

Anritsu Sustainability Report 2018



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About This Report

Editorial Policy

We have published the 2018 Sustainability Report in a PDF to report our sustainability activities for fiscal 2017. Anritsu's initiatives were organized based on key issues we identified through a materiality assessment, and, by presenting a concrete report of our activities from an ESG standpoint, we aim to effectively communicate our sustainability activities to our stakeholders.

Boundary Definitions

This coverage of the report varies either standalone Anritsu Corporation or inclusive of the Anritsu Group Companies depending on the subject. Definitions are described as follows:

- "Anritsu" or "Anritsu Group" refers to both Anritsu Corporation and the entire Anritsu Group.
- "Anritsu Corporation" refers to Anritsu Corporation in Japan only.
- "Domestic Anritsu Group" refers to Group companies located within Japan.
- "Overseas Anritsu Group" refers to Group companies located overseas.

Reporting Period

This report covers the period from April 1, 2017 to March 31, 2018, and also includes some activities before and after that period.

Guidelines Used as Reference

- GRI Sustainability Reporting Standards (GRI Standards)
- The Ten Principles of the UN Global Compact

Supporter of the UN Global Compact

In March 2006, Anritsu declared its support of the ten principles of the UN Global Compact (UN-GC), which are grouped into four categories: Human Rights, Labor, Environment, and Anti-Corruption. The Anritsu Group as a whole promotes these principles alongside its sustainability-related activities.



- ISO 26000: 2010

Date of Issue

September 25, 2018
(Date of publication in the previous fiscal year: September 14, 2017)

Contact

Anritsu Corporation Sustainability Promotion Center

Contact



Communication Tools



Integrated Report

This annual publication contains performance highlights, a message from the Group CEO, business summaries, strategies and future trajectories, past performance trends, as well as financial and non-financial data and other information.

Sustainability Report

Environmental, social, and corporate information included in the CSR report since 2005 is being incorporated into the Sustainability Report from 2018.



Securities Report/ Quarterly Financial Report

These quarterly reports provide information on financial performance at Anritsu on a quarterly and annual basis.



Business Report

The Business Report provides a basic summary of business activities, highlights, and other information for the fiscal year on an interim and full-year basis.



Financial Information

Financial information includes financial results, presentation materials, and presentation of Q&A summaries.

Information for the General Meeting of Shareholders

This information includes notices of the general meeting of shareholders, reports of resolutions adopted, and presentation materials for shareholders.

Details (WEB)
Investor Relations

Communication tools are provided on Anritsu's website at Home > About Anritsu > Investor Relations > IR Library.

<https://www.anritsu.com/ir>



Index Inclusion

Morningstar Socially Responsible Investment Index



(As of June 30, 2018)

SNAM Sustainability Index



Member of SNAI
Sustainability Index
2018

Company Profile (As of March 31, 2018)

Head Office: ANRITSU CORPORATION
5-1-1 Onna, Atsugi-shi,
Kanagawa 243-8555, Japan
Tel: +81-46-223-1111
URL: <https://www.anritsu.com>

Company Founded: 1895

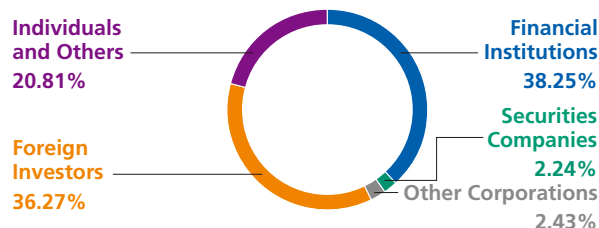
Established: March 1931

Paid-in Capital: ¥19.1 billion

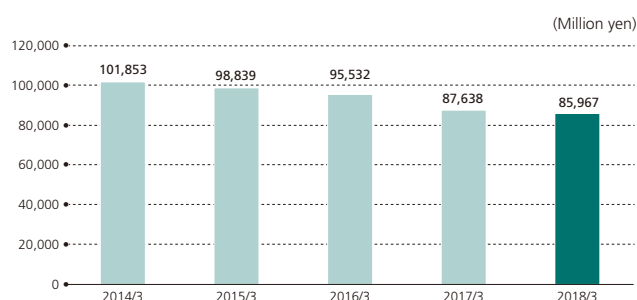
Number of Employees: 3,717 (Consolidated)
844 (Unconsolidated)

Stock Listing: Tokyo (Ticker Symbol No: 6754)

Breakdown of Shareholders:



Sales (Anritsu Group on a consolidated basis)



Major Subsidiaries

Japan	Principal Businesses
Anritsu Infivis Co., Ltd.	Manufacture, sales, repair, and maintenance of PQA equipment
Tohoku Anritsu Co., Ltd.	Manufacture of T&M instruments and information and communications equipment
Anritsu Customer Support Co., Ltd.	Calibration, repair, and maintenance of T&M instruments
Anritsu Engineering Co., Ltd.	R&D of software
Anritsu Networks Co., Ltd.	R&D, sales, and maintenance of information and communications equipment
Anritsu Devices Co., Ltd.	R&D, manufacture, and sales of optical devices
Anritsu Kousan Co., Ltd.	Management of facilities, welfare services, and production of catalogs and other materials
Anritsu Real Estate Co., Ltd.	Real estate leasing
Anritsu Pro Associe Co., Ltd.	Operation of shared services center
AT Techmac Co., Ltd.	Manufacture and sales of processed products and unit assembly articles

Americas	Principal Businesses
Anritsu U.S. Holding, Inc. (U.S.A.)	Holding company for American subsidiaries
Anritsu Company (U.S.A.)	R&D, manufacture, sales, and maintenance of measuring and other instruments
Azimuth Systems, Inc. (U.S.A.)	R&D, manufacture, and maintenance of measuring and other instruments
Anritsu Electronics, Ltd. (Canada)	Sales and maintenance of measuring and other instruments
Anritsu Eletrônica Ltda. (Brazil)	Sales and maintenance of measuring and other instruments
Anritsu Company S.A. de C.V. (Mexico)	Sales and maintenance of measuring and other instruments
Anritsu Infivis Inc. (U.S.A.)	Sales and maintenance of PQA equipment

EMEA	Principal Businesses
Anritsu EMEA Ltd. (U.K.)	Sales and maintenance of measuring and other instruments
Anritsu Ltd. (U.K.)	R&D of measuring and other instruments
Anritsu GmbH (Germany)	Sales and maintenance of measuring and other instruments
Anritsu S.A. (France)	Sales and maintenance of measuring and other instruments
Anritsu S.r.l. (Italy)	Sales and maintenance of measuring and other instruments
Anritsu AB (Sweden)	Sales and maintenance of measuring and other instruments
Anritsu A/S (Denmark)	R&D, manufacture, sales, and maintenance of T&M instruments
Anritsu Solutions S.r.l. (Italy)	R&D of measuring and other instruments
Anritsu Solutions S.R.L. (Romania)	R&D of measuring and other instruments
Anritsu Solutions SK, s.r.o. (Slovakia)	R&D of measuring and other instruments
Anritsu Infivis Ltd. (U.K.)	Sales and maintenance of PQA equipment

Asia & Others	Principal Businesses
Anritsu Company Ltd. (Hong Kong)	Sales and maintenance of measuring and other instruments
Anritsu Electronics (Shanghai) Co., Ltd. (China)	Maintenance of measuring and other instruments
Anritsu (China) Co., Ltd. (China)	Sales and maintenance of measuring and other instruments
Anritsu Company, Inc. (Taiwan)	Sales and maintenance of measuring and other instruments
Anritsu Corporation, Ltd. (Korea)	Sales and maintenance of measuring and other instruments
Anritsu Pte. Ltd. (Singapore)	Sales and maintenance of measuring and other instruments
Anritsu India Private Ltd. (India)	Sales and maintenance of measuring and other instruments
Anritsu Pty. Ltd. (Australia)	Sales and maintenance of measuring and other instruments
Anritsu Philippines, Inc. (Philippines)	R&D of measuring and other instruments
Anritsu Industrial Solutions (Shanghai) Co., Ltd. (China)	Sales and maintenance of PQA equipment
Anritsu Industrial Systems (Shanghai) Co., Ltd. (China)	Manufacture of PQA equipment
Anritsu Infivis (THAILAND) Co., Ltd. (Thailand)	Manufacture and maintenance of PQA equipment

The Anritsu Group business is woven into everyday life

Anritsu provides solutions for a safe and secure society

Connecting, monitoring and detecting...

Anritsu supports everyday life and business in a variety of areas, including information communication, food processing, pharmaceuticals and image monitoring for a safer, more secure and comfortable society.

