

# **Anritsu Corporation Basic Policy on Corporate Governance**

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## **Introduction**

Recognizing that enhancing corporate governance is a critical management challenge, following the concepts in principles laid down in “Japan’s Corporate Governance Code” set by the Tokyo Stock Exchange, Inc. (“TSE”), the Company has established “Anritsu Corporation Basic Policy on Corporate Governance.” This policy (“Basic Policy”) clarifies our stance and the organization, structure, and frameworks to uphold corporate governance, aiming to realize better governance in the Anritsu Group (“Group”).

The Basic Policy is constituted of the following contents:

### **1. General Principles**

- 1.1 Formulation of Company Philosophy, Company Vision and Company Policy
- 1.2 Basic Concepts of Corporate Governance
- 1.3 Establishment and Operation of Internal Control System

### **2. Relation with Stakeholders**

- 2.1 Relation with Shareholders
- 2.2 Relation with Stakeholders other than Shareholders

### **3. Ensuring Appropriate and Timely Disclosure and Transparency**

- 3.1 Ensuring Appropriate and Timely Disclosure and Transparency

### **4. Corporate Governance Structure**

- 4.1 Outline of Corporate Governance Structure
- 4.2 Directors and the Board of Directors
- 4.3 Audit & Supervisory Committee Members and Audit & Supervisory Committee
- 4.4 Accounting Auditor
- 4.5 Management Strategy Conference, etc.

### **5. Other Matters**

- 5.1 Re-examination and Revision of Basic Policy

Appendix 1 Basic Policy for Establishing Structure and Measures to Facilitate Constructive Dialogue with Shareholders

Appendix 2 Policy for Determining Distribution of Surplus, etc.

Appendix 3 Basic Policy regarding Persons Who Control Decisions on the Company’s Financial and Business Policies

Appendix 4 Independence Criteria for Outside Officers

Appendix 5	Policy for Determining Amount or Calculation Method for Officers' Compensations, etc.
Appendix 6	Sustainability Policy

## 1. General Principles

### 1.1 Formulation of Company Philosophy, Company Vision and Company Policy

Given its responsibility to 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**

Beyond testing, beyond limits, for a sustainable future together.

#### **Company Policy**

- 1) Growing day-by-day both as people and as a company based on self-development and sincere effort.
- 2) Solving challenges through internal and external cooperative collaborations and harmonious relations.
- 3) Making breakthroughs with an enthusiastic and progressive spirit.
- 4) Devoting the company and stakeholders to building a people- and planet-friendly sustainable future.

### 1.2 Basic Concepts of Corporate Governance

The Company aims at 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. The Company recognizes its responsibility to assume through that process for a variety of stakeholders such as shareholders, employees, clients, supplier, creditors, and the broader communities. For that purpose, the Company establishes the structures 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 and continuously engages in developing and enhancing such structures and frameworks.

### 1.3 Establishment and Operation of Internal Control System

For ensuring its appropriate business activities, the Company sets basic principles for establishing an internal control system to 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 shared interests would contribute to sustainable growth and the increase of corporate value. In this light, while ensuring the Shareholders’ practical equality, the Company develops environments for fair, timely, and appropriate disclosure of information to the Shareholders and specific exercises of their voting rights so that they can exercise their rights properly. During that process, the Company pays 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 accurate and appropriate information in “Notice for Convocation of General Meeting of Shareholders” for the Shareholders. At the same time, 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 discloses the information on the Company’s web page in advance of dispatch.

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

#### 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 valuable 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. For that purpose, the Company develops a framework to facilitate positive dialogue and creates opportunities to talk with the Shareholders in and out of the country. When having the dialogue, the Company seeks 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

Giving importance to “ROE (Return on Equity)” and “Equity Capital Ratio” as KPI (Key Performance Indicators), the Company works to maximize corporate value over the mid-to-long term and maintain its financial stability by improving the efficiency of its equity capital.

With respect to the return to the Shareholders, in principle, the Company intends to distribute its earned surplus to them in accordance with “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 their interests 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

To enhance 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.

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 continued holding is determined inappropriate, 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 supplier 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 continuing 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 important issue for responding to the trust of Shareholders. In this light, it is the Company's best interest to (i) realize Company 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 the so-called "prior-warning" type. If an inappropriate person attempts a large-scale purchase to control decisions on the Company's financial and business policies, the Company will address such attempt adequately according to "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 Shareholders' shared interests.

