

Anritsu Corporation Basic Policy on Corporate Governance

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Introduction

Given the importance of enhancing corporate governance as a critical management challenge, and following the concepts in principles laid down in the "Japan's Corporate Governance Code" established by the Tokyo Stock Exchange, Inc. ("TSE"), the Company has established this "Anritsu Corporation Basic Policy on Corporate Governance" which clarifies its concepts of and the organization, structure and frameworks, etc. to uphold corporate governance, with the aim to realize better corporate governance in the Anritsu Group ("Group").

This Basic Policy is constituted of the following contents:

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1. General Principles

1.1 Formulation of Company Philosophy, Company Vision and Company Policy

Given its responsibility for a variety of stakeholders, the Company formulates its management philosophy, vision and policy as follows:

Company Philosophy

Contribute to the development of a safe, secure and prosperous global society by offering "Original and High-Level" products and services with "sincerity, solidarity, and motivation."

Company Vision

Achieve "profitable and sustainable growth" through innovation using collective wisdom.

Company Policy

- 1) Build organizational vitality through participatory management using collective wisdom.
- 2) Obtain growth-drivers through innovation.
- 3) Become a global market leader.
- 4) Contribute to the creation of an earth-conscious and people-friendly society as a good corporate citizen.

1.2 Basic Concepts of Corporate Governance

The Company aims at the profitable and sustainable growth as well as the increased corporate value over the mid-to-long-term by responding to business environment changes flexibly and speedily and enhancing competitiveness as a global company. In that process, given its responsibility for a variety of stakeholders such as shareholders, employees, clients, business partners, creditors, and the broader communities, etc., the Company establishes the structure and frameworks for corporate governance to (i) make decisions in a transparent, fair, speedy and decisive manner, and (ii) disclose information in an appropriate and timely manner. Further, the Company always seeks for and continuously engages in the development and enhancement of such structure and frameworks.

1.3 Establishment and Operation of Internal Control System

In order to ensure the appropriateness of business activities, the Company sets basic principles for establishing an internal control system and put in place and practice a set of rules and processes to be employed by the Company.

2. Relation with Stakeholders

2.1 Relation with Shareholders

2.1.1 Ensuring equal treatment of all shareholders

The Company recognizes that ensuring the rights of its shareholders ("Shareholders") and improving their common interests would contribute to sustainable growth and the increase of corporate value. In this light, while ensuring equal treatment of all the Shareholders, the Company develops an environment for information disclosure to the Shareholders in a fair, timely and appropriate manner as well as specific exercises of their rights to vote, so that they can appropriately exercise such rights. In this case, the Company pay due attention to minority and foreign Shareholders.

2.1.2 General Meetings of Shareholders

The Company recognizes the utmost importance of General Meetings of Shareholders as a venue for constructive dialogue with the Shareholders. In this light, the Company fixes the date and place for a General Meeting of Shareholders, as deemed reasonably appropriate to enable more Shareholders to present and exercise their rights to vote at such meeting and deepen their understanding of the Company.

The Company ensures the accuracy and appropriateness of the information contained in "Notice for Convocation of General Meeting of Shareholders" to be sent to the Shareholders. At the same time, in order to give them sufficient time to review the contents of propositions to be submitted to the meeting, the Company dispatches a notice not later than three (3) weeks prior to the date of such meeting, that is more than one (1) week earlier than a statutory deadline for dispatch of the notice. In addition, the Company registers with TSE and disclose the notice on the Company's webpage in advance of dispatch.

For the Shareholders those who are unable to present at the meeting, the Company provides a method to exercise their rights to vote through the internet, other than the exercise of voting in writing (voting form). Further, the Company provides institutional investors with another method to exercise their rights to vote using the Electric Voting Platform established by TSE. By presenting these methods, the Company develops an environment which encourages the Shareholders to exercise their rights to vote.

2.1.3 Constructive dialogue with Shareholders

Through positive dialogue with the Shareholders, the Company promotes their understanding of the Company and its management policies. At the same time, the Company believes that receiving useful feedback and views from the Shareholders during such dialogue would contribute to sustainable growth and the increase of corporate value over the mid-to-long-term. With that aim, the Company develops a framework which facilitates positive dialogue and creates opportunities to talk with the Shareholders in and out of the country. When having the dialogue, the Company endeavors to give the Shareholders a clear and detailed explanation to deepen their understandings.

Separately, the Company sets and discloses "Basic Policy for Establishing Structure and Measures to Facilitate Constructive Dialogue with Shareholders" (Appendix 1).

2.1.4 Basic principles for capital policy

The Company gives importance on "ROE" (Return on Equity) as a key indicator of capital efficiency and also sets "ACE" (*) (Anritsu Capital Cost Evaluation) which measures additional value accrued from its invested capital in an effort to maximize the corporate value.

(*) ACE= "Net operation profit after tax" minus "cost of capital."

As to its financial stability, the Company aims at a higher level of Dividend on Equity Attributable to Owners of the Parent ("DOE") in preparation for significant changes in the market environment and financial situation.

With respect to the return to the Shareholders, in principle, the Company intends to distribute its earned surplus to the Shareholders in accordance with the "Policy for Determining Distribution of Surplus, etc." (Appendix 2), by taking into account the total return ratio consisting of the consolidated payout ratio and acquisition or cancellation of its treasury stock.

When implementing the capital policy which may result in a change of control or the substantial dilution for existing Shareholders, the Board of Directors thoroughly deliberates the necessity of and rationale for such policy not to unjustly harm the Shareholders' interest, before disclosing the contents of the policy in an appropriate and timely manner.

