

Sustainability Management

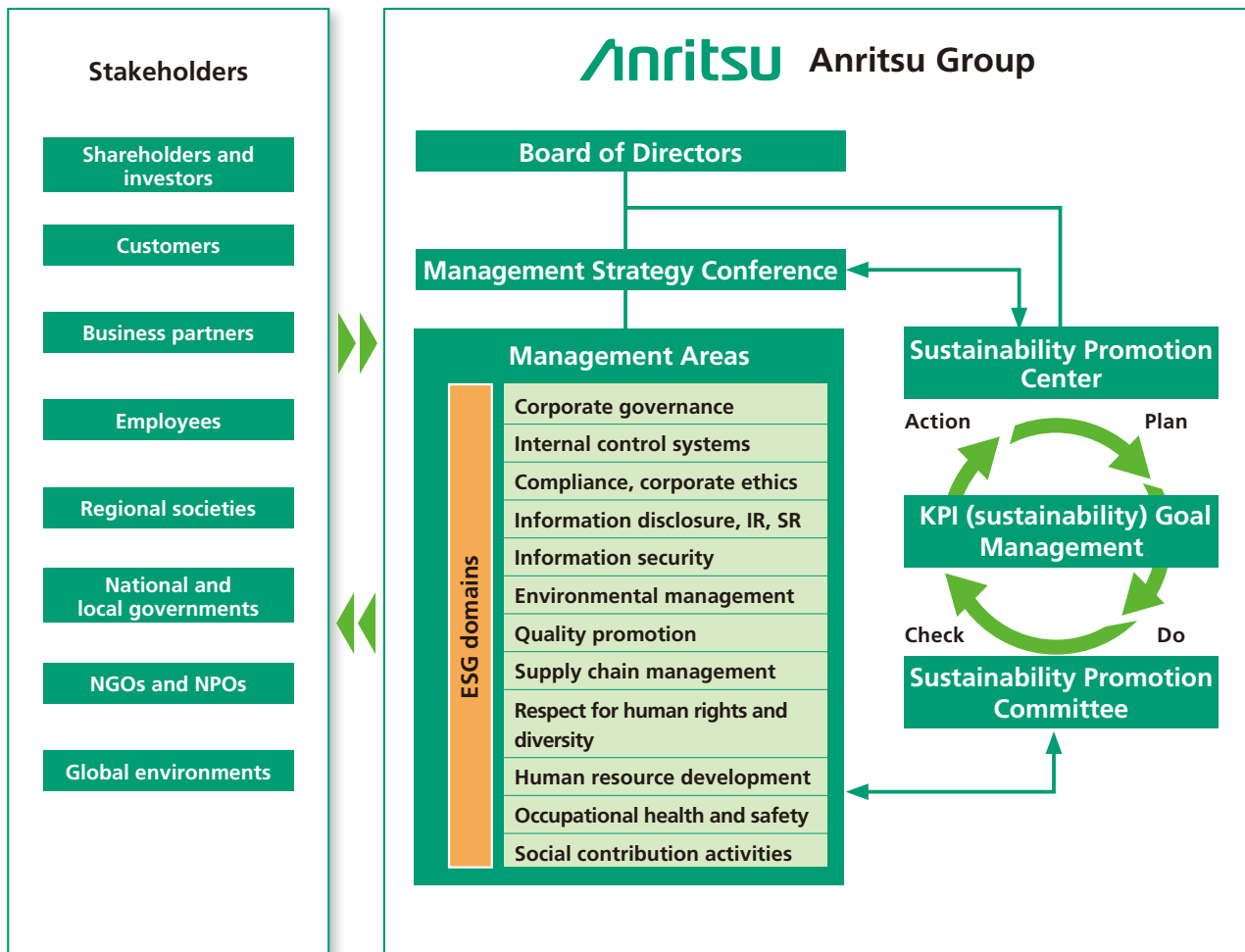
Anritsu has been actively engaged in CSR activities in accordance with its Company philosophy, Company vision and Company policies. Achievement of our CSR goal is the ultimate aim of all our CSR activities, and we have accordingly established a new sustainability policy that targets the further clarification of our contribution to a sustainable society through the development of these CSR goals.

The Company at the same time has established the Sustainability Promotion Center, with a Sustainability Promotion Committee comprising leaders in the main operating and ESG domains. The department is in charge of the promotion of sustainability-related issues for the Anritsu Group.