#### 2.1.8 Related party transactions

The Company conducts fair transactions in compliance with the laws, regulations, and related rules, 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 Shareholders' shared interests, 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) a competitive transaction conducted by a Director, (ii) a conflicting interest transaction between a Director and the Company, or (iii) an extraordinary transaction with one of the major Shareholders having more than 10% of the shares in the Company.

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

## 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 are the outcomes of providing resources provided and contributed by a variety of stakeholders, such as employees, clients, supplier, 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 provides them with continuous education and training opportunities to obtain specialized knowledge and know-how. The Reserves Fund should be adequately managed 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 Reserve Fund's operation, 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.

When the Reserve Fund Management Company exercises its voting right or expresses its opinion in another 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

To fulfill its social responsibility, the Company has declared "Anritsu Group Charter of Corporate Behavior" ("Charter") 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 Charter and Code of Conduct are stipulated, amended, or abolished by the Board of Directors' approval. The Company has all officers and employees well informed about these Charter and Code of Conduct through the intranet, and it also publicly discloses them.

#### 2.2.4 Addressing sustainability issues

Under "Sustainability Policy" (Appendix 6), the Company accepts 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. Also, 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 the workplace and to improve working conditions for employees, the Company sets up points of contact to receive reports and whistleblowing from or provide advice to employees (“Hotlines”) under 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 the 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 interest in the Company to encourage employees to contact it without worry or fear.

All contents and facts of every report and whistleblowing should be treated as secrets 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 Charter and the Code of Conduct. As the Company’s business is being expanded globally, it has employed various personnel, regardless of nationality, gender, age, set of values, and other factors. In this light, the Company must create a favorable work climate, where every employee can seek fulfillment in his/her own life and career development, understand other employees’ conditions and situations to respect for different values; thereby making the best of oneself exerting individuality. 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  
To realize “sustainable growth and the mid-to-long-term improvement of the corporate value,” the Company accurately assesses its capital cost and compiles a mid-to-long-term management plan specifying objectives of its earning power, capital efficiency, and the usage of operating 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 proper understandings of and confidence from them. For such purpose, the disclosed information will outline the Company’s business strategy and policies that identify a source and strong points of its corporate value and 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 the manufacturing of products that requires a high degree of expertise, the Company also introduces the system of “*shikko-yakuin* (Vice Presidents)” to reflect the voice and views of persons 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 “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. The Board of Directors is also responsible for oversight of business execution by Directors, Vice Presidents, and Executive Officers (hereinafter, Vice Presidents and Executive Officers are collectively referred to as “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 the managerial decision-making process and encourages such approach to be taken in a transparent, fair, speedy and decisive manner. Through the process, the Company develops an environment that supports appropriate risk-taking by Representative Directors and other Executive Directors. Before submitting a proposition to the Board of Directors, the Company collects, analyzes, and examines the relevant information that constitutes the proposition’s premises appropriately and rationally and carefully



considers the proposition. Based on such consideration, the Board of Directors thoroughly deliberates and resolves the proposal.

#### 4.2.2 Composition of the Board of Directors

To enhance and ensure the effectiveness of its decision-making process, the Board of Directors consists of up to ten (10) Directors (excluding Directors on the Audit & Supervisory Committee) and up to five (5) Directors on the Audit & Supervisory Committee as stipulated in the Company's Articles of Incorporation. The Company selects Directors with due attention to ensuring their diversity and balancing their expertise, experiences, and capabilities, regardless of gender, nationality, and other factors.

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

#### 4.2.3 Selection (dismissal) of Directors and Officers

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

The reasons for the selection (dismissal) of a Director or Officer should be disclosed in a proper way, such as the convocation notice for the relevant General Meeting of Shareholders and the corporate governance report.

#### 4.2.4 Criteria for selection (dismissal) of Directors and Officers

For selecting Directors, including Group CEO and Officers, every candidate should have advanced expertise, be highly capable for business exercise, and be expected to contribute to the Company's business performance. Besides, he/she should be comprehensively evaluated based on the following key five capabilities that summarize a desirable member for the Group; "the power of empathy with the Company's vision and policy," "high-character," "strategic and conceptional thinking power," "initiative, the power of action and rationale thinking power," and "high ethical values."

For selecting an Outside Director, a candidate should be comprehensively evaluated to keep the overall balance of knowledge and experience among the board and employ their various views as Stakeholders into the supervision and proper management of the Group's business activities. Also, their diversity in expertise, nationality, and other fields and his/her independence from the Company should be considered.

