

Establishment of Compliance

Goal 2

Basic Concept

By promoting sound and fair corporate behavior that addresses social concerns beyond basic adherence to laws and regulations, Anritsu continually advances key measures for strengthening its Compliance Promotion System and for enhancing ethical awareness throughout the Group's entire workforce.

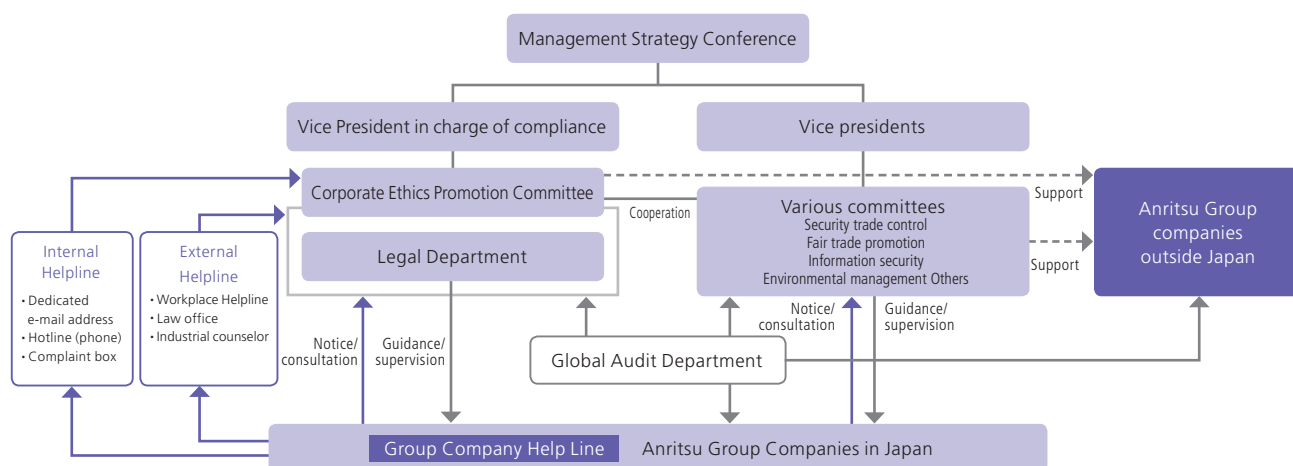
We believe it is important to respond to public expectations by developing a deep awareness of our corporate social responsibility among all employees, complying with laws and regulations in all aspects of our corporate activities, and acting according to social ethics. To that end, we have specific policies to guide corporate action, including the elimination of harassment in the workplace and the protection of personal information. All employees understand that actions which violate these policies will not be tolerated and that they cannot allow themselves or others to engage in activities that are unsound or insincere.

Compliance Promotion System

Promotion of compliance at Anritsu is led by the president, who takes the role as the chairman of the Management Strategy Conference. Under this conference, we have set up a Corporate Ethics Promotion Committee, chaired by the executive officer in charge of compliance, which oversees activities related to compliance at Anritsu Group companies in Japan.

With regard to Anritsu Group companies outside Japan, the Legal Department, which serves as the secretariat of the Corporate Ethics Promotion Committee, works with various committees on legal matters to provide guidance and necessary support for the efforts of every company to comply with ethics and laws with due respect for the legal systems, cultures and customs of each country or region. The Legal Department also works with compliance officers at each overseas company to establish a global system for compliance.

The Internal Audit Department conducts an audit of the system to ensure that it is functioning appropriately and offers recommendations and requests for improvement as needed.



■ Working with Group Companies in and outside Japan

Anritsu has been actively developing a compliance system for the Anritsu Group. Specifically, we have formulated the Anritsu Group Charter of Corporate Behavior as the common principles of the Group and the Anritsu Group Code of Conduct as principles that guide all employees in their daily efforts to practice the charter, to be shared by the Anritsu Group in Japan. Also, Group companies participate in the Corporate Ethics Promotion Committee, and we conduct compliance promotion events and related educational programs throughout the Group. The Guidelines and Insights for All Members of the Anritsu Group, which contains elements of the Anritsu Group Charter of Corporate Behavior and Anritsu Group Code of Conduct, has been distributed to all employees to be carried at all times as a guide for their actions.

Overseas Group companies have created their own codes of conduct based on the Anritsu Group Code of Conduct and customize them to reflect the respective legal systems, cultures and customs of each country and region.