Bringing greater convenience and comfort to people's lives

— Measurement solutions for supporting 5G/IoT society —

Communication



Connect and expand

Healthcare



Healthcare and telemedicine

Automotive



Driving assistance

Making your life safe

— Various solutions for everyday life in food safety, disaster monitoring and ophthalmic examinations —

Food inspection



Food quality assurance

Disaster prevention/Mitigation



Video monitoring of accidents and disasters

Medical equipment



Light source for ophthalmic equipment

Supporting infrastructure for everyday life

— Measurement solutions for secure broadband networks —

Base stations



Checking base station service areas

Optical fiber



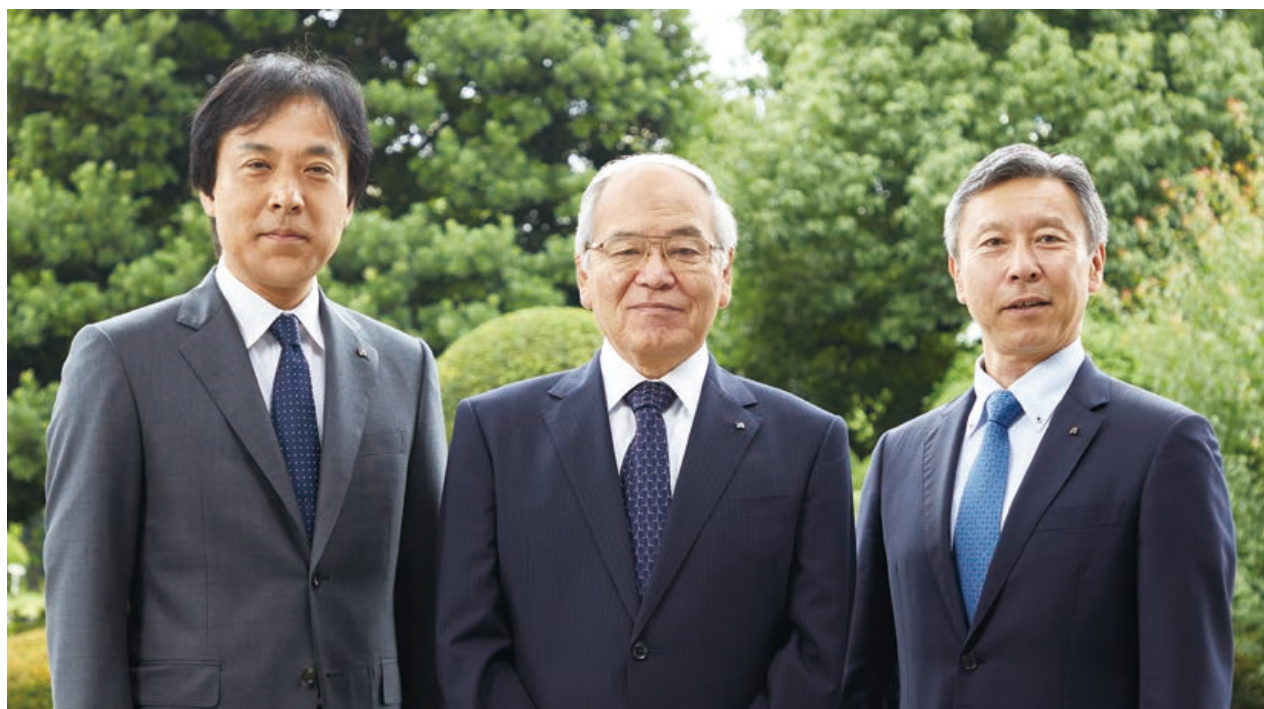
Locating optical fiber line breakage

Communication networks



Network monitoring and quality assurance

Message from Top Management



Hirokazu Hamada
Representative Director,
President,
Measurement Business Group President

Hirokazu Hashimoto
Representative Director,
Chairman of the Board,
Group CEO

Masumi Niimi
Director,
Senior Vice President,
PQA Business Group President

Continuing to create value for the building of a sustainable society by following the Anritsu Way

Anritsu was founded 123 years ago in 1895, the same year that saw the world's first radio transmission test. Throughout its long history, Anritsu has been a pioneer in information and communications. Innovations in communications infrastructure have dramatically transformed society, providing the gift of communication and connectedness while simultaneously advancing society on a global level. Anritsu's philosophy encompasses the idea that if something can be imagined, it can be made real, and the Company is now applying the technology used for the visualization of information and communications to the food and pharmaceuticals domains.

Through these efforts, we have fostered a uniqueness in Anritsu characterized by a philosophy based on the ideas of "Sincerity, Harmony, and Enthusiasm" and "Original & High Level."

We believe the "envision : ensure" brand statement effectively encapsulates the essence of Anritsu's promise "to share our dream with our customers and create a vision. A vision that, through innovation, leads to tangible results that exceed customer expectations."

There is a growing call for "sustainability" in society today, and the need for a balance between the sustainable development of society and economic growth is something we all share. An example of this is that while the industry is focused on 5G development, which represents the state of the art in mobile broadband, half of the world's people still have no access to the Internet. Elsewhere, the world's population continues to rise, and benefitting from limited food resources without waste while simultaneously eliminating hunger is becoming a key social issue.

We intend to contribute to a society that leaves no one behind by following the "Anritsu Way", making good use of management based on shared knowledge as a result of cooperation and collaboration with stakeholders around the world.

Anritsu Way

The “Anritsu Way” stems from the “Sincerity, Harmony, and Enthusiasm” and “Original & High Level” philosophies we have cultivated since the Company’s founding. These ideas have become part of the Company’s DNA and are effectively encapsulated in the “envision : ensure” brand statement.



..... Sincerity, Harmony, and Enthusiasm

This operating philosophy reflects Anritsu’s values as well as its commitment and attitude toward the conduct of its business.

Sincerity: Trustworthiness in meeting the expectations of customers and all stakeholders

Harmony: Using all knowledge of all parties from inside and outside the Company, adaptability to respond promptly to changes in the business environment and society’s demands and

Enthusiasm: For innovation that hones forefront technologies, such as 5G and the Internet of Things (IoT), and provides new value

..... Original & High Level

This concept speaks not only to the superior level of value provided to society and customers by our products and services, but also to the way we conduct our business activities, from upstream to downstream operations, including our methods for advancing projects and management systems, as well as the overall corporate culture that contributes to our ability to produce such products and services.

Brand Statement

Through sharing our dream and vision with our customers, our dedication to innovation will lead to tangible results that exceed their expectations. Anritsu’s commitment to its brand statement.

envision : ensure

We share a dream with our customers, one that will lead to tangible results. While giving them unwavering support, we are dedicated to innovation.

We provide our customers with products that have significant added value. This is the source of trust in our relationship, and the driving force behind our vision.

The colon (:) symbolizes equality and mutual influence.

We will always bring dreams to fruition.

Sustainability Management

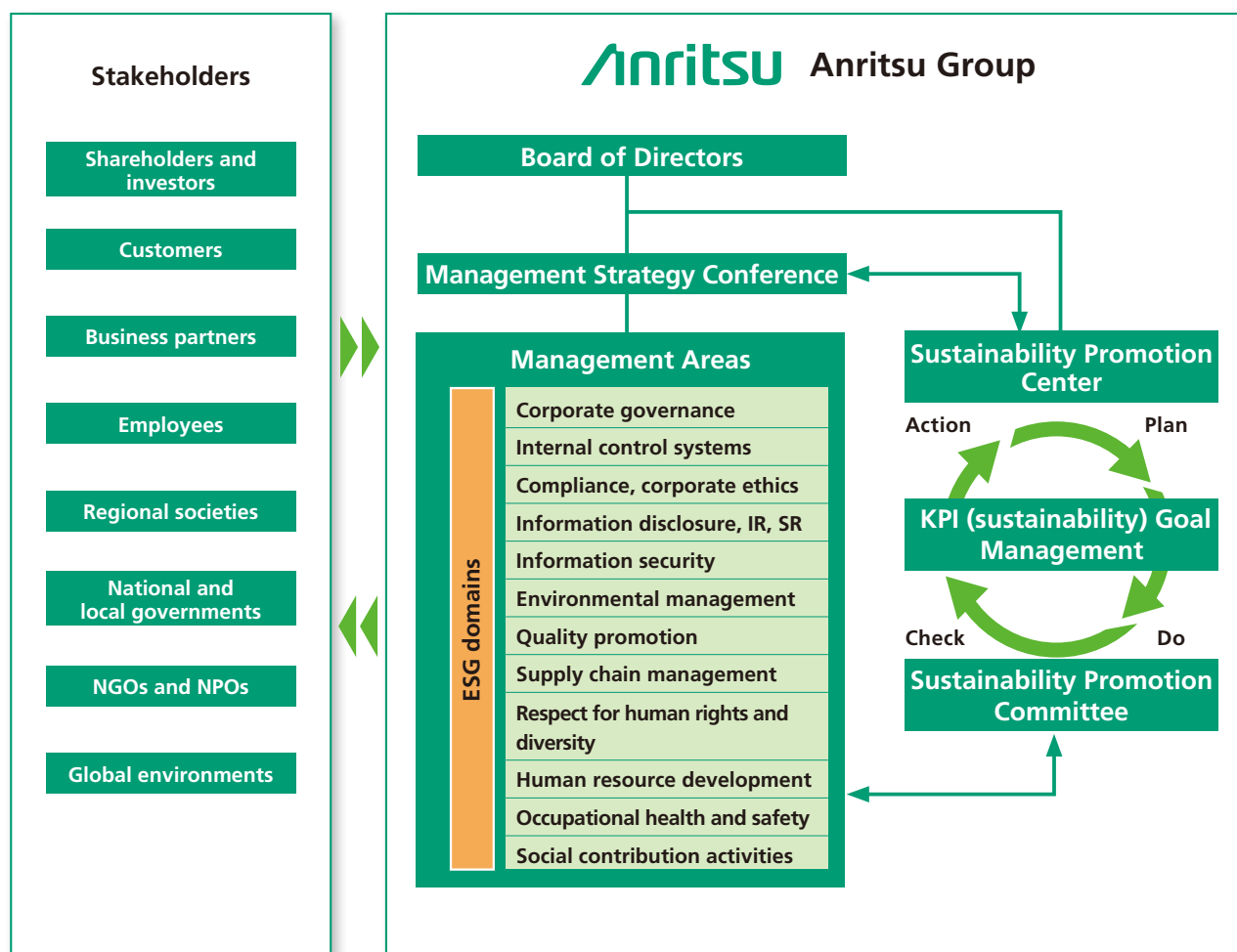
Anritsu has been actively engaged in CSR activities in accordance with its Company philosophy, Company vision and Company policies. Achievement of our CSR goal is the ultimate aim of all our CSR activities, and we have accordingly established a new sustainability policy that targets the further clarification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

