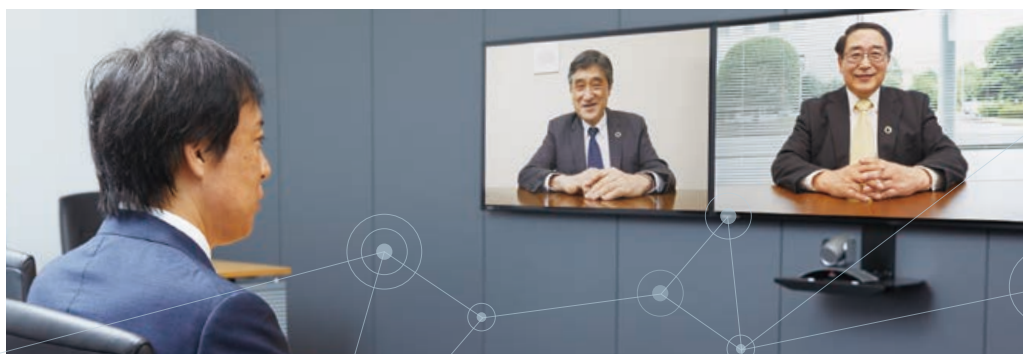


# Three-Way Discussion: President and Outside Directors



**Takaya Seki**  
Outside Director



**Hirokazu Hamada**  
Representative Director,  
President of Anritsu  
Group CEO



**Kazuyoshi Aoki**  
Outside Director

Outside Director Takaya Seki and Outside Director Kazuyoshi Aoki, who have deep knowledge of global business, and President Hirokazu Hamada exchanged thoughts on the current business situation and issues in order to improve the effectiveness of governance as the Anritsu Group expands its business globally. The discussion was carried out in remote format in July 2020.

**Hamada:** Thank you for making time for this discussion in your busy schedule. Given the conditions of the COVID-19 pandemic, we will hold our exchange of ideas in remote format. Regarding the pandemic, we set the lives of employees as our highest priority and moved very quickly taking actions such as recalling of staff stationed overseas. In the end, our actions were by no means too early. Through the experience, we affirmed the importance of thinking one step ahead in our actions to avoid risks in terms of both safety and business.

**Aoki:** The Company's response to the pandemic, including the adoption of telecommuting, was surprisingly quick. From the standpoint of maximum efficiency in employees' work, however, there is still a need to review work styles.

**Hamada:** We looked at telecommuting as the ideal way of working, but its mental impacts to employees are still uncertain, and a number of problems remain to appear. Appraising employee output under telecommuting is also an issue, which we will address through further review.

**Seki:** The proliferation of telecommuting could present a business opportunity for the Company, and spurring of new ways

of working has expanded its potential even further. I hope that the Company will make full use of this experience to connect it to further development in the future, following the principle of using concern in a crisis to motivate us to prepare.

**Aoki:** We have kept the impacts of the virus on the Company to a minimum, but we need to continue checking risks without failing.

**Hamada:** That is absolutely right. Communicating with customers has become difficult, but I want to keep assessing the situation and handle it appropriately.

## Global Corporate Group Governance and Financial Management

**Hamada:** It is my intention to follow the opinions of our Outside Directors, and do my best to incorporate them into our management. Your sincere opinions on governance in the Group management are appreciated.

# of Anritsu

**Seki:** The most important responsibility that we Directors carry is the proper management of corporate assets. As Group companies themselves are investment assets of the Company, we have to manage Group companies as a single entity.

**Aoki:** A global company should achieve management that commits to high ethical standards and a spirit of legal compliance in every country and region, and all of a global company's domestic and foreign subsidiaries have to be operated under the leadership of the company. Toward that end, three principles are important: "sublime ideas," "organizations to support activities," and "monitoring."

What matters here is unifying funds through means including the introduction of global cash management, and being mindful of capital costs. Thinking from this point, I support the use of ACE (Anritsu Capital-cost Evaluation: Net operating profit after tax – Cost of capital (5%)) as the Company's business management metric.

**Hamada:** Regarding the management of overseas Group companies, this is something that we have struggled with for a long time, making step-by-step progress through trial and error. Thus far, we have emphasized face-to-face communication as important but the pandemic has made it difficult. We will have to proceed through trial and error to find out how to make governance work from here on out.

**Aoki:** I recognize that the Company has established good communications with our overseas subsidiaries. The current situation is not perfect however, I look forward to further refinement.

**Seki:** In management of the Group, how to balance the centralization and decentralization of authority to maximize synergies will be a key issue. Looking at the Company's choice of "Global Headquarters Building" as the name of the new head office building completed in 2015, I can feel the willingness that we will improve governance as a global company.

## The Progress of Technology and the Company's Business

**Hamada:** Our Company has a history of 125 years, and it is still important that we continue pursuing cutting-edge technology. It is a natural thing to concentrate on current business, but I want the Company to build up technology with an eye to the future.

**Seki:** The rapid progress of technology represents not only business opportunities but risks as well. It is important that we engage organically in activities while we formulate a strategy that views our businesses as a portfolio, construct a defense line to ensure the efficacy of internal control, and remain mindful of the efficacy of corporate governance in headquarters.

**Aoki:** Regardless the size of a company, evolution of technologies can mean great opportunities. It is necessary to pull the whole Company in a direction of seeking to create true technological innovation. We have to invest management resources under a clear division between technological innovation, for refining existing products, and technological innovation, for the purpose of new businesses.

## The Aims of Anritsu's Group Management

**Hamada:** There's a lot more to be said, but to wrap things up, please tell me about the Group's future goals from here on out.

**Aoki:** The mission of a company is to increase corporate value over the medium- to long-term. From the premise that a company must satisfy all of its stakeholders, the shareholders who receive the final distribution of profits must be satisfied as well. It is important to meet the expectations of shareholders while valuing every stakeholder, such as for example, providing customers with high-quality services and providing employees with comfortable workplaces.

**Seki:** I agree with that. Five years ago, the Company adopted the structure of a company with an Audit & Supervisory Committee, to build an agile execution structure and strengthen supervisory functions. Under this structure, the management team has to demonstrate abilities in order for stakeholders to receive maximum benefits. I also believe that our relationships with local communities are important. We should take pride in the trust that we enjoy from communities, and I hope that we can continue building good relationships.

**Hamada:** Without the trust of stakeholders, our measuring instruments and other products will not earn the trust of the society. We want our Company to be one that carries out its responsibilities and contributes to the future through business while never pursuing improper gains. We will continue acting with "Sincerity, Harmony, and Enthusiasm," as set out in our Company philosophy, and will aim to remain a Company that is needed by society and a Company that aids in creating a better future.

### Takaya Seki Outside Director

Worked at Toyo Trust and Banking Co., Ltd. (Currently Mitsubishi UFJ Trust and Banking Corporation) and Mizuho Securities Co., Ltd. Subsequently, became Professor at Rissho University Faculty of Business Administration. Holds a PhD (Economics) from Kyoto University. Has served as an Outside Director of Anritsu since 2011 (incumbent). Possesses extensive knowledge and insight, primarily in the research domain of global corporate governance.

### Kazuyoshi Aoki Outside Director

Joined Kao Soap Co., Ltd. (Currently Kao Corporation) in 1979, where he served as Senior Manager of the IR Department (Accounting and Finance Center), Senior Manager of the Accounting and Finance Division, and Executive Officer in charge of Accounting and Finance. Has served as an Outside Director of Anritsu since 2019 (incumbent). Possesses a record of experience in introducing advanced management methods, including global cash management and EVA.