Sustainability promotion activity will follow the corporate value improvement policies as determined by the Board of Directors and at a Management Strategy Conference and fall under PDCA activity as part of the new GLP2020 Mid-Term Business Plan targets (see page 9).

In respect to key ESG issues and social issues the Company aims to alleviate through its business activities, we have sought to maintain objectivity and inclusiveness in addressing the concerns of each of our stakeholders and have accordingly identified and prioritized key issues for action after consulting and cooperating with all related departments.

System for Promoting Sustainability



Sustainability Management Structure

Company Philosophy
Company Vision
Company Policies

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 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.

GLP2020

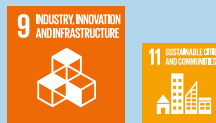
Principal Financial Goals

◆ Revenue	◆ Operating profit	◆ ROE	◆ ACE
¥105.0 billion	¥14.5 billion	12 %	¥5.0 billion

1 Social Issues We Address through Our Business Activities

Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation.

◆ Test and Measurement business



◆ Products Quality Assurance business



Major Issues in ESG

2 Maintaining Harmony with the Global Socio-Economy

Together with diverse human resources, we seek to contribute to the creation of workplaces where each individual can achieve personal growth and experience job satisfaction.

- Respect for human rights and diversity
- Human resource development
- Occupational health and safety
- SCM that gives due regard to human rights



3 Promoting Global Environmental Protection

Contributing to the creation of a society with sustainable consumption and sustainable corporate production practices

- Reduction in CO₂ emissions volume (energy usage volume) and water usage volume
- Developing and manufacturing of high-quality and environmentally friendly products
- Supply chain management that lowers environmental burden



4 The Creation of Shared Value through the Promotion of Communication

Contributing to the creation of shared value with collaboration among all stakeholders

- Providing information to and communicating with stakeholders
- Establishing compliance as a part of our mind-set
- Promoting risk management



Key Sustainability Themes

Respect for human rights and diversity, Human resource development

Objectives for Fiscal 2017

- (1) Promote diversified hiring (foreign nationals and mid-career recruits)
 - Continue to enhance our visibility in recruitment
 - Continue to hire foreign nationals and mid-career recruits
- (2) Establish a system for human resource development
 - Check & Act for programs starting in FY2017
 - Improve training programs for managers, candidates for next-generation executives, and middle-aged and senior members
- (3) Revitalize global HR activities
- (4) Introduce and increase utilization of new evaluation and treatment systems
- (5) Consider and introduce multi-track career paths
- (6) Promote Work-style Reform

Results for Fiscal 2017

- (1) Continued to hire foreign nationals and mid-career recruits. Focused on distribution, new novelty creation, and advertising in new graduate recruitment periodicals using a unified image
- (2) Expanded training for younger and mid-level employees, conducted single day training courses with an eye toward employee lifestyles, expanded self-development materials in English. Considering continuation in fiscal 2018
- (3) Created human resource development scheme for new overseas development location
- (4) Rethinking system from the basics in line with trends in workstyle reforms and improvements in productivity. Still considering potential actions
- (5) Introduced career counseling and career reviews for mid-level employees. Review of professional system and career design training for younger and senior employees to continue in fiscal 2018
- (6) Average overtime hours decreased 28% YoY in fiscal 2016, and were down 2% YoY in fiscal 2017

Objectives for Fiscal 2018

- Women account for at least 20% of new graduate hires
- Development of a common human resource development program for the Domestic Anritsu Group
- Introduce training with consideration given to diversified lifestyles
- Maintain *Kurumin* certification as a company supporting child rearing

Social

Occupational health and safety

Objectives for Fiscal 2017

- (1) Maintain and improve employee health
- (2) Create global business continuity plan (BCP)

Results for Fiscal 2017

- (1) • Secure for a second consecutive year certification under the large enterprise category as a company demonstrating outstanding health and productivity management in line with the healthcare recommendation of the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan health conference)
 - Formulate a three-year medium-term health management plan beginning in fiscal 2018 to maintain and further improve employee health
- (2) • Introduce, and implement from January, a building safety assessment system for the Atsugi No. 5 building, the R&D building, and the technology office that will allow a prompt assessment of the building during an earthquake or series of earthquakes and the quick decision to enact or end restrictions on entry
 - Implement disaster prevention protocols for secondary equipment and facilities, including No. 5 building electrical equipment and piping systems