2.1.5 Basic principles for exercising rights to vote regarding cross-shareholdings and shares held as cross-shareholdings

In order to increase corporate value over the mid-to-long-term, in some cases, the Company strategically holds shares of other listed companies, mainly its business partners, by taking into account all factors of its business strategies and perspectives, etc.

As to the shares of other listed companies held as cross-shareholdings, the Company verifies the significance and reasonableness of keeping such shares every year and when necessary. If the continuation of such holding is determined inappropriate, then the Company will consider the sale or another disposal of such shares and report to the Board of Directors.

When exercising the Company's rights to vote pertaining to the shares held as cross-shareholdings, the Company comprehensively makes a decision to vote for or against a resolution by taking into consideration the business performance, management policies and governance structure of the relevant listed company and from the viewpoint of enhancing the Company's corporate value over the mid-to-long term.

2.1.6 Business transaction with cross-shareholders

The Company conducts a business transaction with a client or business partner solely on the basis of economic rationality. The Company does not require any business partner who has already held the shares of the Company to keep its shareholding as a condition for the continuation of the business transaction with the Company.

2.1.7 Anti-takeover measures

The Company recognizes that the increase of corporate value through profitable and sustainable growth is the most critical issue for responding to the trust of Shareholders. In this light, it is the Company's best interest to (i) realize "2020 VISION," and the mid-term management plan, (ii) continuously engage in the increase of corporate value through the development and strengthening of corporate governance, and (iii) increase the return to the Shareholders and further expand dialogues with them and its investors. Thereby, the Company does not prepare anti-takeover measures of so-called "prior-warning" type. When a large-scale purchase is attempted by an inappropriate party or person to control decisions on the Company's financial and business policies, the Company addresses such attempt appropriately under the "Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies" (Appendix 3) to maintain and increase corporate value and the common interests of Shareholders.

2.1.8 Related party transactions

The Company conducts fair transactions in compliance with the laws and regulations, etc. regarding business activities and material procurements, and in accord with sound business practices and common sense.

In order not to harm its interests and the common interests of Shareholders, the Company stipulates that the transactions below require a prior deliberation and the approval of the Board of Directors on each case. When such transaction is conducted, a report on relevant material facts should be submitted to the Board of Directors promptly: (i) an competitive transaction conducted by a Director, (ii) an conflicting interest transaction between a Director and the Company, or (iii) an extraordinary transaction with one of major Shareholders having more than 10% of the shares in the Company.

Besides the approval of the Board of Directors, any conflicting interest transaction to be conducted by a Director who is not an Audit & Supervisory Committee member further requires the approval of the Audit & Supervisory Committee.

2.2 Relation with Stakeholders other than Shareholders

2.2.1 Appropriate cooperation with stakeholders other than Shareholders

The Company fully recognizes that sustainable growth and the creation of corporate value over the mid-to-long-term can be achieved as an outcome of the provision of resources and the contribution from a variety of stakeholders

such as employees, clients, business partners, creditors, and the broader communities. Therefore, the Company is devoted to fulfilling its social mission "to contribute to the development of a safe, secure and prosperous global society by offering 'Original and High-Level' products and services with 'sincerity, solidarity, and motivation.'" Given the mission, the Company takes positive and proactive measures to address sustainability issues including ESG (environment, society, and governance) matters by conducting corporate activities in good faith based on its conformance with the laws and regulations, ethics and a social norm.

2.2.2 Operational guidelines for the Company Pension

The Company recognizes that the fund operation of reserves ("Reserve Fund") of the Corporate Pension Fund ("Corporate Pension") will influence the stable asset building of employees and the financial condition of the Company. In this light, the Company assigns appropriate persons to operate the Corporate Pension and provide them with continuous education and training opportunities so that they can obtain specialized knowledge and know-how. The Reserves Fund should be adequately operated by the internal rules set by the Company separately, for example, based on the decision made by a panel.

Where the Company selects an external fund management company ("Reserve Fund Management Company") to entrust the operation of the Reserve Fund, the Corporate Pension should regularly hold a meeting to exchange opinions on the stewardship with the Reserve Fund Management Company. Based on its assessment of the operation of the Reserve Fund, the Corporate Pension should determine whether to continue the entrustment to the Reserves Management Company or needs to replace it with another fund management company.

Where the Reserve Fund Management Company exercises its voting right or expresses its opinion in any other way, the Company will respect such decision and adequately control any conflict of interest which may arise between the Company and the Reserve Fund Management Company.

2.2.3 Code of Conduct

In an effort to fulfill its social responsibility, the Company has declared "Anritsu Group Chapter of Corporate Behavior" ("Chapter") as the guidelines for ideal corporate activities and "Anritsu Group Code of Conduct" ("Code of Conduct") as a norm of action for all officers and employees of the Group.

These Chapter and Code of Conduct are stipulated, amended or abolished by approval of the Board of Directors. The Company has all officers and employees well informed about these Chapter and Code of Conduct through the intranet, and it also publicly discloses the same.

2.2.4 Addressing sustainability issues

Under "Sustainability Policy" (Appendix 6), the Company assents to ten principles of "The United Nations Global Compact" ("GC") and increases corporate value through contributing to the realization of "Sustainable Development Goals"

("SDGs") along with global activities. In addition, under the mid-to-long-term policy, the Company engages in these activities as a part of the mid-term management plan. The progress of such activities is reported to the Board of Directors.

