
Executive Vice President  
CFO  
Chief Corporate Officer  

Masumi Niimi®  
Senior Vice President  
PQA Business Group President  

Takeshi Shima®  
Vice President  
Chief Global Sales Officer  

Yasunobu Hashimoto  
Vice President  
Chief Device Business Officer  

Ichiro Takeuchi  
Vice President  
Chief Human Resource and Administration Officer  

Hiroyuki Fujikake  
Vice President  
Chief SCM Officer  

Noboru Uchida  
Vice President  
Chief Corporate Officer  

Yoshiyuki Amano  
Vice President  
Chief APAC Sales Officer  

Masahiko Kadowaki  
Vice President  
Chief Corporate Strategy Officer  

Tsutomu Tokuke  
Vice President  
Chief Measurement Business Officer  

Tetsuo Kawabe  
Senior Executive Officer  
Management Audit Dept.  

Yukihiro Takahashi  
Senior Executive Officer  
Measurement Business Group Vice President  
Chief Network Monitoring Solution Business Officer  

Akio Takagi  
Senior Executive Officer  
Chief Environment and Quality Officer  

Toru Wakinaga  
Senior Executive Officer  
Management Audit Dept.  

Olaf Sieler  
Executive Officer  
CBDQ (Chief Business Development Officer)  

Hanako Noda  
Executive Officer  
CTO  

Akihiro Harimoto  
Executive Officer  
Chief Japan Sales Officer  

* Outside Directors as specified in Japan’s Company Act, Article 2-15  

Exective Officers  

® Concurrently serving as director
Sustainability Management

Anritsu has aggressively pursued sustainability activities based on its Company Philosophy, Company Vision, Company Policies and Sustainability Policy that was created in April 2018. The Company at the same time has established the Sustainability Promotion Center, with a Sustainability Promotion Committee comprising representatives of business divisions, operating companies, and members in the ESG domains. The center is in charge of the promotion of sustainability-related issues for the Anritsu Group.

Sustainability promotion activity will follow the corporate value improvement policies as determined by the Board of Directors and at a Management Strategy Conference and fall under PDCA activity as part of the new GLP2020 Mid-Term Business Plan targets. In respect to key ESG issues and social issues the Company aims to alleviate through its business activities, we have sought to maintain objectivity and inclusiveness in addressing the concerns of each of our stakeholders and have accordingly identified and prioritized key issues for action after consulting and cooperating with all related departments.

System for Promoting Sustainability

Stakeholders

- Shareholders and investors
- Customers
- Suppliers
- Employees
- Regional societies
- National and local governments
- NGOs and NPOs
- Global environments

Anritsu Group

- Board of Directors
- Management Strategy Conference
- Sustainability Promotion Center

Management Areas

- KPI (sustainability) Goal Management
- Check
- Do
- Plan

Members

- Representatives of business divisions and operating companies
- Representatives of areas that advance issues in response to social demands
  - Respect for human rights and diversity
  - Human resource development
  - Occupational health and safety
  - Supply chain management
  - Quality and product safety
  - Environment
  - Corporate governance
  - Compliance
  - Internal control systems
  - Risk management
  - Information security
  - Information disclosure, IR, SR
  - Social contribution activities
**A safe, secure, and comfortable society**

- **Automobiles**
  - Autonomous driving

- **Healthcare**
  - Telemedicine

- **Construction**
  - Remote control

- **Agriculture**
  - Farming support

- **Entertainment**
  - VR/AR

- **Food**
  - Reduced food loss
  - Product quality assurance

**Challenges to meet the needs of society (ESG)**

**Maintaining Harmony with the Global Socio-Economy**
Together with our diverse human resources, we seek to contribute to the creation of workplaces where each individual can achieve personal growth and experience job satisfaction.