When a Director wishes to concurrently serve as an officer for another

company outside 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 he/she concurrently holds an important position (as defined in the Ordinance for Enforcement of the Companies Act), that fact should be disclosed every year.

If a Director or Officer acts fraudulently in performing his/her duties or a material fact, such as the significant breach of laws or the Company's Articles of Incorporation, is found, which constitutes a due reason, he/she should be dismissed from the office.

#### 4.2.5 Chairperson of the Board of Directors

A chairperson of the Board of Directors is appointed at its meeting under the Company's Articles of Incorporation. 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. To fulfill his/her responsibilities, in principle, a Representative Director who has detailed knowledge about businesses and management of the Company and 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.

Independent Outside Directors have roles to give advice to the Board of Directors based on their expertise and knowledge and enable the board to utilize their advice for addressing the Company's management issues and encourage the profitable and sustainable growth and the increase of the corporate value of the Group.

To perform their roles described above, every Outside Director (whether or not he/she is a Director on the Audit & Supervisory Committee) should act as a Nominating and Compensation Committee member. Also, they should make efforts to deepen their understanding of the actual situation and business challenges of the Group by presenting at internal audits conducted by the Audit & Supervisory Committee whenever possible and

doing other similar activities.

Moreover, Outside Directors will make efforts to attend financial-results briefings and grasp the dialogs with shareholders and investors.

The Company recognizes that any chance of using discretion should be eliminated in selecting an Independent Outside Director. It also needs to create an environment to ensure his/her independence even after selection to maintain and enhance 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 and other required forms.

#### 4.2.8 Independent Committee

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

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 the corporate value of the Group
- 2) Exchange of views with Representative Directors
- 3) Exchange of views regarding a particular topic with the persons concerned about 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

The Independent Committee appoints a chairperson from among its members as a Lead Independent Outside Director who has a role in summarizing Outside Directors' views and communicating and coordinating with the Company's top management.

#### 4.2.10 Nominating Committee

The Company establishes the Nominating Committee as an advisory body to the Board of Directors 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. Also, the Company receives from the Nominating Committee advice, recommendations, and other opinions concerning the training of

management executives.

The Nominating Committee, chaired by an Outside Director, consists of all the Outside Directors (including Directors on the Audit & Supervisory Committee), the Group CEO, and one (1) Director appointed by the Group CEO. The Committee discusses and submits to the Board of Directors its recommendations on the matters, such as follows:

- 1) Advice or recommendation on the appointment of Group CEO and retirement from the office and his/her Succession Plan
- 2) Proposition for the nomination of candidates for Director and Officer or dismissal; advice or recommendation on his/her Succession Plan
- 3) Proposition for the Board of Directors members (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 and Officer and selection criteria
- 5) Advice or recommendation on the management and operation of several systems (a term of office, an age limit, etc. for each position) regarding Directors and Officers; any modification of such systems
- 6) Advice or recommendation on "Training Program for Next-Generation of Executives" and training for Directors and Officers or their successor candidates.

#### 4.2.11 Compensation Committee

The Company has established the Compensation Committee as an advisory body to the Board of Directors for deliberating compensations for Directors (including Directors on the Audit & Supervisory Committee), which is an essential matter relating to corporate governance. Specifically, the Committee discusses the system, content, level, the balance of allocation, and other details of Directors' compensations.

The Compensation Committee consists of all the Outside Directors (including Directors on the Audit & Supervisory Committee), the Group CEO, and one (1) Director appointed by the Group CEO under the chairperson being an Outside Director. The Committee discusses and submits to the Board of Directors its recommendations on the matters, such as follows:

- 1) Compensation structure for Directors and Officers
- 2) Compensation standard for Directors and Officers
- 3) Breakdown of individual compensations for each Director and Officer
- 4) Other matters relating to the above

#### 4.2.12 Policy for determining the amount or calculation method of officers' compensations

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

#### 4.2.13 Officers' Compensation Structure

The Company determines the compensations for Directors (excluding Directors on the Audit & Supervisory Committee) and Officers under the basic policy set by it, referring to research data on officers' compensations conducted by outside research agencies for the composition of remuneration types and payment level. The Company intends to enable the officers' compensations to function as incentives to improve the business performance in each business year and corporate value over the mid-to-long term. In determining the payments, 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 the next generation of top executives, including the Group CEO. The Nominating Committee reviews the progress and the result of such training as delegated by the Board of Directors. And from among the persons trained, it selects potential candidates for Director and Officer and recommends them to the Board of Directors.