Objectives for Fiscal 2018

- No disasters or accidents
- Abnormal finding rate at periodic health exam (under 59% in fiscal 2020, Kanagawa Prefecture area of headquarters)
- Continues certification as a company demonstrating outstanding health and productivity management
- Creation of a development plan contributing to productivity improvements and disaster prevention

Supply chain management

Objectives for Fiscal 2017

- (1) Entrench CSR procurement and create the right climate for increased use (PDCA for the CSR procurement strategy)
- (2) Establish and operate a global governance system
- (3) Establish and deepen a BCP system across the entire supply chain

Results for Fiscal 2017

- (1) • Held procurement policy briefings for our business partners in May and November, where we explained our CSR procurement policies and ESG developments to 266 companies and requested their cooperation
 - Conducted human rights due diligence through CSR procurement survey given to 116 domestic and overseas partner companies
 - No issues have arisen regarding ethnicity, and the risk of ethnic issues in the supply chain is judged to be low.
- (2) • Conducted operations in line with Global Procurement Guidelines (GPGs) and confirmed that there are no outstanding issues
 - Reviewed risk management schedule on a quarterly basis in line with procurement risk management. Focused on high-risk projects and ensured PDCA cycle was followed
 - Established credit management tools and implemented monthly monitoring of high-risk partners in order to lower the risk of partner bankruptcy/business withdrawal/continuity issues
- (3) • Secured updated BCP information for plants and business locations from partner firms, with data updated as of March 2018

Objectives for Fiscal 2018

- Establish human rights due diligence methods (SAQ/audit)
- Implement human rights due diligence for partner companies, including those overseas

Key Sustainability Themes

Environment	Energy, CO ₂	<p>Objectives for Fiscal 2017</p> <p>(1) Reduce energy consumption (in crude oil equivalent) by 3.0% or more compared to fiscal 2014 (Anritsu Group) (2) Reduce energy consumption (in crude oil equivalent) by 3.94% or more compared to fiscal 2013 (Domestic Anritsu Group)*</p> <p>* To correct for disturbance factors related to energy consumption (ambient temperature, total floor area, operating time, days worked, etc.)</p>
		<p>Results for Fiscal 2017</p> <p>(1) Achieved target, down 3.3% compared to fiscal 2014 (2) Achieved target, down 13.7% compared to fiscal 2013</p>
		<p>Objectives for Fiscal 2018</p> <p>The Anritsu Group targets CO₂ emissions (Scope 1, 2) down an average of 2% each year from fiscal 2015, with the Company targeting a 26% reduction by fiscal 2030.</p>
Environment	Water	<p>Objectives for Fiscal 2017</p> <p>(1) Water: Reduce water consumption by 3% or more compared to fiscal 2014 (Anritsu Group) (2) Wastewater management: Maintain voluntary management standard of zero excess inorganic wastewater (Atsugi site)</p>
		<p>Results for Fiscal 2017</p> <p>(1) Achieved target, with water consumption down 25.4% from fiscal 2014 (2) Achieved target, with zero excess of the voluntary management limit</p>
		<p>Objectives for Fiscal 2018</p> <p>Maintain Domestic Anritsu Group water consumption below 60,000m³ (about the level consumed in fiscal 2017)</p>
Environment	Develop environmentally friendly products	<p>Objectives for Fiscal 2017</p> <p>In principle, develop new environmentally friendly products (Domestic Anritsu Group)</p>
		<p>Results for Fiscal 2017</p> <p>All five new products were developed as environmentally friendly products.</p>
		<p>Objectives for Fiscal 2018</p> <p>In principle, develop new products and environmentally friendly products (Domestic Anritsu Group)</p>
Stakeholders	Communicating with and providing information to shareholders	<p>Objectives for Fiscal 2017</p> <p>(1) Communicate with global stakeholders (particularly customers and companies in the supply chain) and publish the contents in the Sustainability Report (2) Continue to issue the Anritsu Integrated Report Improve issues pointed out in external evaluation (business model, topics, and key issues)</p>
		<p>Results for Fiscal 2017</p> <p>(1) Implemented social contribution activities at major centers of operations Published the Anritsu Sustainability Report on the Company's website. Included SDG considerations in new medium-term management plan (GLP 2020), planning activities aimed at achieving SDG targets. Published the Anritsu Sustainability Report (2) Used the Anritsu Integrated Report as a tool for communicating with stakeholders</p>
		<p>Objectives for Fiscal 2018</p> <p>Improve quality and volume of public information in the Anritsu Integrated Report and the Anritsu Sustainability Report. Improve quality and volume of communications with stakeholders, including investors</p>