2.2.5 Whistleblowing system

Aiming to prevent violations of the ethical code at workplace and to improve working conditions for employees, the Company establishes points of contact to receive reports and whistleblowing from or provide advice to employees ("Hotlines"), in accordance with the "Basic Rules for Compliance with Ethics Law and Regulations" and "Rules for Whistleblowing". As Hotlines for employees in Japan, in addition to the point of contact at workplace (a phone line and an e-mail address exclusively for whistleblowing and a comment box, etc.), the Company establishes several external points of contact (outside director, attorney, counselors and an outside consultation desk, so-called "Workplace Hotline"). The operation of Workplace Hotline is entrusted to an external organization that specializes in treating whistleblowing and has no interests in the Company to encourage employees to contact it without worry or fear.

The contents and facts of every report and whistleblowing are treated as confidential to ensure that the employee who made a report or whistleblowing would not suffer from disadvantageous treatment. The Board of Directors regularly receives a report regarding the operation of the system.

2.2.6 Ensuring diversity at workplace

The Company emphasizes "respect for human rights" as one of the essential behaviors specified in the Chapter and the Code of Conduct. As the Company's business is being expanded globally, it has employed various personnel, regardless of nationality, gender, age and a sense of values, etc. In this light, the Company is required to create the work climate where every employee can seek for the fulfillment of his/her own life and the development of his/her career, understand other employees' situation, etc. and respect for different values, and make the best of himself/herself by exerting his/her individuality at work. With that aim, the Company builds the system and frameworks to create a safe, secure and comfortable work environment.

3. Ensuring Appropriate and Timely Disclosure and Transparency

3.1 Ensuring appropriate and timely disclosure and transparency

The Company recognizes the utmost importance of information disclosure to stakeholders such as Shareholders, employees, clients, business partners, creditors, and the broader communities as a basis for communication with them. In compliance with the relevant laws and regulations, the Company timely, appropriately and proactively discloses material facts of (i) financial information, such as financial standing and operating results, etc. and (ii) non-financial information, such as management strategies and management issues, risk management, internal control system and governance.

3.2 Compiling and disclosing a mid-to-long-term management plan

In order to attain "sustainable growth and the mid-to-long-term improvement of the corporate value," the Company accurately assesses its capital cost and compile a mid-to-long-term management plan specifying objectives of its earning power, capital efficiency and the usage of managerial resources. The Company discloses the mid-to-long-term management plan and the status of its progress to stakeholders in an integrated and structured manner to obtain appropriate understandings of and confidence from them. For such purpose, the disclosed information will outline the Company's business strategy and policies which identify a source and strong points of its corporate value as well as the corporate sustainability issues.

4. Corporate Governance Structure

4.1 Outline of Corporate Governance Structure

As the structure for corporate governance ("Corporate Governance Structure,") the Company has adopted the company structure as "Company with an Audit & Supervisory Committee" aiming at further enhancement of the audit and supervisory function. The Company maintains the Board of Directors, Audit & Supervisory Committee and Accounting Auditor as its organization.

Having engaged in manufacturing of products which requires the high degree of expertise, the Company also introduces the system of "*shikko-yakuin* (Vice Presidents)" to reflect the voice and views of persons who are knowledgeable in the field into quick decision-making on business execution.

4.2 Directors and the Board of Directors

4.2.1 Roles and responsibilities of the Board of Directors

According to the laws and regulations, the Articles of Incorporation and the "Rules of the Board of Directors" set by itself, the Board of Directors engages in constructive discussion and decision-making on substantive matters concerning the Group's business operation including management strategies and plans, etc. The Board of Directors is also responsible for oversight of business execution by Directors, Vice Presidents, and Executive Officers.

To perform its fiduciary responsibilities to and accountability for the Shareholders and to pursue the Group's profitable and sustainable growth as well as the increase of the corporate value over the mid-to-long-term, the Board of Directors makes efforts to ensure the reasonableness of managerial decision-making process and encourages such process to be taken in a transparent, fair, speedy and decisive manner. Through such process, the Company develops an environment which supports appropriate risk-taking by Representative Directors and other Executive Directors. Before submission of a proposition to the Board of Directors, the Company collects, analyzes and examines the relevant information which constitutes the premises of the proposition appropriately and rationally, and carefully considers the proposition. Based on such consideration, the Board of Directors thoroughly deliberates and resolves the proposition.

4.2.2 Composition of the Board of Directors

To enhance and ensure the effectiveness of the decision-making process at the Board of Directors, the Board of Directors consists of a maximum of ten (10) Directors (excluding Directors who are Audit & Supervisory Committee members) and five (5) Directors who are Audit & Supervisory Committee members as stipulated in the Articles of Incorporation of the Company. The Company selects Directors with due attention to ensuring the diversity of members and the balance of their expertise, experiences, and capabilities, regardless of gender, nationality and the like.

The Company appoints at least one-third of the members of the Board of Directors as Independent Outside Directors and aims to appoint non-executive Directors as many or more than the number of Executive Directors.

4.2.3 Selection (dismissal) of Directors, Vice Presidents, and Executive Officers

A proposition for selection (dismissal) of Directors including Group CEO, Vice Presidents, and Executive Officers should be resolved at a meeting of the Board of Directors after deliberation by the Nominating Committee (as to an Audit & Supervisory Committee member, a deliberation of Audit & Supervisory Committee is required) every year and when necessary.

The reason of the selection (dismissal) of a Director, Vice President or Executive Officer should be disclosed in a proper form such as the convocation notice for the relevant General Meeting of Shareholders and a report on the corporate governance.

