

Establishment of Compliance

Social issues as a background

A compliance violation by a company can damage corporate trust, reduce corporate value, and can cause significant loss to the people (stakeholders) involved with a company. Instances of corporate compliance violations seem endless recently. Despite this, it remains obvious that companies are obliged not to violate compliance. It is important to adapt to social demands through sound and sincere corporate behavior as well as full compliance with laws and regulations.

Policy

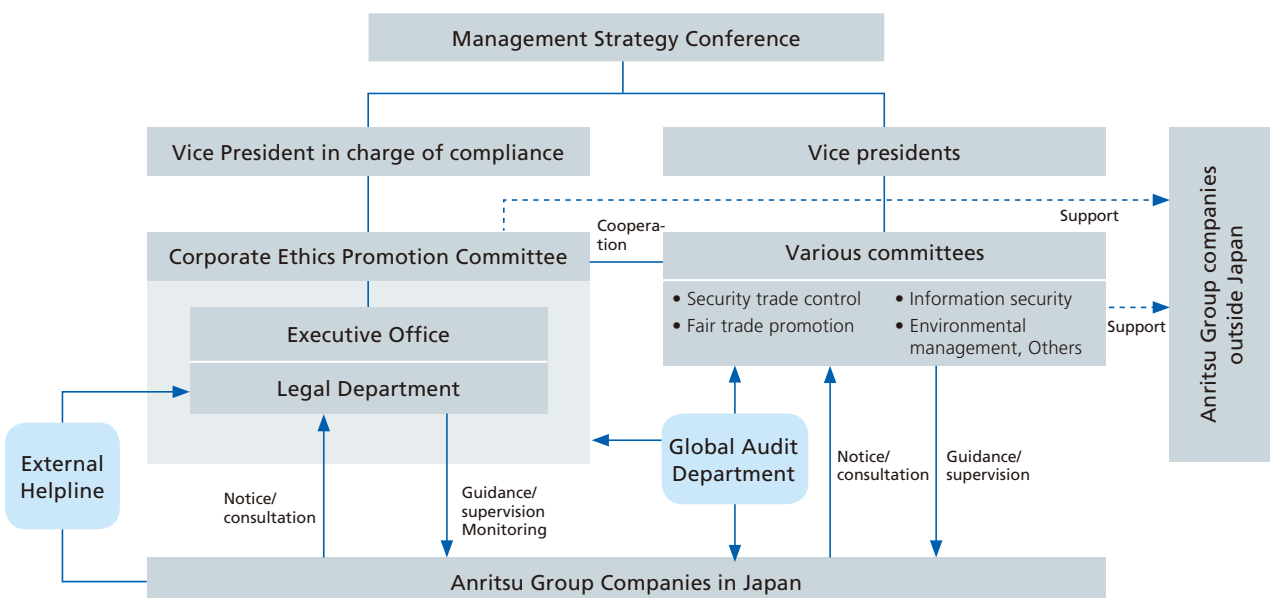
Everyone working in the Anritsu Group is required be deeply aware of corporate social responsibility, comply with relevant laws and regulations in all their corporate activities, and behave in a manner that conforms to the demands of society. The Anritsu Group established the Anritsu Group Code of Conduct as the guide for behavior required when carrying out day-to-day business operations. This Code of Conduct aims to maintain Anritsu as an ethical corporate group.

Structure

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.



Medium- to long-term goals

With the objective of ensuring compliance and maintaining sound and reliable management that meets social demands, the Domestic Anritsu Group sets goals every year committing to improving the workplace environment through achieving zero serious compliance violations and establishing counseling via a helpline.

Progress and challenges

In fiscal 2017, the Anritsu Group incurred no serious compliance violation, accompanying fines or sanctions. However, the risk of compliance violation is ever-present. In the future, we believe that it is necessary to practice constant compliance promotion activities, such as risk reduction and early detection of any violations, coping, and response, to ensure risks become apparent and serious compliance violation can be avoided.

As mentioned previously, there were no serious compliance violations in fiscal 2017. However, concerning the results of the fiscal 2017 corporate ethics questionnaire and the survey and the study of the free comments section, it became apparent that the root causes of compliance risk relate to insufficient communication in the workplace among bosses, subordinates, and colleagues.

For this reason, to prevent compliance violations, Anritsu believes it is necessary to improve workplace communication and foster a workplace and corporate culture that engender mutual respect between people in the workplace and allow for the expression of vigorous opinions. Meanwhile, the Anritsu Group’s overseas operations face heightened risk of bribery and money laundering due to laws, business culture, and business practices that differ from Japan. To ensure violations do not occur, it is necessary to establish compliance promotion, systems, and practice both globally and in Japan.

Activities

Cooperation between Japanese and overseas Group companies

The Anritsu Group is developing a compliance system that encompasses the Anritsu Group both in Japan and overseas. Specifically, Anritsu established the Anritsu Group Charter of Corporate Behavior (revised in April 2018), as the common principles of corporate behavior for the Anritsu Group Code of Corporate Conduct, that guides all employees in their daily efforts to practice the charter. The charter is shared throughout the Domestic Anritsu Group, and the Domestic Anritsu Group also participates as a member in the Corporate Ethics Promotion Committee to promote compliance. Also, compliance promotion events and related education programs are conducted across the entire Domestic Anritsu 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, have 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.