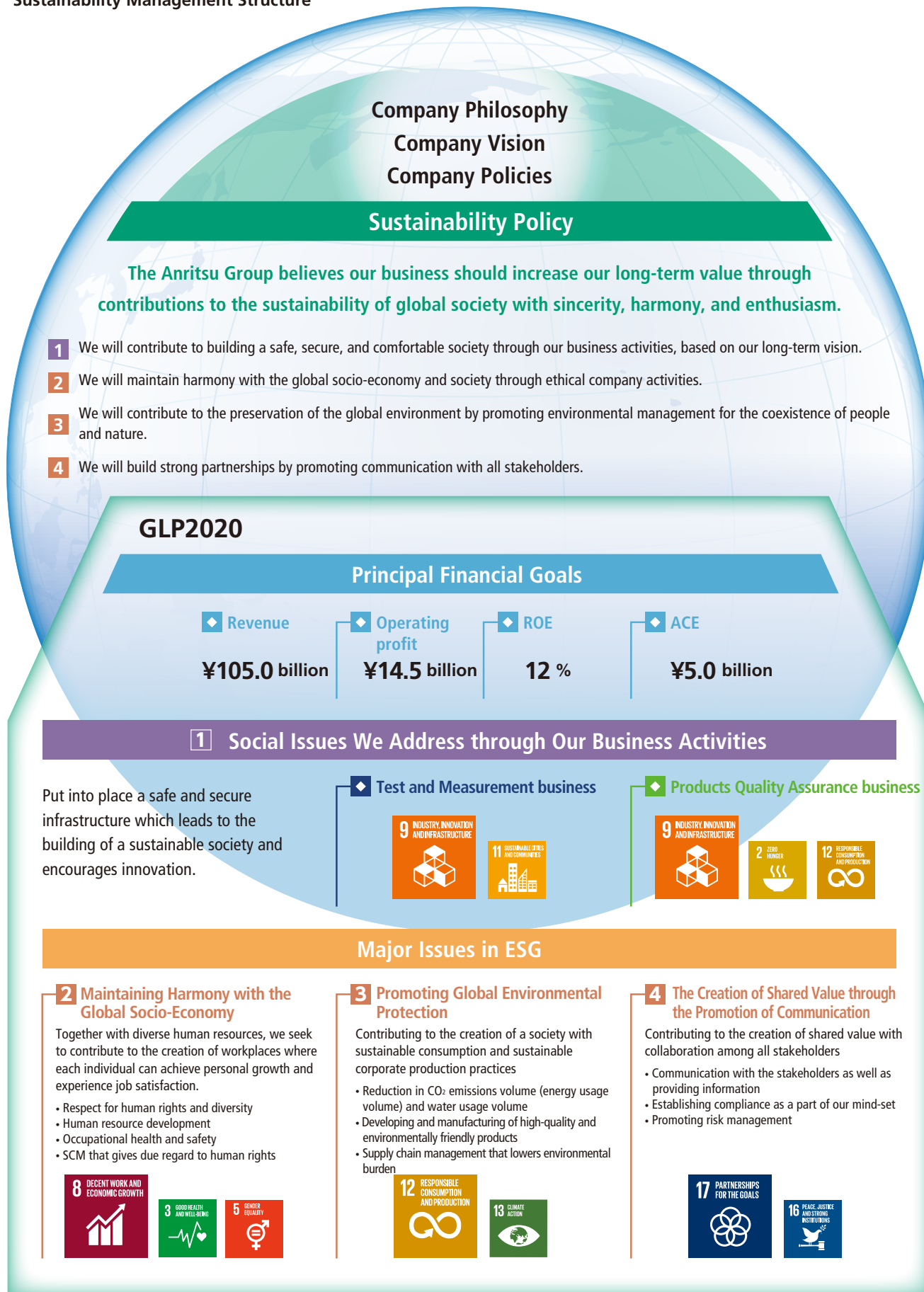
Sustainability promotion activity will follow the corporate value improvement policies as determined by the Board of Directors and at a Management Strategy Conference and fall under PDCA activity as part of the new GLP2020 Mid-Term Business Plan targets (see page 9).

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



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>
	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>
	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>

Anritsu Businesses

Test and Measurement business

As part of the Company's vision of being a leading company supporting the 5G/IoT society, the Test and Measurement business offers measurement solutions in the fields of mobile devices, network infrastructure, and a variety of wireless communications devices.

Fifth generation mobile communications systems (5G) will expand communications in a number of new areas. One example of this is the automobile industry, which is making great strides in efforts aimed at autonomous driving, including for trucks travelling on expressways. In the construction industry, 5G can assist in the real-time transmission of 4K images when remotely operating heavy machinery.

The current challenge is how to ensure reliability in communications. For example, a break in communication in autonomous driving could put a passenger or pedestrian's life in danger. Anritsu has provided measurement solutions since the dawn of the communications era and has contributed to the spread of 3G and LTE. With our customers as partners, we are playing a key role in the early commercialization of reliably connected 5G services.

■ Qualcomm Technologies adopts our MT 8000A device for 5G measuring

Qualcomm Technologies (based in the United States) is using the Anritsu MT 8000A radio communications test station for use as measuring equipment in the development of 5G devices.

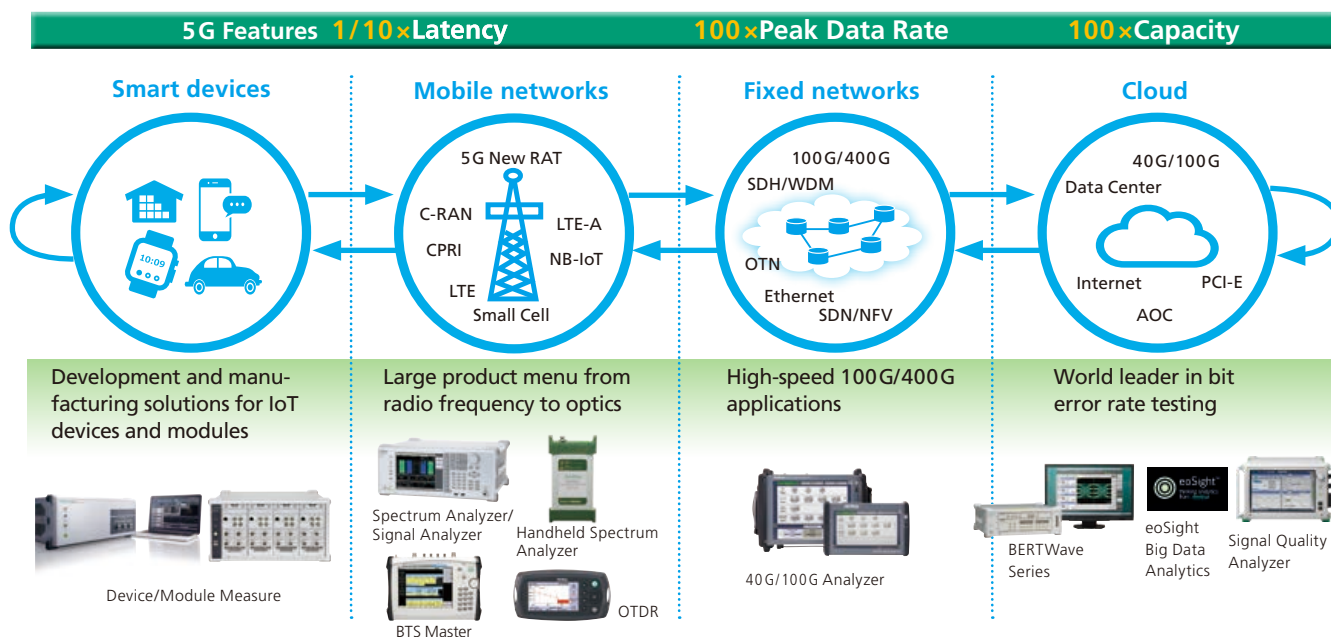
The MT 8000A device has a 5G base station emulation function and can verify function and performance of 5G devices under a variety of communications environments. In addition to being compatible with the sub-6 GHz and millimeter wave bands used by 5G, the MT 8000A device has been adopted based on its ability to easily comply with new testing requirements for 5G systems, including a high degree of reliability, a low delay rate, and multiple simultaneous connections.