#### 4.2.15 Training of Directors, etc.

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

The Company intends to deepen the Outside Directors' understanding of the industry's market environment and trends and related situations. For that purpose, from time to time, and repeatedly, the Company offers them briefings about the management philosophy, vision and strategy, the medium-term management plan, the organization, and related matters, the same about business markets, the outline of businesses and products of the Company. Besides, once a quarter, the Company provides Outside Directors with opportunities to hear status reports on business execution and related situations from Officers responsible for their business divisions. Further, 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 the Company's management executives, 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, including those regarding leadership, finance, laws, regulations, corporate governance, compliance, as well as other

expertise and knowledge required for corporate operation, and to continuously update such information, as necessary.

#### 4.2.16 Effectiveness and self-evaluation of the Board of Directors

To realize the Company's sustainable growth and a higher corporate value over the mid-to-long term, the Board of Directors strives to increase its effectiveness by taking initiatives to improve the decision-making process continuously and enhance the supervisory function, which are prerequisites for the promotion of sound risk-taking attitude.

In pursuit of a better balance between the Board of Directors' decision-making function and the supervisory role, every Director should demonstrate their experience, skills, knowledge, and expertise.

The Board of Directors analyzes and evaluates its effectiveness once a year, referring to each item specified in "Basic Policy on Corporate Governance" and other guidelines, including the perspectives above as the criteria, and takes 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, or exercises its authority to appoint or dismiss Accounting Auditor. Taking these steps, the Audit & Supervisory Committee conducts an audit on business execution by Directors, the internal control system's effectiveness, the business performance, the financial condition, and related matters.

Also, a full-time Director on the Audit & Supervisory Committee has responsibilities to perform the following, using the advantage of being full-time: To improve the environment for audit and other activities and gather internal information proactively; to monitor and verify the establishment and operation of the internal control system on a routine basis; to share such information with other Committee members. Further, together with a General Manager of the Management Audit Department, a full-time Director on the Audit & Supervisory Committee should directly engage in the operation of a significant subsidiary of the Group as Director in charge of the audit (or as Corporate Auditor if such subsidiary is a Company with Auditor). And he/she receives business reports from the subsidiary and investigates its business execution, financial condition, and

related matters. Following these steps, the full-time Director on the Audit & Supervisory Committee conducts an audit on the effectiveness of the internal control system, the business performance, the financial condition, and related matters of the subsidiary.

The Audit & Supervisory Committee members present and state their views appropriately at a meeting of the Board of Directors as Directors with the voting right. Also, they have discussions with Representative Directors, periodically or when necessary, to exchange views regarding issues to be addressed by the Company and essential issues raised through auditing for mutual communication.

#### 4.3.2 Composition of Audit & Supervisory Committee

The Audit & Supervisory Committee consists of not more than five (5) Directors under the Company's Articles of Incorporation, and the Outside Directors should form a simple majority of the Committee. To gather internal information smoothly 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. Also, the Committee needs to cooperate with the Accounting Auditor and the relevant internal audit departments closely for performing their duties properly. Thus, the Company ensures that one or more persons who have appropriate experience, competence, and 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. The Audit & Supervisory Committee members cooperate with the Management Audit Department and the relevant departments, such as an internal audit department, to implement the auditing and oversight.

### 4.4 Accounting Auditor

#### 4.4.1 Accounting Auditor

The Company recognizes that an Accounting Auditor owes its responsibility toward the Shareholders and investors. To ensure that the Accounting Auditor conducts the audit properly, the Company cooperates with the Audit & Supervisory Committee and the relevant departments, including the Accounting Department, to prepare the audit schedule and establish 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. The Committee also prepares the criteria for selecting and evaluating an Accounting Auditor to check its independence and professional standard.

When the Audit & Supervisory Committee conducts an audit, it monitors and verifies whether the Accounting Auditor keeps its independent position and adequately performs an audit or not. It also confirms the auditing method's appropriateness 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 has set up 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, other Directors, Officers, and other executive staff of the Company. At the conference, members deliberate and make decisions on formulating a comprehensive strategy for global management and the Group's management and determine significant business execution matters.

##### 4.5.2 Free Discussion

Aiming 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, Officers, and other executive staff. At such "Free Discussion," every participant joins in discussing management issues over the mid-to-long term in line with the presentation, subject, or case brought up 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.