■ Working with Overseas Subsidiaries

The Legal Department and various committees on legal matters seek to promote ethical and legal compliance worldwide by convening global committee meetings, in principle, once a year, for each area of responsibility. The meetings are attended by officers at Group companies outside Japan.

- Legal Department: Convenes Global Compliance Committee meetings
- Environmental Management Committee: Convenes Global Environment Management Meetings
- Information Security Committee: Convenes Global IT Committee meetings
- Security Trade Control Committee: Convenes Global Export Control Committee meetings
- Internal Control Committee: Convenes Global Internal Control Committee meetings

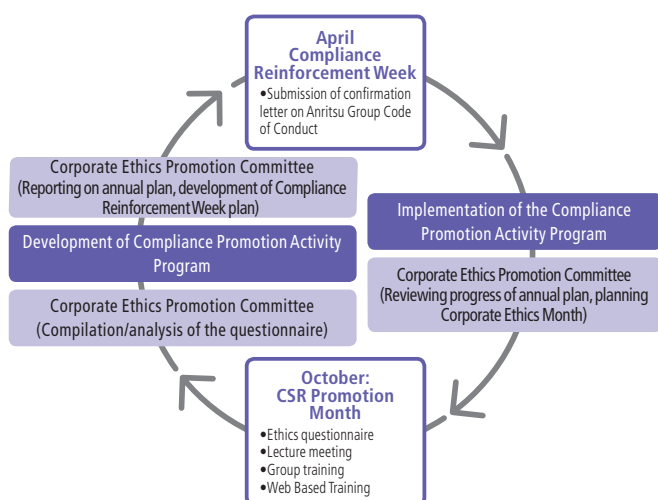
We also set up an English language website for the Legal Department that can be accessed from overseas subsidiaries. The site provides case study sheets citing concrete examples of various compliance violations in the same way as our Japanese language site. We created three versions, one in English and two in Chinese, to facilitate their use in training activities in China. In fiscal 2015 and fiscal 2016, we published information on global regulations for preventing bribery, for use by Anritsu Group employees around the world.

Corporate Ethics Promotion Committee and Ongoing Improvement Activities (Annual)

The Anritsu Group in Japan set up a Corporate Ethics Promotion Committee consisting of representatives from individual departments related to corporate ethics and from Group companies. The committee plans, supports and implements Group compliance activities in Japan. We conduct a corporate ethics survey during CSR Promotion Month (October), and each business unit formulates an annual action plan for the next fiscal year based on the results of the survey. With the action plan, each business unit carries out its own improvement activities. The effectiveness of the plan is assessed through the results of a survey the following year to ensure continuous improvement of our compliance activities.

Action plans, survey results and other information related to the CSR Reinforcement Week in April and CSR Promotion Month in October are reported at the Management Strategy Conferences in March, September and December. In March, an annual report on compliance activities, including the results of the fiscal year and plans for the next fiscal year, is presented to the Board of Directors.

► Compliance Promotion Activities



► Participating Departments of the Corporate Ethics Promotion Committee



Compliance Promotion Activities

*Web Based Training: Training conducted via the Internet and Web browsers.



Lecture meeting with experts

■ CSR Reinforcement Week and CSR Promotion Month

Every year during CSR Reinforcement Week in mid-April and CSR Promotion Month in October, we offer lectures by experts and conduct WBT*, seminars and group-based learning programs organized by departments related to each regulation to raise compliance awareness among Anritsu Group employees in Japan. During CSR Reinforcement Week, employees and temporary workers in Japan are required to submit a confirmation letter affirming their awareness and understanding of the Anritsu Group Code of Conduct. During CSR Promotion Month, we also carry out a corporate ethics survey for regular employees and temporary workers of the Anritsu Group in Japan, as well as our business partners, to confirm the effectiveness of compliance promotion activities and identify areas for improvement in individual organizational units. Issues and challenges derived from analysis, examination and deliberation of survey results are fed back to the management of the individual organizational units to be used in drawing up future compliance promotion activity programs and other actions.

- Confirmation letters for the Code of Conduct of the Anritsu Group
- Training by organizational level and organization (e.g., new recruits, newly promoted managers, Group companies)
- Individual/specialized training by separate committee or department
- Lecture meeting with invited external speakers (once or twice a year)
- Divisional educational activities using case study sheets
- Provision of educational videos or DVDs on Compliance.