■ Samsung Electronics adopts our MS 2850 A analyzer for 5G measuring

Samsung Electronics is using the Anritsu MS 2850 A signal analyzer for 5G measuring.

The MS 2850 A signal analyzer is used in the development and manufacture of 5G compatible wireless communications devices. The Anritsu MS 2850 A signal analyzer was chosen based on its ability to bolster productivity thanks to being able to receive and analyze up to eight multi-carrier signals at once.

Anritsu 5G network solutions



Product Quality Assurance (PAQ) business

Amid an ongoing increase in the global population, the international community is working to overcome various challenges in order to realize a sustainable society in which everyone can live in a safe and secure environment.

For food and pharmaceuticals companies, where quality-related incidents can lead to a brand's collapse, the stable supply of safe and secure products as promised is considered part of the social mission, and quality assurance is given as the single greatest contributor to improved corporate value. With the goal of making maximum use of limited food resources, we are focused on accelerating measures aimed at reducing food loss, including developing packaging technologies allowing the long-term storage of food, and eliminating foods that are discarded without being eaten due to quality defects, including foreign contaminants.

The environment for production in the food processing industry is becoming increasingly severe due to rising food and energy prices, the aging of societies in developed economies, and higher personnel costs in developing economies. Amid such an environment, the industry is increasingly moving toward automated production lines as a means to reduce costs and improve productivity as it actively works to promote quality assurance.

The Japanese market, which has always placed an emphasis on safety and security in food and pharmaceuticals, is accelerating the shift to automation in the inspection process, which used to be dependent on human beings. Accordingly, demand has been increasing for automatic X-ray inspection equipment, including for the detection of hard contaminants such as glass or plastics in raw materials, bones still present in meat products, or sealing failures in the packaging process.

■ X-ray equipment able to detect sealing failures in the packaging process

Recent advancements in the development of packaging technologies have contributed to reduced food loss by extending the shelf life of processed food products. Film packaging, which is often used for sliced ham, retort (sealed pouch) products, and confectioneries, can maintain quality and ensure airtightness by sealing the package opening. Packaging is automated, but since it is done at a high speed, there are times in which the content can get stuck in the sealing, compromising airtightness.

In recent years, X-ray inspection equipment has been used to detect defects in packaging seals. The KXE 7510 DGEKE X-ray inspection equipment, launched in fiscal 2017, utilizes the Anritsu technology acquired over years of experience to allow the high-speed and high-precision inspection of products for defective packaging seals.

In addition to being used for food products, the equipment is also used in areas such as cosmetics (face masks) and pharmaceuticals (skin patches).



■ Metal detectors that dramatically improve performance

Metal detectors that use magnetic fields to detect foreign matter mixed in with foods without coming into actual contact with the food are widely used to detect foreign substance contamination in food production lines, and demand is continuing to increase.

Given the potential for metal detection performance to waver due to electromagnetic noise coming from an external source of the object itself, stability in detection has to date been an issue.

The M6-h series of metal detectors launched by Anritsu in fiscal 2017 use newly developed signal processing circuits and algorithms to provide enhanced detection sensitivity and stability in a variety of operating environments. The detectors offer not only improved basic performance, but also quality assurance functions, including a smart guide function to prevent misconfiguration, a function to verify the soundness of the inspection, and a diagnostic function, which all contribute to advance quality assurance and improve productivity on food production lines.



■ Streamlining engineering services through the creation of a retrievable design information database

Inspection equipment operating as part of a customer's production line requires engineering expertise to remodel the general-purpose inspection equipment to specific operating environments as well as the products targeted for inspection.

Anritsu Infivis has been responding to the needs of varying operating environments for more than 50 years, accumulating the production line engineering know-how that allows the company to provide the highest-quality inspection equipment for its customers.

In fiscal 2017, the company created an information retrieval system that can quickly find the required information it needs from the company's ample library of design assets and provide to customers' proposals and engineering solutions, thus accelerating and streamlining engineering services.

Devices business

In line with the Company's vision aimed at contributing to a safe and secure society and making life more comfortable by providing to the world a variety of devices, mainly for industrial applications, the devices business focuses on providing high-quality optical and high-speed electronic devices. With an ever-expanding volume of data being transmitted, the issue now is how to further accelerate transmission speed in network equipment and servers used at data centers and how to accelerate communication between data centers. To solve this issue, Anritsu offers optical devices and high-speed electronic devices that are compatible with super high-speed transmission systems, including 100 GbE, 200 GbE, and 400 GbE systems. Our recently developed light source (LD module) has achieved a world-beating 650mW output for a fiber amplification. It features excellent environmental performance and low power consumption, with total power consumption of below 15.5W.

Moreover, the wavelength sweep light source was designed based on technology in highly reliable communications devices developed over many years and can be used in eye and internal organ imaging equipment and disaster prevention systems.



Information and communications business

Anritsu is developing its information and communications business with a focus on video surveillance systems and remote-control monitoring equipment (telemetry equipment). This business operates under the concept of "connecting." Japan faces a number of natural disasters, including earthquakes and typhoons, and making enhanced surveillance systems that can contribute to disaster prevention and mitigation is a national concern. The Anritsu SightVisor series of equipment can collect and display video from a substantial number of cameras in one device, bolstering a surveillance system covering a wide area at a low cost. The series contributes to the creation of a response system providing accurate information quickly and is already being used by the Ministry of Land, Infrastructure, Transport and Tourism, as well as several municipalities.

The increased use and reach of the Internet and cloud storage have contributed to the need to secure quality in communication. Mission critical communication is especially important in financial networks. In this area, Anritsu provides high-precision bandwidth control devices.

Guaranteeing a certain bandwidth to communications critical to business and providing real-time communication for video distribution and conferencing, these devices prevent packet loss and fluctuations, contributing to an overall improvement in the quality of communications.



Social

Respect for Human Rights and Diversity

Human Resources Development

Occupational Health and Safety

Supply Chain Management

Quality and Product Safety

Data Sheet (Social)

Respect for Human Rights and Diversity

Social issues as a background

Anritsu in 2006 became a participant in the United Nations Global Compact, which encourages conduct under the universal principles of human rights and labor. In addition, company policies and guidelines based on international rules on human rights, including the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work and the Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council in 2011, are in place at Anritsu and serve as in-house mandates that maintain our awareness of human rights issues at every stage of the value chain, from research and development to procurement, production, logistics, and sales, and to ensure that we promote initiatives for these issues.

Through our human rights education efforts, we continue to focus on creating a comfortable working environment where a diverse workforce can perform to the best of their abilities without worry of harassment or discrimination.

Policy

As a global enterprise headquartered in Japan that advocates respect for basic human rights in its constitution, the Anritsu Group complies with international standards, including the 10 principles of the UN Global Compact. We also declare respect for human rights in the Anritsu Group Charter of Corporate Behavior (1. Respect for Human Rights) and the Anritsu Group Code of Conduct (Chapter 2) and are striving to establish a corporate culture that does not tolerate discrimination. In the Charter of Corporate Behavior for guiding the Anritsu Group in the conduct of its social responsibility, we declared we will respect the human rights of all those who are connected with it, and will not permit any discriminatory practice related to race, gender, and so forth or infringement of individual dignity, and will never accept child labor or forced labor.

As for the Code of Conduct (Chapter 2), which guides the daily operations of all Anritsu Group employees, it states that we will not discriminate in word or deed or engage in acts of violence or impair personal dignity and that we will seek to deepen our understanding and act to respect human rights through educational programs and other appropriate means.

Finally, we will continue to practice diversity and inclusion throughout the entire Group as stipulated in our Diversity Policy.