4.2.4 Criteria for selection (dismissal) of Directors, Vice Presidents, and Executive Officers

As to the selection of Directors including Group CEO, Vice Presidents, and Executive Officers, every candidate should have the advanced expertise, be highly capable for business exercise and be expected to contribute to the improvement of business performance of the Company. In addition, he/she should be comprehensively evaluated in the light of "Anritsu Value" that summarizes a desirable member of the Group. In other words, in the assessment of any candidate, several factors, among others, the following five capabilities should be taken into consideration; "the power of empathy with the Company's management vision and philosophy", "high-character", "strategic and conceptual thinking power", "initiative, the power of action and rationale thinking power" and "high ethical values."

As to the selection of an Outside Director, a candidate should be comprehensively evaluated by taking into consideration a balance of knowledge and experience as well as diversity, etc. among members of the Board of Directors and his/her independence from the Company.

When a Director wishes to concurrently serve as an officer for other company out of the Group, he/she will be allowed to do so only when he/she can fulfill his/her responsibility as Director of the Group. If it results in a concurrent holding of an

important position (as defined in the Ordinance for Enforcement of the Companies Act), such situation should be disclosed every year.

For any Director, Vice President or Executive Officer, any fraudulent act concerning the performance of his/her duties or the significant breach of the laws or the Articles of Incorporation of the Company constitutes a due reason to dismiss him/her from the office.

4.2.5 Chairperson of the Board of Directors

A chairperson of the Board of Directors of the Company is selected at a meeting of the Board of Directors under the provisions of the Articles of Incorporation of the Company. The chairperson makes efforts to (i) conduct a meeting of the Board of Directors in an effective and efficient manner and smoothly provide necessary information to Directors, (ii) lead substantial deliberations, and (iii) enhance its supervisory function. In order to fulfill such responsibilities, in principle, a Representative Director who has detailed knowledge about businesses and management of the Company, as well as a deep understanding of propositions submitted for deliberation takes a chair of a meeting of the Board of Directors.

4.2.6 Active deliberations by the Board of Directors

To foster active deliberations at meetings of the Board of Directors, the Company makes efforts to (i) distribute the relevant materials and information to Directors sufficiently in advance of the meeting date, (ii) provide sufficient information about the schedule of meetings and anticipated agenda, (iii) secure sufficient time for deliberations, and (iv) do other things as required.

4.2.7 Roles, etc. of Independent Outside Directors

The Company selects Independent Outside Directors to pursue business operation utilizing outside perspectives and enhance the supervisory function for business execution, thereby contributing to sustainable growth and the increase of corporate value over the mid-to-long-term.

The roles of an Independent Outside Director are to make use of his/her expertise and knowledge in giving out advice to the Board of Directors, for example, how to address management issues of the Company, aiming to encourage the profitable and sustainable growth of the Company as well as the increase of corporate value.

In order to fulfill the roles described above, every Outside Director (whether or not he/she is a Director who is Audit & Supervisory Committee member) should act as a Nominating and Compensation Committee member. In addition, they should make efforts to deepen their understanding of the real situation and business challenges of the Company's group by presenting at internal audits conducted by Audit & Supervisory Committee whenever possible and doing other similar activities.

Moreover, Outside Directors will aim to attend a financial-results briefing and grasp the dialogs with shareholders and investors.

The Company recognizes that, in the selection of an Independent Outside Director, any chance of using discretion should be eliminated and it is required to create an environment to ensure his/her independence even after selection, from the viewpoint of the maintenance and enhancement of corporate governance. In this connection, the Company separately formulates "Independence Criteria for Outside Officers" (Appendix 4) by approval of the Board of Directors and discloses the same on a Securities Report, etc.

4.2.8 Independent Committee

The Company establishes the Independent Committee, aiming to create a venue for free and active discussion and foster exchange of information and share the same problem recognition among officers from the stance of being independent and objective.

The Independent Committee consists of all the Independent Outside Directors including Directors who are Audit & Supervisory Committee members to facilitate smooth communication among them and contribute to the increase of corporate value through the following activities:

- 1) Recommendation about the improvement of corporate value of the Group
- 2) Exchange of views with Representative Directors
- 3) Exchange of views regarding a particular topic with the persons concerned who are responsible for business execution, etc.
- 4) Recommendation about the effectiveness of the Board of Directors
- 5) Recommendation about the internal control system
- 6) Recommendation about the Company's response to an attempt to a large-scale purchase of the Company's shares
- 7) Recommendation about or report on other matters requested for advice by the Board of Directors

4.2.9 Lead Independent Outside Director

In order to summarize the views of Outside Directors and communicate and coordinate with the top management of the Company, a chairperson of the Independent Committee is selected among members of the Independent Committee as a Lead Independent Outside Director who is expected to undertake such roles.

4.2.10 Nominating Committee

The Company establishes the Nominating Committee as an advisory body for the Board of Directors in order to enhance transparency, objectivity, and fairness in the examination of selection and dismissal of Directors, as well as an appointment of and retirement from the office of Representative Director, which are critical matters relating to corporate governance. In addition, the Company receives from the Nominating Committee advice, recommendations and the like concerning the training of management executives.