## Appendix 1

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

To advance sustainable corporate growth and increase corporate value over the mid-to-long term, the Company appropriately discloses information to the Shareholders based on its “Disclosure Policy” (1\*). The disclosure intends to deepen their understanding of the Company and facilitates active dialogue with them and 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, and Officers in charge and adequately respond to requests for dialogue from the Shareholders. Also, 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.
- To have specific dialogues with the Shareholders, besides individual meetings on a routine basis, the Company holds quarterly financial results briefings as one of the major IR activities, joins in outside IR conferences, etc., and implement overseas IR activities (such as roadshow activities), etc. Also, 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 the Information Disclosure Committee consisting of persons responsible for the 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.
- To prevent insider transactions, the Company has set “Rules for Prevention of Insider Trading” that prohibit communication about insider information (important 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 before announcing its financial results.

<Partially amended: April 1, 2018>

\*1) Disclosure Policy

Whether the news is good or bad, whether circumstances surrounding the Company are favorable or not, 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.

## Appendix 2

### **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, considering the total return ratio.

Regarding dividends of surplus, the Company primarily aims to raise Dividend on Equity Attributable to Owners of the Parent (Dividend on Equity=DOE) according to the increase in the consolidated profits for the relevant business year, aiming to achieve 50% or more of the consolidated dividend payout ratio. The Company distributes dividends, in principle, twice a year, i.e., the 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, considering its financing standing, stock movements, and other factors 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, investments for upgrading supporting services for customers of the Company's products, and further business expansion.

<Partially amended: April 28, 2023>

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

The Company is an open and public company that allows unrestricted sale and purchase of its shares. Thus, the Company considers that the final decision on the following issues should be made under the Shareholders' collective will: whether to sell its shares to accept a Large-Scale Purchase attempted by a particular person; what requirements should be met by a person who controls decisions of the Company's financial and business policies. However, to maximize accumulated management resources, which are the origin of corporate value and constitute the Shareholders' shared interests and elevate the Group's brand value, it is imperative to understand the Company's stable management and the accumulated management resources completely from the mid-to-long-term standpoint. If a person who controls decisions on the Company's financial and business policies does not fully understand these matters, it will be concerned that the Company's corporate value and the Shareholders' shared interests would be materially impaired.

For the above reasons, if an inappropriate person for controlling decisions on the Company's financial and business matters attempts "Large-Scale Purchase," the Company should positively gather necessary information from the Large-Scale purchaser and appropriately disclose to help the Shareholders make decisions. Also, the Company should seek to ensure and improve corporate value and the Shareholders' shared interests by taking appropriate measures to the extent permissible by laws and regulations and its Articles of Incorporation.

## Criteria for Judging Independence of Outside Officers

Where it is confirmed by rational examination that an Outside Director (“Outside Officer”) or a candidate for the office falls under none of the following, the Outside Officer or candidate is determined to be independent of the Company:

1. Executive of the Company or its subsidiaries (the Company and its subsidiaries are collectively referred to as “Group”) (\*1)
2. Major shareholder of the Company (\*2), or an executive of such shareholder (\*1)
3. Executive of a party for which the Group is a major shareholder (\*2)
4. Party for which the Group is a major client or supplier (\*3) or an executive thereof (\*1)
5. Major client or supplier (\*3) of the Group, or an executive thereof (\*1)
6. Party which receives donations of a large amount of money or other property (\*4) from the Group, or an executive thereof (\*1)
7. Consultant, an accounting professional, such as a certified public accountant, or a legal expert, such as an attorney, who receives a large amount of money or property (\*4) from the Group besides the officer’s remuneration (If the person receiving the property is a legal entity or an association, including partnership, a member who belongs to it.)
8. Former employee or officer of a company in a cross-directorship arrangement for outside directors (\*5) with the Group
9. Person who had fallen under any of the preceding paragraphs of 1.~8. in the past (\*6)
10. 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 (including a director who is not an executive (\*1) and a former director who was not an executive (\*1) when determining the independence of an Outside Director on the Audit & Supervisory Committee or a candidate for the office), or
  - (b) A key person (\*7) among the persons specified in any of the preceding paragraphs of 2.~8.
11. Besides the above, a person who is reasonably determined that he/she is unable to perform his/her duties as Outside Officer in an independent and neutral position.

(\*1) “Executive” means a person who executes the business (duties) of a director (excluding an outside director), *shikkoyaku*, employee, etc. (including vice president/ executive officer), and it includes a person who executes the business 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 client or supplier” means a partner who falls under the definition of

“major client or supplier” referred to in “Guidelines Concerning Listed Company Compliance, etc. III 5. (3)2”.