- Respect for human rights and diversity
- Human resource development
- Occupational health and safety
- Supply chain management that gives due regard to human rights

**Promoting Global Environmental Protection**
Contributing to the creation of a sustainable society with sustainable consumption and corporate production practices

- Reduction in CO2 emissions volume (energy usage volume) and water usage volume
- Developing and manufacturing high-quality and environmentally friendly products
- Supply chain management that lowers environmental burden

**Expanding and Strengthening Governance**
Ensuring ethical corporate activities through risk management and transparent, fair, quick, and resolute decision making

- Corporate governance
- Establishing compliance as a part of our mind-set
- Promoting risk management

**The Creation of Shared Value through the Promotion of Communication**
Contributing to the creation of shared value with collaboration among all stakeholders

- Providing information to and communicating with stakeholders

**Customers**

- **Mobile communications market**
  - 5G

- **Network infrastructure market**

- **Electronics market**

- **Food processing market**

- **Pharmaceuticals market**

**Solving Social Issues Through Business**

- **Anritsu Group**
  - Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation

- **Test and Measurement Business**
  - Put in place a robust network infrastructure that will provide safety and security in all areas and lead to building a sustainable society

- **PQA Business**
  - Realize a society where everyone can live in safety and security by enhancing quality assurance for food and pharmaceutical products. Implement a sustainable society where food loss is kept to a minimum
ESG Highlights

Maintaining Harmony with the Global Socio-Economy

Anritsu conducts its business activities taking into consideration sustainability across the entire value chain and recognizes the impact on society as consequence of the development of its business globally, and is cognizant of maintaining harmony with the range of cultures and characteristics in the regions in which it operates. This responsibility encompasses “respect for human rights and diversity”, “human resource development”, and “occupational health and safety”. We seek to incorporate initiatives to build a workplace that provides individual growth and job satisfaction through the fostering of diverse human resources, which are the source of corporate value. Moreover, we communicate the status of current initiatives in relation to such areas as human rights and the environment in supply chain management with our partner companies that support the manufacturing process at the Anritsu Group.

Respect for Human Rights and Diversity - Promoting Women’s Empowerment in the Workplace

The Domestic Anritsu Group is gradually increasing its ratio of female workers by focusing on gender equality in the hiring of human resources, regardless of if the individual is working in the technical or clerical fields. In April 2019 a female employee became the company’s first internally promoted executive officer, rising to the position of CTO. We also in the same year increased the number of women working in management positions by three.

In terms of career development, we have listened to the opinions and concerns of our female employees and managers and have worked to improve education and training programs as well as broaden the systems supporting the life-work balance of these women. We provide to all employees information on these programs, seeking to raise awareness so that all interested employees, male or female, can find support and peace of mind in balancing work with home responsibilities.

In fiscal 2018, the ratio of female workers was 15% in Japan, 31% in the Americas, 21% in the EMEA region, and 27% in Asia and other regions. The ratio of women workers on a global basis was 20%.

Human Resource Development - Global Training in the Measurement and PQA Businesses

Anritsu Corporation conducts a global training program in the measuring instruments business for about 100 participants invited from the Anritsu Group overseas businesses. The program involves sales engineers outside Japan measurement instruments businesses coming together to receive a broad range of training, including on new products, new features in existing products, market analysis, demonstration know-how, sales strategies, and product roadmaps.

In addition, Anritsu Infivis is inviting service engineers from regional distributors in Europe and Asia to the company headquarters for a new product service training course. Given that service engineers are in closest contact with the company’s customers, they often receive requests from those customers and distributors regarding Anritsu products, so the program is particularly valuable as a forum for the exchange of information that could be useful in the development of our products.
To prevent health problems from overwork, the Domestic Anritsu Group promotes measures based on the Group-wide management policy to ensure appropriate work hours. These measures include shortening overtime work, minimizing midnight shift work, and implementing “no overtime” days. In line with the Article 36 Agreement through March 2019 and the Labor Standards Act from April 1, 2019, the Company and the Anritsu Labor Union set and manage prescribed working hours for employees. We have abandoned the idea that the best performers work the longest hours, and are promoting measures aimed at shorter, more efficient meetings, and having employees start work at opening hours and leave by 7:00pm, including turning off the lights at that time.

Anritsu is also advancing workstyle reforms with the goal of improving corporate value and bolstering the innovation that leaders to enhanced productivity.