■ Initiatives for Preventing Bribery

Bribery represents major compliance risks for the Anritsu Group, which conducts business on a global scale, and we are therefore working on preventive measures.

Prevention of bribery is a serious issue throughout the world. Particularly stringent bribery laws have been enacted in the United States and the United Kingdom.

Applications of these laws are not limited to incidents within the respective countries but

Reference

Anritsu Group Anti-Bribery and Corruption Rules
Table of Contents

1. The Purpose of Rules
2. Scope (To Whom Do the Rules Apply)
3. Definition
4. Roles and Responsibilities
5. Gifts and Entertainment
6. Political and Charitable Contributions
7. Other Interaction with Government Officials
8. Risk Assessment
9. Training
10. Hiring or Engagement of Government Officials
11. Disciplinary Actions
12. Third Party
13. Mergers and Acquisitions
14. Monitoring
15. Recordkeeping
16. Periodic Audit
17. Attachments

extend to incidents that occur outside them as well.

While the Anritsu Group Code of Conduct already prohibits corruption and bribery, we sought to more firmly uphold this prohibition throughout the Group in Japan and overseas by establishing the Anritsu Group Anti-Bribery Policy in April 2012. In fiscal 2015, we continued our initiative launched in fiscal 2014 to provide thorough, web-based training for preventing extortion and bribery across the Anritsu Group. The course was attended by approximately 1,450 employees (750 in Japan and 700 overseas) from our sales, marketing and procurement departments as well as those above the level of senior managers at Anritsu Group companies in Japan and overseas. We achieved 100% attendance in fiscal 2014 and fiscal 2015.

Also in fiscal 2015, we sought the cooperation of consultants to establish the Anritsu Group Anti-Bribery and Corruption Rules in order to firmly instill among employees our stance on preventing bribery, and we began enforcing these rules in April 2016. The rules are meant to supplement the Anritsu Group Anti-Bribery Policy by setting out concrete procedures. They specifically focus on the high-risk issues of seeking prior approval for entertaining and presenting gifts and due diligence prior to signing new contracts with a third party, such as an agent. We will implement preventive actions in each region after localizing the rules by addressing the characteristic aspects of doing business in particular regions. Led by Anti-Bribery & Corruption Officers appointed for each region by the Group CEO, we began offering face-to-face sessions on the Anritsu Group Anti-Bribery and Corruption Rules in April 1, 2016 throughout the Anritsu Group to educate key individuals, such as managers in each country or region.

■ Case Study Sheets

The Anritsu Group in Japan selects concrete cases that have actually occurred or could occur in the daily life and business, and publishes these as Case Study Sheets that include concise advice and explanations. Sheets are posted on our intranet and are used as educational tools of individual organizational units. A total of 185 cases have been published as of March 2017.

■ Compliance Situation of the Anti-Monopoly Act and Internal Audit

To confirm the conduct of fair and free trade activities, the Anritsu Group in Japan conducts internal audits of the activity status and order intake/sales process of the sales departments (including local bases) once a year. In conjunction with the internal audit, we also conduct compliance training (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade; Act against Delay in Payment, etc. to Subcontractors; export controls; etc.)

■ Helpline

To maintain good business ethics, prevent violations of laws and build pleasant workplace conditions, Anritsu Group companies in Japan operate the Helplines, which accepts internal reports and requests for consultation. Also, we provide the three outside helplines (the

Lawyers, Industrial Counselors, and Workplace helplines). Lawyers are available from outside the company for employees to consult for legal advice. In addition, Legal Consultation Days (twice a month) are held to provide legal consultation on internal problems as well as any other issues affecting the lives of employees.

Apart from the internal and external helplines and legal consultation, we provide specific helplines that also include contact points for the labor union and the industrial physician so that employees can consult the most appropriate source of help.

The Corporate Ethics Survey includes a question about the helpline to ascertain the degree of awareness and recognition on helplines among employees. Survey results for fiscal 2016 showed that over 96% of employees, including temporary staff, working for the Anritsu Group in Japan knew about the Helpline contact points for reporting and consultation.