- (\*4) “A large amount of money and other property” 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 an indefinite past period in the case of paragraph 1 above, and the last five (5) business years where any one of paragraphs 2.-8. above is applicable.
- (\*7) “Key person” in item (a) includes an employee of importance, such as vice president/executive officer among the executives described in item (\*1) above but excludes an employee who serves in a similar position to a department manager or lower position. “Key person” in item (b), where any of paragraphs 2.-8. above (excluding paragraph 7) is applicable, includes executives only who serve as director, *shikkoyaku*, vice president/executive officer. “Key person” in the case of paragraph 7 above means only a qualified professional, such as a certified public accountant or attorney.
- (\*8) Under the rule set by TSE, a listed company may stipulate “Insignificant criteria for determining the person who is unlikely to influence shareholders’ decision on an exercise of voting rights” for specific items, respectively. Thus, the Company separately stipulates, when required, the insignificant criteria on “amount of transaction” and “amount of donation,” respectively, regarding the following supplemental information to be described in “Corporate Governance Report” and “Notification of Independent Officers”: “whether the officer is a client or supplier for the listed company, or its former employee or officer ” and “whether the officer is or was employed by the recipient of a donation from the listed company.”

## **Policies for Determining Amount or Calculation Method for Officers' Compensations**

The compensations for Directors (excluding Directors on the Audit & Supervisory Committee, 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 to the Board of Directors, from the aspects of the compensation system and its details, such as payment conditions, payment level, a balance of allocation, and related matters.

Based on the Compensation Committee's recommendation, the Board of Directors determines payment amounts to the extent resolved by a General Meeting of Shareholders. Further, to ensure transparency, after making individual payments to Officers, the decision-making process, and the result shall be confirmed by the Audit & Supervisory Committee and reported to the Board of Directors.

Basic principles:

### 1. Compensations for Officers

The Company sets the following basic principles regarding compensations for Officers are as follows:

- 1) To establish a system containing elements that motivate Officers to attain the Company's management objective and consistently increase corporate value
- 2) To establish a system containing elements that 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 compensations and the proportional allocation

The Company determines Officers' compensations under the above principles, referring to research data on officers' compensation provided by outside research agencies for the compensation level. By offering compensations, the Company primarily intends to give each Officer an incentive to improve business performance for each business year and corporate value over the mid-to-long term. When determining such compensations, the Company considers a balance between the basic remuneration according to each Officer's job responsibility and the performance-related compensation. Under the current Officers' compensation structure, the amount equivalent to 50% of their basic remuneration is calculated as the performance-related compensation. In this regard, the Company has introduced a system to motivate such Directors to share their views on profits with the Shareholders and engage in management with consciousness about the Company's business performance from the mid-to-long term viewpoint and its stock

value. However, in principle, the Company offers to Non-Executive Officers (including Outside Directors) fixed remuneration only.

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 a 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 respective achievement degrees of the numeral target for the management benchmark, and the individual managerial goal, including non-financial aspects, set by him/herself in advance, and related matters. However, the Company recognizes that it needs to evaluate some Officers' performance from non-financial aspects and other objectives depending on their respective job areas. In that case, the Board of Directors may give the President and Representative Director by its resolution the discretion to conduct the above evaluation on each Officer and determine the amount of compensation to be allocated, considering their performance evaluations and other calculation elements.

## 2. Compensations for Directors on Audit & Supervisory Committee

The Company determines compensations for the Audit & Supervisory Committee members as the fixed compensation on the discussion among the Committee members to the extent approved by resolution of a General Meeting of Shareholders. The Company focuses primarily on ensuring the effectiveness of audits on its business execution and intends to encourage them to fulfill their duties as the Audit & Supervisory Committee members independently from persons who execute the business. The payment level should be determined, referring to research data on officers' compensations provided by outside research agencies and paying attention to the compensation level for part-time Directors who are neither Executive Directors nor the Audit & Supervisory Committee members.

<Partially amended April 1, 2021>



## Appendix 6

### Sustainability Policy

The Anritsu Group believes 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 prosperous global society through our business activities based on our long-term vision.
2. We will take the initiative in solving environmental issues, such as climate change, to contribute to building a people- and planet-friendly future.
3. We will respect the human rights of all people and strive to create a workplace offering healthy lives and decent work for all where diverse individuals can grow together.
4. We will operate as a business with high corporate responsibility, peaceful, just, and ethics while maintaining business transparency to meet our social obligations.
5. We will promote communications with stakeholders to develop strong partnerships and meet the challenges of solving social issues.

<Partially amended: April 1, 2021>

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