The Nominating Committee consists of all the Outside Directors (including Directors who are Audit & Supervisory Committee members) and Group CEO as well as one (1) Director appointed by the Group CEO, and under the chairperson of the Committee, who is an Outside Director, deliberates the following matters, etc. before providing a recommendation to the Board of Directors:

- 1) Advice or recommendation about an appointment of and retirement from the office of Group CEO and his/her Succession Plan
- 2) Proposition for selection of a candidate for Director, Vice President or Executive Officer or dismissal of any of them as well as advice or recommendation about their Succession Plan
- 3) Proposition for members of the Board of Directors (the ratio between Internal Directors and Outside Directors and members' expertise and professional careers, etc.)
- 4) Examination and determination of the requirements for a Director, Vice President and Executive Officer and criteria for their selection
- 5) Advice or recommendation about the management and operation of several systems (a term of office, an age limit, etc. for each position) regarding the Directors, Vice Presidents, and Executive Officers as the whole and revisions of such system
- 6) Advice or recommendation about "Training Program for Next-Generation of Executives" as well as training for Directors, Vice Presidents, and Executive Officers or successor candidates for them.

4.2.11 Compensation Committee

The Company establishes the Compensation Committee as an advisory body for the Board of Directors for deliberating the system, content, level and a balance of distribution, etc. of compensation, etc. of Directors (including Directors who are Audit & Supervisory Committee members), which is an essential matter relating to corporate governance.

The Compensation Committee consists of all the Outside Directors (including Directors who are Audit & Supervisory Committee members) and Group CEO as well as one (1) Director appointed by the Group CEO, and under the chairperson of the Committee, who is one of the Outside Director, deliberates the following matters, etc. before providing a recommendation to the Board of Directors:

- 1) Compensation structure for Directors, Vice Presidents, and Executive Officers
- 2) Compensation standard for Directors, Vice Presidents, and Executive Officers
- 3) Breakdown of individual compensation, etc. of each Director, Vice President, and Executive Officer
- 4) Other matters relating to the above

4.2.12 Policy for determining the amount or formulation of officers' compensation, etc.

The Company sets and discloses on a Securities Report, etc. the "Policy for Determining Amount or Formulation of Officers' Compensations, etc." (Appendix 5)

4.2.13 Officers' Compensation Structure

The Company determines the compensation, etc. of Directors (excluding Directors who are Audit & Supervisory Committee members), Vice Presidents, and Executive Officers under the basic policy set by it, referring to research data on officers' compensation conducted by outside research agencies for the combination of forms of compensation and the level of such amount. The Company intends to enable such compensation, etc. to work as incentives for the officers to contribute to the improvement of business performance in each business year and corporate value over the mid-to-long-term. In determining the compensation, etc., the Company takes into consideration a balance between the basic remuneration based on each officer's job responsibility and the performance-related compensation (including bonus as the short-term performance-related compensation and stock compensation as the mid-to-long-term performance-related compensation).

4.2.14 Succession Plan

The Company intends to develop potential persons by introducing the "Training Program for Next Generation of Executives" to train them as possible candidates for next generation of top executives including Group CEO. The Nominating Committee entrusted by the Board of Directors reviews the progress and the result of such training, and from among the persons trained, it selects possible candidates for Director, Vice President, and Executive Officer and recommends them to the Board of Directors.

4.2.15 Training of Directors, etc.

As a critical governance body for a listed company, Directors, Vice Presidents and Executive Officers of the Company are expected to deepen their understanding of their roles and responsibilities and acquire and update necessary knowledge and skills to adequately fulfill such roles and responsibilities. With that aim, the Company implements training for all the Directors, Vice Presidents and Executive Officers.

For Outside Directors to deepen their understanding of the market environment and trends in the industry, etc., from time to time, the Company continually offers them explanations about the management philosophy, vision and strategy, the medium-term management plan and the organization, etc. as well as business markets, outline of businesses and products of the Company. In addition, once a quarter, the Company provides Outside Directors with opportunities to listen to status reports on business execution, etc. from Vice Presidents and Executive Officers who are responsible for their respective business divisions. Besides, the Company continuously endeavors to deepen their understanding of the Company by arranging their visits to various workplaces in the Company, their exchanges of information with management executives of the Company and other things as required.

Under the "Training Program for Next Generation of Executives", the Company provides candidates for top executives with opportunities to fully understand various matters regarding leadership, finance, laws and regulations, corporate

governance and compliance, etc. as well as other expertise and knowledge, etc. required for corporate operation, and to continuously update such information as necessary.

4.2.16 Effectiveness and self-evaluation of the Board of Directors

The Board of Directors makes efforts to increase its effectiveness to attain sustainable growth and the higher corporate value of the Company over the mid-to-long-term, by taking the initiative to improve the decision-making process continuously and to enhance the supervisory function, both of which are prerequisites for the promotion of sound risk-taking attitude.

In order to pursue a better balance between the decision-making function and the supervisory function of the Board of Directors, every Director should demonstrate their experience, skills, and knowledge, etc.

The Board of Directors analyzes and evaluates its effectiveness once a year, referring to each item specified in "Basic Policy on Corporate Governance," etc. including the perspectives above as the criteria, and take necessary measures to improve its effectiveness further.

4.3 Audit & Supervisory Committee Members and Audit & Supervisory Committee

4.3.1 Roles and Responsibilities of Audit & Supervisory Committee

Bearing in mind its fiduciary responsibilities to the Shareholders, the Audit & Supervisory Committee executes its roles and responsibilities including audits of the performance of duties of Representative Directors and other Executive Directors as well as the exercise of its authority regarding appointment and dismissal of an external Accounting Auditor and the determination of auditor remuneration. With that aim, the Audit & Supervisory Committee sets "Auditing Standard for Audit & Supervisory Committee," receives business reports from the Group by the laws and regulations, investigates the status of business execution and assets and/or exercise its authority to appoint or dismiss Accounting Auditor. Taking these steps, the Audit & Supervisory Committee conducts an audit on business execution by Directors, the effectiveness of the internal control system, the business performance, the financial condition and the like of the Company.