Details (WEB)

Anritsu Group
Charter of
Corporate Behavior

Details (WEB)

Anritsu Group
Code of Conduct

Details (WEB)

Diversity Policy

Structure

Centered on the Human Resources and Administration Department, the Sustainability Promotion Center, the Legal Department, and the Global Procurement Operation Division, the Anritsu Group conducts its activities with respect to the human rights of others, including our employees, customers, and business partners. The Diversity Promotion Team, established as a special section within the Human Resources and Administration Department, will promote respect for diversity in a number of ways, including by advancing the career development of women, promoting Life-Work Balance*, hiring more persons with disabilities, and developing the careers of non-Japanese employees and senior employees.

* We use the term "Life-Work Balance " instead of work-life balance.

Reference: Data
(Social)

Employee data, employment conditions for women around the world, childcare leave, employees by age (P. 28–29)

Medium- to long-term goals

The Anritsu Group is focusing on the promotion of workstyle reforms through the creation of a company where employees can work to the best of their abilities, the promotion of diversity, as well as improved productivity as a medium- to- long-term goal. The Company has set the goal of raising the ratio of women hired to 20% of all new recruits by 2020 and has enhanced the working environment in order to achieve this goal. For additional details, please see the “Empowerment of women’s career development” section.

Progress and challenges

Please see activities

Activities

Assessing and monitoring risk (Initiatives for the Group)

Anritsu Group employees in Japan are required to submit letters of confirmation that provide assurance they understand and agree with the Code of Conduct of the Anritsu Group. We also seek to address and improve the status of human rights issues through the use of corporate ethics surveys and consultation points. For more information on the consultation points, see “Establishment of Compliance: Helpline” (page 60).

Assessing and monitoring risk (Supply chain initiatives)

Human rights and labor are upheld in Chapter 1 of our Anritsu CSR Procurement Guideline, and we seek the understanding and cooperation of our business partners in this area.

For more information, see supply chain management and the promotion of CSR procurement section (page 22, 23).

Empowerment of women’s career development

In regard to empowering women in their career development, the Anritsu Group is proactively working to establish a workplace environment that supports the balancing of work and childcare. This includes providing programs for paid leave, maternity leave, reinstatement, and shorter work hours, both before and after childbirth and during childrearing, respectively. To ensure that employees applying for these programs can balance work and family with greater peace of mind, regardless of gender, we disseminate information Companywide to establish familiarity with the programs and raise awareness to inspire greater understanding.

In accordance with the Act to Promote Women in the Workplace, which went into effect in Japan in August 2015, we published the current state of women’s career development at Anritsu on a website hosted by Japan’s Ministry of Health, Labour and Welfare featuring enterprises promoting women in the workplace.

Although hiring women for engineering jobs poses a formidable challenge, we set the goal of raising the ratio of women to 20% of all new recruits by 2020 and enhanced our working environment toward achieving this goal. As a result, the female ratio among new recruits reached 35% in fiscal 2017, with 6 of the 17 new graduates hired for the year being women. We also conduct questionnaire surveys with female staff, including those in managerial positions, to collect their frank opinions in order to create a working environment in which female employees can advance their careers while making good use of educational, child-raising, or other Company programs. Based on requests received as part of this survey, the Company held a training program aimed at supporting the advancement of women’s careers in fiscal 2017, with the number of those wishing to attend exceeding capacity. We will continue to conduct career development training programs for female employees in fiscal 2018.

LGBT consideration

The Anritsu Group is taking a proactive stance in improving the environment for LGBT employees, including by eliminating the gender section from the recruitment entry sheet and creating a function within the internal and external consultation points for addressing LGBT issues. In fiscal 2017, we worked on improving the physical environment of our workplace, including by installing multi-gender bathrooms.

Promoting the careers of non-Japanese employees

The Domestic Anritsu Group hire employees, including new recruits and mid-career employees, regardless of nationality as it participates in employment-related events organized by overseas universities, accepting interns from universities in Japan and overseas, and hires exchange students in Japan. As of March 31, 2018, 49 non-Japanese nationals are employed at our worksites in Japan. In fiscal 2016, we reviewed our in-house training programs for employees who are not fluent in Japanese. As of May 2017, 22 employees were taking Japanese conversation lessons to further boost their business performance and improve their daily lives in Japan. We will continue to develop a working environment that supports the engagement of non-Japanese employees.

Life-Work Balance

The Anritsu Group takes an approach seeking a harmonious Life-Work Balance (placing the lifestyle of each individual at the center of how they spend the 24 hours of each day and where they place work in that day). We seek to improve employee productivity by encouraging them to pursue a fulfilling personal life as well as an equally fulfilling professional life, by allowing them to work in a way that is well balanced with their personal pursuits. We are currently in the midst of the Action Plan to Support Child-rearing 4th Stage (see chart below), which is intended to change the mindset of employees toward reducing overtime work and reforming the Life-Work Balance. Efforts by labor and management through the Committee for Promoting Life-Work Balance are also under way, and we applied for the Kurumin Double Star recognition from the Ministry of Health, Labour and Welfare in fiscal 2017.



Anritsu Corporation's Action Plan to Support Child-rearing 4th Stage (April 1, 2015 to March 31, 2017)

Objectives	Measures	Action
Increase initiatives for reducing overtime work and improve working conditions toward Work-style Reform	Reduce overtime working hours and promote annual paid leave	<ul style="list-style-type: none"> • Cautioned employees with excessive overtime hours (2015) • Encouraged adoption of a morning-oriented work style (2015) • Promoted the basic rule prohibiting work after 7:00 p.m. (2016) • Launched a labor-management joint campaign for Work-style Reform (2016)
Reinforce systems to help employees who are parents	Reinforce the support system for fertilization treatment	Introduced a program to subsidize fertilization treatment for employees and their spouses (2015)

Parenting and Childcare Programs (Excerpt)

	Pregnancy	Childbirth	1-year-old	End of April of the following year	3-year-old	Start of elementary education	Through the third grade	Through the sixth grade
Work-related		Maternity leave (8 weeks before and after giving birth)	Childcare leave (for Women)					
		Men's parental leave to experience childcare	Childcare leave (for men)					
		Special leave for men at the time of childbirth						
		Restrictions on working overtime, on holidays and late nights – 1						
		Restrictions on engaging in hazardous operations						
		Leave for prenatal hospital visits	Leave for postnatal hospital visits					
		Mitigation measures for commuting	Time off for nursing – 1 (time off for nursing)					
		Restrictions on working overtime, on holidays and late nights – 2						
		Restrictions on working overtime, on holidays and late nights – 3						
		Time off for nursing – 2 (shorter work hours)						
	Leave for nursing children							

Applying the skills of senior employees

The Domestic Anritsu Group operate an employment extension program in which employees can continue working after retirement at age 60. In principle, we grant extensions to all applicants, who are then able to continue applying the ample knowledge, experience, and advanced skills they have gained over the years and provide guidance and training for the next generation. We will continue to promote diverse working styles and develop a working environment in which diverse personnel can excel at their careers.

Complying with the UK Modern Slavery Act

Anritsu Corporation and Anritsu EMEA Ltd. published in September 2016 a statement in support of the Modern Slavery Act enacted in the UK. For additional information in regard to our efforts in this area, please see the section on Supply Chain Management and fiscal 2017 initiatives in line with the UK Modern Slavery Act on page 24.

Human Resources Development

Social issues as a background

An increasingly complicated and sophisticated society requires each person to hone their strengths and attain independent growth during times of change. The Anritsu Group in fiscal 2017 enacted a comprehensive review of its educational and training systems with the goal of supporting employee growth, and launched construction of a step-based human resources development program.

Policy

At the Domestic Anritsu Group, we believe in the importance of being an organization in which employees feel they are contributing to society and their own growth through their work while working with enthusiasm toward achievement of the Company's goals. With this in mind, we have remained committed to creating an environment supporting independent growth, and, in fiscal 2017, we reviewed and revised our traditional correspondence courses and Group training programs to align with the basic idea that they should choose what to study and study it voluntarily, and that they should know their own capabilities and strengths. The human resources development program common to all Domestic Anritsu Group companies supports career development in line with each employee's lifestyle.

Structure

Under the Chief Human Resources and Administration Officer at Anritsu Corporation, the Human Resources Development Team in the Human Resources and Administration Department and the Domestic Anritsu Group Human Resources Department create the employment plans and educational training systems in line with the goal of training human resources to contribute to Anritsu's business and the development of a global society.

Medium- to long-term goals

The Company aims to construct a human resources training program common throughout the Domestic Anritsu Group.

Progress and challenges

Please see activities

Activities

Education and training activities

The correspondence course was released as a new "learning content" self-development program, with enhanced content, including e-learning, online English conversation courses, and classroom-based course work. We are adding from fiscal 2018 classroom-based course work for English as a higher-level program.

We have also redefined and revised traditional training under the titles of "Leadership Basic Training" and "Self-improvement Training & Hands-on Management Training." Keeping the need to maintain a Life-Work Balance in mind, we implemented external one-day Group training sessions in fiscal 2018.