We launched workstyle reforms in fiscal 2016 with the goal of correcting the trend toward long working hours as well as maintaining and improving the health of our employees, thereby improving productivity. Since then, there has been a steady decline in overtime hours per month compared to fiscal 2015. While overtime hours ticked higher in response to initial 5G development demand in fiscal 2018, the absolute number of overtime hours per month was still lower than in fiscal 2015.

The average number of vacation days taken has remained above 16 since fiscal 2016.

**Average Monthly Overtime Working Hours (Time) and Annual Paid Holiday Use (Days)**
(Domestic Anritsu Group)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Monthly Overtime Hours (Left axis)</th>
<th>Average Annual Paid Holiday Use (Right axis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>21.5</td>
<td>15</td>
</tr>
<tr>
<td>2015</td>
<td>19.8</td>
<td>15</td>
</tr>
<tr>
<td>2016</td>
<td>16.3</td>
<td>15</td>
</tr>
<tr>
<td>2017</td>
<td>15.1</td>
<td>14.8</td>
</tr>
<tr>
<td>2018</td>
<td>15.8</td>
<td>16.7</td>
</tr>
</tbody>
</table>

With the goal of confirming the quality of CSR activities at our suppliers, we created the CSR Questionnaire, which focuses on items such as human rights, labor and health, fair trade and ethics, quality and safety, information security, and the environment.

We received responses to this questionnaire from 95 of our leading suppliers in fiscal 2018 and can report favorable results. Moreover, in order to assess actual conditions, we visited several of our supplier in China and confirmed that there were no significant risks.

We have posted our statement in regard to compliance with the U.K. Modern Slavery Act, a global compact to eradicate forced labor and trafficking in supply chains, each year on the Anritsu Corporation and Anritsu EMEA Ltd. websites.
**Promoting Global Environmental Protection**

Protecting the global environment is an important theme in our efforts to solve the issue of climate change and realize sustainable production and consumption. In order to contribute to the sustainability of society and realize beneficial sustainable growth, Anritsu has been working to firmly instill environmental compliance related to our business activities and products, address climate change, create a recycling-oriented society, and prevent environmental pollution on a global basis and throughout our value chain.

**Climate Change Strategies - Formulation of SBT**

Thanks to an improvement in the electric power CO₂ conversion coefficient and a reduction in energy consumption, Scope 1 and 2 CO₂ emissions at the Anritsu Group in fiscal 2018 were down 15.7% compared to fiscal 2015.

The Company submitted a commitment letter to the Science Based Targets (SBT) Initiative in March 2019 and is currently formulating its SBT. Anritsu’s efforts include plans for the utilization of renewable energy, with management focusing on the potential introduction of solar power generation equipment capable of producing total maximum output of several megawatts by fiscal 2030.

**Development of Environmentally Friendly Products – Developing the MT8000A Radio Communication Test Station**

The MT8000A Radio Communications Test Station is used to test 5G mobile terminals, chipsets, and other devices under development. One unit can effectively handle both RF measurement and protocol testing operations. Development was based on the concept of constructing a single unit with the processing capabilities equal to the multiple existing testers currently required for 5G NR (New Radio) measurements. The equipment was realized through the use of highly efficient power supply devices and low-power, highly integrated devices.

Field Programmable Gate Array (FPGA) devices consume more power the higher the temperature, even when performing the same computation. The power consumption of FPGAs can therefore be controlled by efficiently dissipating heat by spreading out heat sources within the casing.

Compared to conventional products processing at the same levels, we decreased the model’s volume by 80% and mass by 74%, with power consumption reduced by a substantial 75%.