In addition, utilizing his/her position as full-time, a Director who is full-time Audit & Supervisory Committee member has the following responsibilities: to aim to improve an environment for audit, etc. proactively and gather internal information: to monitor and verify the establishment and operation of the internal control system on a routine basis, and, to share such information with other Audit & Supervisory Committee members. Also, together with a General Manager of Management Audit Department, a Director who is a full-time Audit & Supervisory Committee member should directly involve in the operation of a significant subsidiary of the Group as Director in charge of audit of the subsidiary (or Corporate Auditor if such subsidiary is a Company with Auditor), and receive business reports from the subsidiary and investigate its business execution, financial condition and the like. Following these steps, the Director who is

full-time Audit & Supervisory Committee member conducts an audit on the effectiveness of the internal control system, the business performance, the financial condition and the like of the subsidiary.

An Audit & Supervisory Committee member may present and state his/her views at a meeting of the Board of Directors as Director with the right to vote and have meetings with Representative Directors to exchange views regarding issues to be addressed by the Company or essential issues raised through auditing, for mutual communication.

4.3.2 Composition of Audit & Supervisory Committee

The Audit & Supervisory Committee consists of a maximum of five (5) Directors according to the Articles of Incorporation of the Company, and Outside Directors should form a simple majority of the Committee. In order to smoothly gather internal information and enhance communication with Representative Directors and Executive Directors, at least one (1) member should be appointed as a full-time Audit & Supervisory Committee member. In addition, with the aim to closely cooperate with the Accounting Auditor and the internal audit department, etc. in proper execution of their duties, the Company ensures that a person or persons who have appropriate experience and competence, as well as a thorough knowledge about finance and accounting are included in Directors who are Audit & Supervisory Committee members.

4.3.3 Support to Audit & Supervisory Committee

The Company sets up the Management Audit Department as a supporting body for the Audit & Supervisory Committee. Audit & Supervisory Committee members cooperate with the Management Audit Department and the relevant departments such as an internal audit department in the implementation of the auditing and oversight of the Company.

4.4 Accounting Auditor

4.4.1 Accounting Auditor

The Company recognizes that an Accounting Auditor owes its responsibility toward the Shareholders and investors. In order to ensure the proper auditing by the Accounting Auditor, the Company cooperates with the Audit & Supervisory Committee and the relevant departments including the Accounting Department in preparing the audit schedule and establishing the audit structure.

4.4.2 Selection and Evaluation of Accounting Auditor

The Audit & Supervisory Committee determines principles for dismissal or non-reappointment of an Accounting Auditor and prepares the criteria for selection and evaluation of an Accounting Auditor to check its independence and professional standard.

In addition, when the Audit & Supervisory Committee conducts an audit, it monitors and verifies whether the Accounting Auditor keeps its independent position and adequately conducts an audit or not and confirms the

appropriateness of the auditing method and the results of such audit conducted by the Accounting Auditor.

4.5 Management Strategy Conference, etc.

4.5.1 Management Strategy Conference

The Company establishes the Management Strategy Conference as a decision-making body regarding the business execution of the Group, under the chairmanship of Group CEO and constituted by a President and other Directors, Vice Presidents and Executive Officers, and other executive staff of the Company. At the conference, members deliberate and make decisions on the formulation of a comprehensive strategy for global management, the Group management and significant matters regarding business execution.

4.5.2 Free Discussion

With the aim to facilitate open, unrestricted and constructive discussion and exchange of views among the top management, the Company holds a quarterly forum for "Free Discussion," which consists of members of the Board of Directors, Vice Presidents and Executive Officers, and other executive staff. At such "Free Discussion," every participant joins in the discussion on management issues over the mid-to-long-term in line with the presentations or topics, etc. provided by each Executive Officer regarding his/her assigned area.

5. Other Matters

5.1 Re-examination and Revision of Basic Policy

The Company re-examines the contents of this Basic Policy and revises it as required, by approval of the Board of Directors on a regular basis.

Supplement provisions

1. This Basic Policy came into force on October 29, 2015.

Basic Policy for Establishing Frameworks and Measures to Facilitate Constructive Dialogue with Shareholders

Based on its "Disclosure Policy"* and with the aim to improve sustainable corporate growth and increase corporate value over the mid-to-long-term, the Company appropriately discloses information to the Shareholders to deepen their understanding of the Company, and also facilitates active dialogue with the Shareholders in order to reflect their valuable feedback and views into its business management.

In this light, the Company establishes the following frameworks and measures:

- The IR (investor relations) Department is assigned to facilitate dialogue with the Shareholders under an officer who is responsible for overseeing activities of the IR Department ("IR Officer").
- When having a dialogue with the Shareholders, the IR Department and the IR Officer cooperate with Representative Directors, Executive Directors, Vice Presidents in charge, etc. before adequately responding to requests for dialogue from the Shareholders. In addition, the IR Department sets up "IR Promotion Council" consisting of accounting, management planning, public relations, and legal sections, to have meetings on a regular basis where the members make reports and exchange opinion about the IR activities to improve such activities and support dialogue with the Shareholders.
- For providing specific opportunities of dialogue with the Shareholders, besides individual meetings on a routine basis, the Company holds quarterly financial results briefings as one of major IR activities, joins in outside IR conferences, etc. and implement overseas IR activities (such as roadshow activities), etc. In addition, the Company makes efforts to improve the information disclosure on its website and holds briefing sessions for individual Shareholders on a regular basis.
- The feedback and information gathered through dialogue with the Shareholders are, from time to time, reported to "Information Disclosure Committee" consisting of persons responsible for treatment of information and those in charge of information disclosure as well as "Management Strategy Conference." The same is also reported to the Board of Directors on a regular basis, along with the status of IR activities.
- In order to prevent insider transactions, the Company sets "Rules for Prevention of Insider Trading" that prohibits communication about insider information (significant information). Thus, it makes sure that any insider information is not divulged when engaging in dialogue with the Shareholders. Further, the Company makes efforts to prevent any insider transaction in advance by voluntarily refraining from IR activities during a specified period prior to its announcement of financial results, etc.