Training for new recruits now includes an innovation planning program. This is conducted by the Business Originating Center on the creation of new customer value. It is intended to teach about the importance and difficulties of value creation, team performance, and goal commitment in addition to the marketing and accounting knowledge essential for business model planning.

Global human resource development

Anritsu is working to expand its business overseas, primarily in the area of test and measurement. Developing human resources capable of leading these overseas businesses represents a key challenge for achieving growth in the coming years. In developing global human resources, we think it is important not only to raise the level of language proficiency but also to develop the mindsets of employees so they can effectively work around the world.

As part of the training for new recruits, the trainees learned how important it is to collaborate with colleagues in and outside Japan and are given the opportunity to learn details of international business from staff members with plenty of overseas experience in representative projects. Their exciting real-life stories clearly motivated the new recruits.

Global training for the Test and Measurement business

Anritsu holds global training in the Test and Measurement business for about 80 sales engineers engaged in this business at our overseas bases. The training is comprised of sessions on a wide range of subjects, such as new products, new product functions, market trends, Anritsu's solutions, success stories, demonstration know-how, sales strategies, and product road maps. The participants not only became more knowledgeable through the lectures, they were also able to operate instruments on their own as a means of gaining direct experience to assist in selling points, while also learning how to better demonstrate the instruments.



Global training

Occupational Health and Safety

Social issues as a background

Given the increased focus on occupational accidents and mental health disorders as social issues, we believe it vital to renew our efforts at creating a workplace environment in which every employee can work safely and in good health.

Policy

The Anritsu Group believes that in order to enable every employee to fully achieve their potential, it is important to secure employee safety and health and to create a comfortable and efficient workplace. As part of the effort to achieve this, the Company puts an emphasis on "Respect for Employees" in its Charter of Corporate Behavior and "Improving the working environment" in the Anritsu Group Code of Conduct, stipulating the creation of a working environment in which employees can work with enthusiasm in safety and good health while complying with all related laws and regulations.

In addition, with the goal of the Company and health insurance union playing an active role in maintaining and improving the health of each employee, we have established separately the Anritsu Group Health Management Policy for the Domestic Anritsu Group.

Anritsu Group Health and Productivity Management Policy

The Anritsu Group believes our corporate value is founded on the ability of each employee to work to the best of their abilities and in good health. With the goals of creating an environment in which all employees have an interest in health, are aware of their own health challenges, and take measures on their own to maintain and improve their health, the Anritsu Group companies and the Anritsu Health Insurance Association work together to promote effective health management throughout the Group.

Structure

The executive office overseeing occupational health and safety at Anritsu Corporation is in charge of safety and health for the Domestic Anritsu Group and is tasked with formulating and implementing safety and health related matters common to the Group. We have also established a safety and health management system that complies with all relevant laws and regulations. Moreover, to maintain and improve the health of Group employees, a variety of initiatives and support services are provided by industrial physicians, counselors, and health staff assigned to the Anritsu Corporation Health Management Center. These services include regular worksite visits, post-stress check follow-ups, and individual consultation services for mental and physical health.

Anritsu Corporation holds monthly meetings of the formal joint management-worker health and safety committee. A breakdown of the committee as of fiscal 2017 is as follows. Matters discussed by the committee are promptly disclosed via the Intranet to all employees. Employees of the Domestic Anritsu Group also participate in the Anritsu Safety and Health Committee as observers, allowing the sharing of information and strategies across the entire Domestic Anritsu Group.

Anritsu Corporation Occupational Health and Safety Committee (fiscal 2017)

Chairpersons: General Health and Safety Manager: (Executive in charge of safety and health)

Vice-chairpersons: Two individuals (of which one is selected by the Anritsu labor union)

Committee members: 10 (of which 5 are selected by the Anritsu labor union)

Also participating are industrial physicians, observers (Domestic Anritsu Group company employees), and Secretariat members. The Anritsu labor union has a union shop agreement with Anritsu.

Anritsu Corporation has agreed in the collective agreement concluded with the Anritsu labor union to certain necessary matters concerning safety and health. More specifically, we will implement appropriate measures as the owner of the business to ensure safety, and will promote measures to maintain and improve the health of our employees. We will also establish the Safety and Health Committee and criteria for the selection of committee members, conduct educational and training programs, and place workplace restrictions on hazardous operations. Work by employees of the domestic Anritsu Group is neither high risk nor connected to the incidence of specific diseases.

Medium- to long-term goals

The Domestic Anritsu Group targets zero safety-related accidents. With the goal of maintaining and improving the health of our employees, we have formulated a three-year medium-term health management plan, covering fiscal 2018–2020, and have established the following key performance indicators to track our progress in attaining these goals.

Main focus points		KPIs	2020 targets (current values)
1	Minimize risks to future health maintenance, stable and continuous employment	☆ Ratio of patients exhibiting glycometabolism (HbA 1c 5.6% or higher) ☆ Ratio of patients exhibiting elevated blood pressure (140/90 or higher) ★ Mental leave rate (leave ratio at year's end)	Under 40% (42.0%) Maintain current level (9.9%) Maintain current level (0.6%)
2	Incidence of abnormal finding at periodic medical checkups	☆ Abnormal findings rate at periodic checkups	Under 59% (est. for 2020: 60%)
3	Improved awareness of health	☆ Ratio of those with proper body weight (40 years of age and older) ☆ Ratio of those habitually exercising (40 years of age and older)	69% or higher (67.7%) 28% or higher (26.5%)
4	Establishing health management	Certification as an Excellent Enterprise of Health and Productivity Management	Continued certification (2017, 2018)

☆: Indicates current and target values based on periodic checkup results in the Head Office area of Kanagawa Prefecture

★: Indicates current value for the Domestic Anritsu Group

Reference: Data
(Social)

Occupational Health and Safety figures (P. 30)

Progress and challenges

The Domestic Anritsu Group was successful in having no incidences that led to absences from work in fiscal 2017. However, there were seven minor incidents that did not require the person affected to leave work, so we were unable to achieve our goal of zero incidences for the year. In fiscal 2018, we will renew our efforts to achieve the goal of zero incidents for the entire the Domestic Anritsu Group.

In fiscal 2017, there were 15 commuting accidents involving Domestic Anritsu Group employees, up by seven from fiscal 2016. There were five accidents that resulted in lost work time, an increase of three accidents from fiscal 2016. The most-common factor in commuting accidents in fiscal 2017 was two-wheeled transportation, including bicycles and motorcycles, which are often used for their convenience. We understand the ongoing need to further increase safety and hazard awareness among those using this method of travel.

Activities

Major efforts for safety, health and health management

- The Occupational Health and Safety Committee reviews the status of activities and formulates accident prevention measures
- Reducing the risk of accidents by conducting inspections before introducing, relocating, or changing equipment, or when purchasing chemical materials
- Enhancing the awareness of safety and health through training at different organizational levels, and providing training on specific issues such as risk assessment
- Providing a safe, secure, and comfortable workplace by assessing working environments and conducting periodic inspections
- Health checkups (scheduled, special, when starting employment, overseas assignee), stress check system implementation and follow-up
- Questionnaire screening, interviews by industrial physicians and health maintenance measures for overtime workers
- Raising health awareness through lectures by industrial physicians, for example, on preventing lifestyle diseases and infectious diseases
- Mental health care education and counseling for senior executives
- Traffic safety workshops to prevent commuting accidents (traffic safety lectures, traffic KY (hazard awareness) workshops, motorcycle safety driver training sessions, bicycle safety rider training sessions)



Occupational Health and Safety Committee



Motorcycle safety training



Basic life-saving training



Promotion of women's health seminar

TOPICS

Overseas Topics: OHSAS 18001 Certification

In May 2012, Anritsu EMEA Ltd. in the U.K. obtained certification for OHSAS 18001 (2007 version), the international standard for occupational health and safety management systems, and the certification was updated in May 2015. The standard is designed to create a safe and healthy workplace environment by defining the framework for promoting the following aspects.

- Identify and control health and safety risks
- Reduce the potential for accidents
- Aid legal compliance
- Improve overall performance



Certified as an Excellent Enterprise of Health and Productivity Management in 2018

Anritsu Corporation was certified by the Ministry of Economy, Trade and Industry (METI) of Japan as a White 500 (large enterprise category) company in the 2018 Certified Health and Productivity Management Organization Recognition Program for meeting the selection criteria in a survey conducted by the ministry on regular health check-ups, Life-Work Balance, health maintenance, lifestyle disease prevention, and mental health support. This marks the second consecutive year the Company has received the certification.

The program recognizes enterprises that demonstrate outstanding health and productivity management aligned with the healthcare recommendations of the Nippon Kenko Kaigi. It evaluates companies in the following five aspects, which are also used by the METI and Tokyo Stock Exchange in their joint selection of the Health and Productivity Stock Selection: (1) management philosophy; (2) organizational structure; (3) implementation of systems and measures; (4) evaluation and improvement; and (5) compliance and risk management.