Compliance promotion activity cycle



Anti-bribery and Corruption

With a high ratio of overseas sales, the Anritsu Group recognizes the importance of bribery prevention and has established measures to address the issue. 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 established 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 throughout the Anritsu Group. In fiscal 2017, Anritsu worked to raise awareness among employees and establish the initiatives from an operational perspective by getting employees to respond to questions from each region.

* Due diligence: to pay appropriate attention to business-related duties, obligations, and efforts

Initiatives to protect personal information (GDPR)

Over recent years, there have been moves to legislate the strengthening of personal information protection and appropriate handling of information in countries around the world. The Anritsu Group recognizes the importance of the personal information of stakeholders, including Anritsu Group employees, and is committed to do everything possible to protect this information. The Anritsu Group has established a range of information protection measures, including personal information protection policy and personal information protection rules, and we strictly manage personal information in accordance with these measures. Moreover, the Anritsu Group acquired TRUSTe certification issued by TrustArc, a third-party certification organization in the United States.

In addition, the Anritsu Group concluded a standard contractual clause (SCC) encompassing all Anritsu Group companies to ensure compliance with the EU General Data Protection Regulations (GDPR) which came into effect on May 25, 2018. This contract makes it possible to legally transfer personal information within the European region to other countries. Education in relation to GDPR is being progressively introduced, and we have appointed a Data Protection Officer in Europe. The Anritsu Group is concluding SCCs within the Company and also with external contractors to protect personal information within Europe.

[Details \(WEB\)](#)
Anritsu Web
Privacy Statement

[Details \(WEB\)](#)
GDPR Statement

Promotion of fair trade in relation to sales activities

The Domestic Anritsu Group established the Committee for Promoting Fair Trade for Sales Activities to comply with the Anti-Monopoly Act and related laws and regulations and promote fair and free marketing activities and transactions. The committee's activities include conducting internal audits once a year for all sales departments of Anritsu Corporation. Internal audits are conducted through hearings based on the self-checks by the audited department, verification of evidence and suggestions for improvement. Conducted in tandem with internal audits, the Anritsu Group also provides Group training in areas such as the Anti-Monopoly Act and Subcontract Act to raise compliance awareness and an appreciation of risk. In addition, with the aim of investigating risks such as bid rigging, the Legal Department conducts secondary audits of internal audits for the sales departments participating in bids for public projects. In fiscal 2017, internal audits, both primary and secondary, did not uncover any events or problems that would conflict with the Anti-Monopoly Act or the Subcontract Act.

Case study sheets (Concrete examples)

The Domestic Anritsu Group references concrete cases that have actually occurred or could occur in daily life and business, as well as examples of scandals involving other companies reported in the mass media and post these as Case Study Sheets on our intranet with concise notes of caution and explanations. In addition, the case study sheets are used as a tool for in-house educational activities that promote workplace discussions and are used as case study material at the manager level during CSR Promotion Month (October). A total of 189 cases have been posted as of March 2018.

Helpline

The Anritsu Group has set up two helpline systems inside the Company and outside the Company for the purpose of providing information and preventing violations of internal ethics laws. It is possible to easily consult and report in various ways such as by phone or to a dedicated e-mail address so that consultation and reporting remains anonymous. A questionnaire survey revealed that the degree of recognition of the Helpline reached over 97%, and we also confirmed that it is functioning effectively. Also, as the details and facts of any consultation and reporting are handled confidentially, the person making the consultation or reporting will not suffer any disadvantage.

The number of consultations using the Helpline from April 2017 to March 2018 is as follows.

Number of Consultations at Contact Points

	Contact Points	Number of Consultations	Total	
1	External contact point, Workplace Helpline (cases)	By telephone	9	11
		By e-mail	2	
2	In-house contact point, In-house Helpline (cases)	Consultation directly in person or by telephone	5	10
		By e-mail	5	
3	Interview conducted based on response in the Corporate Ethics Survey (cases)		25	

The number of cases based on the total number of consultations and includes repeat consultations

Violation of laws and regulations in the socio-economic field

The Anritsu Group incurred no serious compliance violations, accompanying fines or sanctions in fiscal 2017.

Promotion of Risk Management

Anritsu Group Risk Management

Social issues as a background

The Anritsu Group is working to incorporate risk management across the Group as outlined in the Company vision to “achieve continuous growth with sustainable superior profits through innovation using the knowledge of all parties.” Through this activity, we would like to nurture human resources and good corporate citizens and contribute to the creation of a society that is considerate to humans and the Earth.

Policy

The Anritsu Group views risks as uncertain events that affect corporate value such as organizational profit and social credibility. In other words, we do not consider risks as necessarily negative but instead as potentially positive events if managed appropriately. We recognize proper risk management as a vital management issue and have established a risk management system for the Anritsu Group as a corporate entity. We focus on initiatives that will enhance the risk sensitivity of not only top management but of all employees. At the same time, we promote risk management through an all-inclusive effort to maintain and expand our corporate value, fulfill our corporate social responsibility and seek sustainable development for the Group.