<Partially amended: April 1, 2018>

*Disclosure Policy

Whether the news is good or bad, whether circumstances surrounding the Company are good or bad, Anritsu discloses accurate information to all the stakeholders by the relevant laws and regulations, in a sincere, fair and active manner.

Action Guideline

- 1) Communicate accurate information
 - (i) in a clear and straightforward manner for easy understanding,
 - (ii) proactively, timely and promptly,
 - (iii) in a way to be widely and equally known.
- 2) Ensure the information management and endeavor to prevent insider transactions in advance.

Policy for Determining Distribution of Surplus, etc.

For returning profits to the Shareholders, in principle, the Company distributes its profits according to the consolidated performance by taking into account the total return ratio.

In regard to dividends of surplus, the Company primarily aims to increase dividends on equity attributable to owners of the parent (DOE) according to the increase in consolidated profits for the relevant business year, with a goal of achieving 30% or more of a consolidated dividend payout ratio. The Company makes distributions of dividends, in principle, twice a year, i.e., year-end and interim dividends, by resolution of the General Meeting of Shareholders or by approval of the Board of Directors.

The Company intends to appropriately purchase its treasury stock when necessary, by taking into account its financing standing, stock movements, and other factors, in an effort to implement flexible capital policies that respond to changes in the corporate environment.

As to its internal reserves, the Company takes a policy to utilize for research & development and capital investment to address rapid technological advances and changes in the market structure, and investments for upgrading supporting services for customers of the Company's products as well as further business expansion, etc.

<Partially amended: April 1, 2016>

Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies

The Company is an open and public company which allows unrestricted sale and purchase of shares of the Company. Therefore, the Company understands that the final decision on whether to sell its shares by accepting a Large-Scale Purchase attempted by a party or person and the requirements for a party or person who controls decisions of the Company's financial and business policies should ultimately be made under the collective will of the Shareholders of the Company. However, the Company believes that, in order to maximize accumulated management resources which are a source of corporate value and constitute the common interests of the Shareholders and to elevate brand value of the Group, the stable management of the Company from the mid-to-long-term standpoint as well as the thorough understanding of such accumulated management resources are absolutely imperative. Thereby, if a party or person who controls decisions on the Company's finance and business policies does not fully understand these matters, it is concerned that the Company's corporate value and the common interests of the Shareholders are materially impaired.

Based on the above, when an inappropriate party or person for controlling decisions on the Company's financial and business matters attempts "Large-Scale Purchase", the Company should positively gather necessary information from such party or person attempting the Large-Scale Purchase and appropriately disclose the information to aid the Shareholders in making their decisions on such attempt. In addition, the Company should seek to ensure and improve corporate value and the common interests of the Shareholders by taking appropriate measures to the extent permissible by laws and regulations as well as its Articles of Incorporation.

Criteria for Judging Independence of Outside Officers

When a thoughtful examination by the Company finds that an Outside Director ("Outside Officer") or a candidate for Outside Officer of the Company does not fall under any of the following, the Company judges that such Outside Officer or candidate for Outside Officer is independent of the Company:

1. A person who executes business (*1) for the Company or any of subsidiaries of the Company (the Company and its subsidiaries are collectively referred to as "Group")
2. A major shareholder of the Company (*2), or a person who executes business (*1) for such shareholder
3. A person who executes business (*1) for a company, of which the Group is one of the significant shareholders (*2)
4. A person or entity for whom the Group is a significant business partner (*3), or a person who executes business (*1) for such person or entity
5. A significant business partner (*3) of the Group, or a person who executes business (*1) for such partner
6. A person or entity who receives donations of a large amount of money or other assets (aids) (*4) from the Group, or a person who executes business (*1) for such person or entity
7. A consultant, an accounting expert such as a certified public accountant or a legal expert such as an attorney who receives a large amount of money or other assets (benefits) (*4) from the Group, other than officer's remuneration (when a person receiving such asset is a corporate person or an association such as partnership, this paragraph applies to members who belong to such association.)
8. A person who is a former employee or officer of a company in a cross-directorship arrangement for outside directors (*5) with the Group
9. A person who had fallen under any of the preceding paragraphs of 1.~8. in the past (*6)
10. A spouse or a family member within two degrees of kinship of either person described in (a) or (b) below;
(a) A key person (*7) among the persons specified in paragraph 1. above (in judging the independence of an Outside Director who is an Audit & Supervisory Committee member or a candidate for such Outside Officer, a Director who is, or was, not a person executing business (*1) will be included), or
(b) A key person (*7) among the persons specified in any of the preceding paragraphs of 2.~8.
11. Other than the persons specified above, a person who is reasonably determined by the Company that he/she is unable to perform his/her duties as Outside Officer in an independent and neutral position.