In October 2012, we set up the Workplace Helpline separately from the internal consultation service for more casual utilization by using third party with no vested interests in the Anritsu Group. Counselors there are all certified industry counselors. The helpline also accepts requests for consultation outside office hours and on holidays. They also provide services in English on designated days. Those provide employees easier access to the services. Previously there were only male counselors for internal helpline but we have added female counselors starting 2016 to cope with gender sensitive issues such as sexual harassment hence they are now able to respond to more diversified issues.

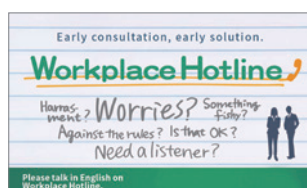
Both the In-house Helpline and the Workplace Helpline maintain rules of confidentiality on the content of reports and the fact that a report was made, and neither the reporter nor the informant will be unfairly treated in any way. From April 2015 to March 2016, the contact point received the following consultation requests.

► Number of Consultations at Contact Points

				Total
1	External contact point, Workplace Helpline (cases)	By phone	16	27
		By e-mail	11	
2	In-house contact point, In-house Helpline (cases)	By phone	2	4
		By e-mail	2	
3	Interview conducted based on response in the Corporate Ethics Survey (cases)			9

With respect to 1, the counselor for one of the cases requested response from the company so that a contact was made from Workplace helpline to the In-house helpline. In the other cases, however, those requesting consultation did not wish to consult with or report to the company. Therefore, despite their status as employees, the content of their consultation was withheld from Anritsu to maintain the confidentiality of the information. With respect to 2, we asked to meet with those requesting consultation in order to gain more information about the content of their request. During these interviews, we listened attentively without judgment. We always adopt the stance of working together for a solution for each consultation.

With respect to 3, employees respond to the Corporate Ethics Survey by including their comments on possible compliance violations on various issues concerning the company, organization, personnel, the environment and security by either signing or not signing their



Information card promoting the Workplace Helpline

※ Figures include the same issue that multiple contacts were made.

names. When they have provided their name, we request and conduct a meeting with the employee's consent to learn more about the content. We respond to each consultation by adopting the stance of working together for a solution.

In each of the cases under 1, 2 and 3, the confidentiality of the person requesting consultation or the informant is strictly protected and due consideration is given to ensure that they are not treated unfairly for seeking consultation. In some instances, the company will consult with individuals involved, but the information they provide will also be kept confidential to prevent them from being subject to unfair treatment, as in the case of people requesting consultation and informants.

In addition to improving the structural aspects, such as the establishment of internal and external contact points for consultation, we also provide skill development seminars for contact point staff with a emphasis on role-playing to simulate one-on-one consultation.

■ Export Control

Anritsu's test instruments are equipped with hardware and software that represent the cutting edge technologies and could be abused if they fall into the hands of countries developing weapons of mass destruction or of terrorist groups. Anritsu designates export/import control as one of its seven major risks and follows stringent standard procedures to contribute to maintaining and promoting peace and security in the international society.

Having the Export Control Committee as the center, the organization that appropriately manages foreign trade in global scale has been structured. It formulates our own global regulations, including the Security Trade Control Regulations. Moreover, we have an established information system for effectively conducting risk management and screening.

Reflecting the high level of trust in our export control system, Anritsu has been certified under the Authorized Economic Operator (AEO) system to ensure security while facilitating international trade, and the company has been granted a Special Comprehensive License from Japan's Ministry of Economy, Trade and Industry, which also provides practical benefits in facilitating the flow of our exports.

We will continue to contribute toward bolstering international security through stringent controls while promptly responding to customer requests by continuously seeking to improve and strengthen our initiatives.

■ Tax Compliance

Anritsu has pledged the following under "Proper Accounting and Operating Processing" in the Anritsu Group Code of Conduct, which applies to all Anritsu Group companies, including overseas subsidiaries.

- We will perform proper accounting abiding by the relevant laws and company regulations.
 - We will accurately prepare and properly save all records of finance and accounting, and we will not perform improper or any other means of accounting that could damage the company.
- We pursue tax compliance with this same basic stance. Also, we strive to reduce uncertainties in our tax affairs through actions that include consulting the tax authorities in a timely manner and disclosing an appropriate level of information.

Anritsu creates its annual securities reports (Yuka Shoken Hokokusho) in compliance with Japan's Financial Instruments and Exchange Law and other relevant laws, and it discloses tax information through this report in accordance with the relevant laws and regulations.



Mark of the Authorized Economic Operator (AEO) system administered by customs