**Supporting the Kanagawa No Plastic Waste Declaration**

Kanagawa Prefecture considers itself an “SDGs Future City” and in line with the SDG for creating a sustainable society, the prefectural government issued the Kanagawa No Plastic Waste Declaration, with the specific aim of working toward a solution for the issue of marine pollution, which is becoming increasingly severe, especially in regard to the problem of micro-plastics. Anritsu is not only a supporter of this activity, but also conducts clean-up activities in the areas around the Atsugi site, works to prevent plastic pollution in rivers and the ocean through participation in Sagami River clean-up activities, and works to educate its employees through general environmental programs and the publication of magazines focusing on the issue of the environment.
Expanding and Strengthening Governance

The Anritsu Group is deeply aware of its corporate social responsibility and conducts its business soundly and honestly in compliance with laws and corporate ethical standards in each of the countries in which it operates and in accordance with the expectations of society. Moreover, we aim to contribute to the creation of a sustainable society and the improvement of our corporate value by conducting our business in a fair and transparent manner, backed by rapid and decisive decision making and a focus on risk management.

Anritsu actively engages in the disclosure of information and active dialogue with all of its stakeholders throughout the entirety of its business activities as it strives to build shared value and strengthen its partnerships.

Anritsu seeks to obtain an appropriate assessment of its corporate value through communication with shareholders and investors while striving to achieve higher shareholder satisfaction by enhancing corporate value and delivering returns to shareholders. Comments by shareholders and investors are shared with our Management Strategic Conference and the Information Disclosure Committee, which includes members of management, and this is linked to improving information disclosure and business activities through feedback to the IR Promotion Committee; in which the departments for management planning, accounting, and legal affairs participate. We conducted 269 interviews in fiscal 2018 with domestic investors and 166 interviews with overseas investors.

Establishment of Compliance - Initiatives Related to Anti-Bribery and Corporation

Developing its business on a global basis, the Anritsu Group is keenly aware that preventing bribery and other forms of corruption is the most important compliance issue. We have implemented a number of initiatives in this area in the past, but moved in fiscal 2012 to establish the Anritsu Group Anti-Bribery Policy and entrench awareness of it throughout the Anritsu Group, including at overseas locations. Key initiatives undertaken by the company are as follows.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2012</td>
<td>Established the &quot;Anritsu Group Anti-Bribery Policy&quot; and gave full notice to Anritsu companies in Japan and overseas of the prohibition of bribery</td>
</tr>
<tr>
<td>Fiscal 2013</td>
<td>Prepared and gave educational support for global &quot;Case Studies,&quot; including anti-bribery</td>
</tr>
<tr>
<td>Fiscal 2014</td>
<td>Implemented global web-based training (WBT) on prohibition of bribery</td>
</tr>
<tr>
<td>Fiscal 2015</td>
<td>Continued WBT on anti-bribery. Prepared the &quot;Anritsu Group Anti-Bribery and Corruption Rules&quot;</td>
</tr>
<tr>
<td>Fiscal 2016</td>
<td>Launched implementation of &quot;Anritsu Group Anti-Bribery and Corruption Rules&quot;</td>
</tr>
<tr>
<td>Fiscal 2017</td>
<td>Launched efforts to address questions from various regions regarding the &quot;Anritsu Group Anti-Bribery and Corruption Rules&quot;</td>
</tr>
<tr>
<td>Fiscal 2018</td>
<td>Self-assessment in preventing bribery and corruption by country managers at overseas locations.</td>
</tr>
</tbody>
</table>

The Creation of Shared Value through the Promotion of Communication

Anritsu actively engages in the disclosure of information and active dialogue with all of its stakeholders throughout the entirety of its business activities as it strives to build shared value and strengthen its partnerships.

Providing information to and communicating with stakeholders

Anritsu seeks to obtain an appropriate assessment of its corporate value through communication with shareholders and investors while striving to achieve higher shareholder satisfaction by enhancing corporate value and delivering returns to shareholders. Comments by shareholders and investors are shared with our Management Strategic Conference and the Information Disclosure Committee, which includes members of management, and this is linked to improving information disclosure and business activities through feedback to the IR Promotion Committee; in which the departments for management planning, accounting, and legal affairs participate. We conducted 269 interviews in fiscal 2018 with domestic investors and 166 interviews with overseas investors.

ESG Index Inclusion

Information disclosure and activities related to ESG are evaluated, with the company thereafter included in domestic and overseas ESG indexes.

For details, please visit the following page on our website: https://www.anritsu.com/en-US/about-anritsu/sustainability/evaluation