(*1) "Person who executes business" means a person who executes the business (duties) of a director (excluding an outside director), *shikkoyaku*, employee, etc. (including an

executive officer), including a person who executes the business (duties) for a corporate or association such as partnership other than a company.

- (*2) "Major shareholder" means a shareholder who holds, directly or indirectly, more than 10% of the voting rights of a company.
- (*3) "Major business partner" means a partner who falls under the definition of "major business partner" referred to in "Guidelines Concerning Listed Company Compliance, etc. III 5. (3)2".
- (*4) "A large amount of money and other assets" means the total value exceeding ¥ 10 million per business year or 1% of the total income of the recipient of such assets, whichever higher.
- (*5) "Cross-dictatorship arrangement for outside officers" means a relationship where a former officer or employee of the Group currently serves as an outside officer for another company, and at the same time, a former officer or employee of such another company serves as an outside officer of the Group.
- (*6) "Past" means, in cases which fall under the paragraph 1 above, an indefinite past period and in cases which fall under any of the paragraphs 2.~8. above, five (5) years in the past, including the last business year.
- (*7) "Key person" in the item (a) includes an employee of importance, such as executive officer, etc. out of the persons who exercise business described in the item (*1) above, but not include an employee who serves as a similar position to the department manager or lower position. "Key person" in the item (b) means, in cases which fall under any of the paragraphs 2.~8. above (excluding the paragraph 7) only a person who exercises business as a director, *shikkoyaku*, vice president, executive officer, etc. and in cases which fall under the paragraph 7 above, only a qualified professional such as certified public accountant or attorney.

(*8) <Supplement>

Under the rule set by TSE, a listed company is allowed to stipulate insignificant criteria for determining the person who is unlikely to influence on shareholders' decision on an exercise of voting rights for specific items, respectively. In this light, the Company separately stipulates, as necessary, such insignificant criteria on "amount of transaction" and "amount of donation", respectively, in regard to the following items: "whether the officer is a business partner or a former employee or officer of such partner of the listed company, or not" and "whether the officer is or was employed by the recipient of any donation from the listed company, or not".

Appendix 5

Policies for Determining Amount or Formulation of Officers' Compensation, etc.

The compensations, etc. of Directors (excluding Directors who are Audit & Supervisory Committee members, and this exclusion applies to all "Directors" in 1. below), Vice Presidents, and Executive Officers (collectively referred to as "Officers") are deliberated at the Compensation Committee, an advisory body for the Board of Directors, in terms of the system, content, level and a balance of distribution, etc. of Director's compensation.

Receiving a recommendation from the Compensation Committee, the Board of Directors determines the compensation, etc. of Directors to the extent resolved by a General Meeting of Shareholders.

Basic principles:

1. Compensation, etc. of Officers

The Company sets the following basic principles regarding the compensation, etc. of Directors are as follows:

- 1) To establish a system containing elements which motivate Officers to attain the Company's management objective and consistently increase corporate value
- 2) To establish a system containing elements which are appealing to and can ensure a variety of excellent and eligible persons as officers for a global company
- 3) To ensure the reasonability and objectivity in the process for determining the compensation, etc. and the proportional distribution

The Company determines the compensation, etc. of Officers under the above principles, referring to research data on officers' compensation conducted by outside research agencies for the combination of forms of compensation and the level of such amount. With the compensation, etc., the Company intends to provide officers with incentives to contribute to the improvement of business performance for each business year and corporate value over the mid-to-long-term. When determining such compensation, etc., the Company takes into account a balance between the basic remuneration according to each officer's job responsibility and the performance-related compensation. Under the present structure for the compensation, etc. of Executive Directors, the amount equivalent to 50% of their basic remuneration is calculated as the performance-related compensation. In this connection, the Company has introduced a system to motivate such Officers to share their views on profits with the Shareholders and engage in management with awareness of the Company's business performance from the mid-to-long-term viewpoint and the Company's stock value. Provided, however, that the Company provides, in principle, Non-Executive Officers (including Outside Directors) with only fixed remuneration.

The performance-related compensation consists of monetary compensation, i.e., bonus, the amount of which is equivalent to 30% of the basic remuneration, and non-monetary compensation under the incentive plan using trust, i.e., stock compensation, the amount of which is equivalent to 20% of the basic remuneration. The Company evaluates each Officer's performance based on the level of dividend for the relevant business year, the degree of attainment of his/her numeral target regarding the management benchmark, the degree of attainment of his/her managerial goal including non-financial aspects set by himself/herself in advance, and other matters.

2. Compensation, etc. of Directors who are Audit & Supervisory Committee Members

The Company determines the compensation, etc. of Audit & Supervisory Committee members, as the fixed compensation based on the discussion among the Audit & Supervisory Committee members and to the extent approved by resolution of a General Meeting of Shareholders. When determining the compensation, etc. the Company focuses primarily on ensuring the effectiveness of audits on the business execution of the Company and intends to encourage such Directors to fulfill their duties as Audit & Supervisory Committee members independently from persons who execute the business.

<Partially amended October 31, 2018>

Appendix 6

Sustainability Policy

The Anritsu Group believe our business should increase our long-term value through contributions to the sustainability of global society with sincerity, harmony, and enthusiasm.

1. We will contribute to building a safe, secure and comfortable society through our business activities, based on our long-term vision.
2. We will maintain harmony with the global socio-economy and society through ethical company activities.
3. We will contribute to the preservation of the global environment by promoting environmental management for the coexistence of people and nature.
4. We will build strong partnerships by promoting communication with all stakeholders.

< Established: April 1, 2018 >

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