Initiative to realize the Work-Style Reform

To prevent health problems from overwork, the Domestic Anritsu Group promote measures based on the Group-wide management policy to ensure appropriate work hours, including shortening overtime work, minimizing mid-night shift work, and implementing “no overtime” days. We have abandoned the old notion that the best performers work the longest hours. In its place since August 2016 is a new policy under which we expect employees to work, with energy, in the morning hours, and we abolished the flextime program so that all staff begin working at the start of each workday. We basically prohibit work after 7:00 p.m., while also turning off the lights, and promote shorter, streamlined meetings. Moreover, we pursue work-style reform, which raises the level of productivity, thereby allowing us to promote innovation that leads to increased corporate value.

Supply Chain Management

Social issues as a background

Anritsu’s procurement operations are global in scope, reaching beyond Japan and across the world. We offer equal opportunities to every company in Japan and overseas through fair assessment practices.

We strive to respond to the expectations and demands of society across the entire supply chain by developing stronger partnerships through the willing involvement of suppliers and partners in various activities, and by ensuring compliance with relevant laws and regulations, business practices, and social norms as well as initiatives for preserving the local environment.

Policy

We believe in the critical importance of moving as one with the entire supply chain, together with our business partners, in conducting procurement, and linking this activity to the mutual growth of all parties. With this conviction, we established our Basic Rules of Procurement in 2005 to forge partnerships anchored in mutual trust and seek the cooperation of suppliers and business partners.

Details (WEB)
Basic Rules for
Procurement

Structure

Anritsu has procurement bases mainly in the U.S., Europe, China, and Japan, and is working to establish a globally unified set of assessment criteria approved by each location to optimize the mutual use of the supply chain. We intend to promote parts procurement through global collaboration.

Mutual approval is also offered as a means for recognizing business partners that provide us with products we commonly use within the Anritsu Group as a Global Preferred Supplier (GPS). We also intend to shorten time to market for product development by sharing development roadmaps and technological issues with these suppliers. We decided on a common standard for assessing suppliers between our operations in Japan and the U.S., and we selected eight companies to our GPS list to enhance our mutual interests and build stronger relationships.

Medium- to long-term goals

We are working towards the following objectives stated in the GLP2020 new mid-term business plan.

1. Promote global CSR procurement

We are promoting CSR procurement that strictly protects human rights, labor, safety, and health throughout the entire supply chain, including our overseas business partners, thereby working to strengthen the global supply chain. Through our CSR procurement promotion activities based on CSR Surveys of and visits to our business partners, for example, we aim to increase the CSR Survey assessment scores.

2. Promote global green procurement

We are promoting environmentally friendly green procurement throughout the entire supply chain, including our overseas business partners, thereby working to strengthen the global supply chain. By surveying the environmental initiative standing of our business partners and undertaking activities to raise the quality of the environmental initiatives of our business partners, we aim to enhance the ratio of certified Environmental Partners among our business partners.

Progress and challenges

Please see activities

Activities

Anritsu Group CSR Procurement Guideline Formulation

In fiscal 2010, we formulated the Anritsu CSR Procurement Guideline, which complies with the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). Along with posting the Guidelines on our website, we also ask that our business partners have an understanding of and take initiatives for CSR Procurement at the outset of business with new business partners and during policy briefings with suppliers and business partners.



Initiatives for CSR procurement

Since fiscal 2011, we have received many letters of consent as we ask for cooperation of business partners in promoting CSR procurement by requesting to submit letters of consent. In addition, we conduct CSR Surveys for the purpose of reviewing the CSR initiatives taken by our business partners. In fiscal 2017, we obtained positive results, with responses from 116 of our major business partners. We also visited our business partners to discuss their CSR activity initiatives. Moreover, we seek cooperation from suppliers on clean procurement every year to achieve transparency in our transactions as we practice compliance. We have set down codes of conduct and matters to be observed by our employees while prohibiting acts such as receiving entertainment and gifts and trading on insider information concerning business partners. Furthermore, we set up the Direct Delivery Mailboxes in the negotiation rooms of our head office and the Koriyama Business Office in an effort to promote CSR procurement based on the direct feedback from our partners.

Green Procurement Guidelines

Anritsu undertakes green procurement in accordance with its Green Procurement Guidelines established in fiscal 1999 by preferentially procuring environmentally friendly parts and materials. In fiscal 2011, we introduced the concept of preserving biodiversity to our activities and began implementing initiatives to deepen supplier understanding of biodiversity preservation. Since fiscal 2016, under our revised Anritsu Group Global Green Procurement Specification, we have sought to unify our green procurement activities with those of Group companies outside Japan that operate manufacturing bases.

Details (WEB)
Anritsu Group
Global Green Procurement
Specification

Environmental Partner Company Certification System

In fiscal 2001, we launched the Environmental Partner Company Certification System to evaluate the status of Anritsu suppliers' environmental management systems and product assessment procedures by ranking them at three levels and encouraging the environmental initiatives of suppliers. In fiscal 2017, we selected four business partners that showed room for improvement regarding the assessment of chemical substances (RoHS) contained in products, in particular, and elevated the Environmental Partner ranking of all four companies through improvement activities.

Currently, the number of certified Environmental Partner Companies stands at 245 (results as of April 30, 2018).

Ratings in the Environmental Partner System

Rank A	Reliable system of management	Anritsu provides support and implemented improvement activities
Rank B	Flawed in certain aspects	
Rank C	No reliable system of management	

Response to conflict minerals

Following the 2012 adoption of the final rule of Section 1502—the conflict minerals provision of the U.S. Financial Reform Bill—Anritsu declared its support and began working with its supply chain to prevent the use of conflict minerals in our products. We also hold briefings for our business partners to prevent any oversights.

We respond to customer inquiries related to this issue by requesting investigations by business partners in Japan and abroad. To date, there has been no use of conflict minerals at Anritsu.

Exhibition of partner products and technologies

In November 2016, we held an exhibition at the Anritsu head office featuring products manufactured by 47 of our partners. The event is held every year to showcase the products and technologies of major business partners that procure products and materials for the Anritsu Group. This year's exhibition acquainted development engineers at Anritsu with new products and technologies such as components for wireless communications (e.g., products for the IoT, M2M, 5G, and in-vehicle markets), components and solutions for optical and electrical high-speed digital transmission, optical parts, general-purpose electric parts for the food and pharmaceutical inspection equipment markets, and components that ensure heat dissipation and electromagnetic compatibility. The event also included seminars featuring lecturers from our business partners, aimed at keeping participants abreast of cutting-edge technologies.

Fiscal 2017 initiatives for the UK Modern Slavery Act

In fiscal 2016, Anritsu Corporation and Anritsu EMEA Ltd. published the UK Modern Slavery Act Statement.

As one of our initiatives for fiscal 2017, we created a task force to conduct human rights due diligence for the related departments, and conducted CSR Surveys of 116 of our major business partners. We determined the human rights risk within the supply chain based on an analysis and evaluation of the CSR Survey response details. As a result, we confirmed that there are no urgent issues as of now and that the human rights risk is low.

Details (WEB)
Respecting Human Rights
and Diversity/Addressing
National Legal Systems

Business partner gathering

In January 2018, we hosted a business partner gathering that drew 283 representatives from 153 Anritsu business partners, including overseas companies. We presented our strategies and business development plans under the theme of 5G/IoT toward becoming a global market leader. We called for an even stronger partnership to expand our value chain through collaboration and co-creation under our global procurement system. Moreover, we presented awards to those of our business partners who excelled in all three aspects of quality, delivery, and pricing.

Promoting Partner QU Proposal Activities

We are promoting the Partner QU (Quality Up) Activity as a communication channel for business partners so that they can offer proposals for improvements, requests, and opinions concerning Anritsu. Not limited to procurement, we also accept proposals in a broad range of other areas, including sales, technology, manufacturing, services, safety, health, and the environment, which are serving to improve our business operations.

A council that promotes and supports the activity deliberates and determines whether or not to adopt the proposals, as well as selects companies to receive awards. In fiscal 2017, we adopted 36 out of 62 improvement proposals, which included changing the design to reduce costs and adopting a different procurement method to speed up delivery.

Collaboration room

We maintain a collaboration room within the Company to revitalize communication between our development engineers and business partners. We invite different manufacturers and agents to dispatch their sales engineers in a daily rotation and provide an environment for generating new solutions.

Quality and Product Safety

Social issues as a background

Our social mission is to contribute to the realization of a safe, secure, and prosperous society. For the purpose of delivering safe products to our customers, the Domestic Anritsu Group has established basic matters regarding measures to prevent product accidents and regarding the response to unexpected accidents as part of our efforts to prevent product accidents. In fiscal 2017, the quality management subcommittee, comprised of the quality managers of each of the Group companies within the Domestic Anritsu Group, initiated an investigation into measures designed to prevent product accidents where the cause resides in the parts and worked to elevate quality across the Group as a means of further strengthening these activities.

Details (WEB)
Quality and
Product Safety

Policy

Anritsu Corporation has established quality policies and action guidelines under its corporate philosophy, "Contribute to the development of a safe, secure, and prosperous global society by offering Original & High Level products and services with sincerity, harmony, and enthusiasm," and has been firmly implementing them in order to provide products and services that satisfy customers and society.

Quality Policy

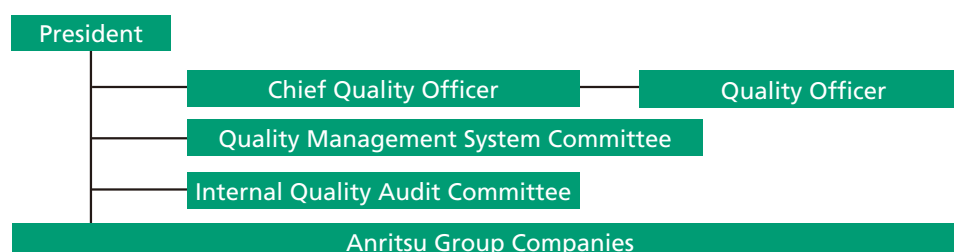
Supply satisfactory products to customers and society with sincerity, harmony, and enthusiasm.

Quality Policy Action Guidelines

- Work with sincerity and seriousness not to make nonconforming products.
- Handle after-processes considering customers and harmony with others.
- Propose improvement with enthusiasm.

Structure

In order to maintain, enhance, and ensure product quality, and in order to appropriately administer the quality management system, the Domestic Anritsu Group has established the quality management system committee and the internal quality audit committee, chaired by the chief quality officer (Anritsu Corporation, Chief Environment and Quality Officer), as part of our efforts to enhance quality across the Group.



ISO 9001 Acquisition Status

Anritsu has been certified under the ISO 9001 international quality management standards for quality assurance since 1993 and has developed a consistent global framework, from product design and development to production, services, and maintenance. In Japan, we completed the transition to ISO 9001:2015 in December 2017. Moreover, we have also completed this transition at approximately 80% of major Anritsu Group companies outside of Japan. The transition for all Anritsu Group companies outside of Japan is scheduled for completion by September 2018.

The following list summarizes Anritsu Group companies that have obtained ISO 9001 certification. The certification has been obtained for all organizations engaged in product realization processes. Of the total number of Anritsu employees in our global operations, about 60% of them are covered by the quality management system.

Details (WEB)
Companies with
ISO 9001 Certification

Japan	
Anritsu Corporation	
Group Companies in Japan	
Anritsu Infivis Co., Ltd.	Tohoku Anritsu Co., Ltd.
Anritsu Customer Support Co., Ltd.	Anritsu Engineering Co., Ltd.
Anritsu Networks Co., Ltd.	Anritsu Devices Co., Ltd.
AT Techmac Co., Ltd.	
Major Group Companies outside Japan	
U.S.A.	
Anritsu Company (U.S.A.)	Anritsu Eletronica Ltda. (Brazil)
Anritsu Electronics Ltd. (Canada)	
EMEA	
Anritsu EMEA Ltd. (U.K.)	Anritsu Ltd. (U.K.)
Anritsu GmbH (Germany)	Anritsu S.A. (France)
Anritsu S.r.l. (Italy)	Anritsu Solutions S.r.l. (Italy)
Anritsu A/S (Denmark)	Anritsu AB (Sweden)
Anritsu Solutions S.R.L. (Romania)	Anritsu Solutions SK, s.r.o. (Slovakia)
Asia and others	
Anritsu Electronics (Shanghai) Co., Ltd. (China)	Anritsu Company, Inc. (Taiwan)
Anritsu Corporation, Ltd. (Korea)	Anritsu Pte. Ltd. (Singapore)
Anritsu India Private Ltd. (India)	Anritsu Infivis (Thailand) Co., Ltd. (Thailand)
Anritsu Pty. Ltd. (Australia)	

Medium- to long-term goals

The Domestic Anritsu Group formulated the GLP2020 Quality Initiative, our mid-term quality management plan for the three-year period from fiscal 2018 to fiscal 2020. We have also begun setting KPIs and objectives, and have initiated activities for the following challenges.

Social Value	Initiatives	KPIs and Objectives
Provide safe, high-quality products and services that lead to peace of mind and customer satisfaction	<ul style="list-style-type: none"> Integrate and promote business processes and the quality management system Strengthen product safety management 	<ul style="list-style-type: none"> Set quality management indicators that are synchronized with business process improvements, and promote improvement Construct a system to prevent product accidents where the cause resides in the parts

Progress and challenges

The GLP2017 Quality Initiative, our mid-term quality management plan for the three-year period up to fiscal 2017, is now complete. Although the plan generally progressed as expected, the remaining challenges and new challenges will continue to be addressed in the GLP2020 Quality Initiative.

Priority Themes	Initiative Results
Improvements through the integration of the management system	Completed the transition to ISO 9001/14001:2015 Began integrating the product realization process in GLP2020
Responsive process improvements	Began disclosing complaint information and guidelines for corrective action to the Domestic Anritsu Group Analyzed complaint information and corrective action details of each company in the Domestic Anritsu Group, and provided feedback on the results as suggestions for improvement
Establish a global product information sharing system	Began operations of an information sharing system for complaint information, etc., with some overseas bases continuing to establish an information sharing system for the entire Anritsu Group in GLP2020
Continuous education related to legal matters and the quality management system	Worked to maintain and elevate quality awareness through education programs related to the quality management system (QMS), as detailed below <ul style="list-style-type: none"> Basic education on quality management for new employees Basic education on ISO 9001 for all employees in the Domestic Anritsu Group Internal quality auditor training and education Why-why analysis education

Activities

Improvements through the integration of the management system

- Completed the transition to ISO 9001/14001:2015 in December 2017
- Initiated management of environmentally friendly products under the quality management system development process
- Initiated an investigation into expanding the scope of the QMS (addition of sales departments in Japan), and initiated operations in April 2018

Responsive process improvements

- Verified and analyzed the details of complaint information and corrective actions within the Domestic Anritsu Group
- Began disclosing complaint information and guidelines for corrective action to the Domestic Anritsu Group
- Provided feedback to each business division regarding the review and analysis results of the complaint information and corrective actions

Proactive prevention process improvements

- Initiated an investigation into preventative measures for product accidents where the cause resides in the parts under the quality management subcommittee, comprised of the quality managers of each of the Group companies within the Domestic Anritsu Group
- Held regular technology seminars related to software quality

Establish a global product information sharing system

- Shared quality information related to the export of lithium batteries, etc., with global bases
- Added a download function for the Quality Policy and ISO 9001 certificate to the quality and product safety page on the Anritsu website

Data Sheet (Social)

Employee Data

Employee Data for the Domestic Anritsu Group (as of March 31 for each fiscal year)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Total No. of employees of Domestic Anritsu Group companies	2,194	2,206	2,212	2,244	2,249	2,251
Male	1,900	1,913	1,917	1,932	1,938	1,936
Female	294	293	295	312	311	315
Foreign nationals	24	26	30	38	44	49
Average age	41.5	41.9	42.3	42.6	42.6	43.2
Average working years	18.5	18.9	19.2	19.3	19.8	20.3
Non-regular employee	525	567	566	537	500	428
Anritsu Corporation	1.95	1.71	1.78	1.89	1.72	1.74
Ratio of employees with disabilities (%)						
Domestic Anritsu Group	1.70	1.75	1.74	1.70	1.76	1.70
Ratio of employees with disabilities (%)						
Legal disability employment ratio (reference) (%)	1.80	2.00	2.00	2.00	2.00	2.00

Employee Data for Anritsu Corporation (as of March 31 for each fiscal year)

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Number of employees: Figures in parentheses refer to number of managers included in total count.	Male	712 (174)	646 (165)	684 (177)	695 (176)	705 (184)	726 (198)
	Female	119 (4)	111 (4)	105 (4)	108 (4)	110 (4)	118 (3)
	Total	831 (178)	757 (169)	789 (181)	803 (180)	815 (188)	844 (201)
Average age	Male	41.7	41.5	42.0	42.4	43.0	43.7
	Female	37.3	37.3	38.4	39.4	39.9	40.6
	Total	41.0	41.0	41.5	42.0	42.6	43.3
Average working years	Male	17.6	17.6	17.8	18.2	18.9	19.5
	Female	14.5	14.9	15.9	16.5	17.0	17.1
	Total	17.1	17.2	17.5	18.0	18.6	19.2
Annual rated working hours		1,860.00	1,860.00	1,860.00	1,867.75	1,867.75	1,852.25
Average days of paid holidays used per year		14.2	14.5	15.1	15.6	15.5	16.3
Number of employees who took paid childcare leave		8	9	9	5	5	11
Number of employees whose employment has been extended beyond normal retirement age	Number of eligible employees	19	6	4	9	5	9
	Number of employees over retirement age hired	14	4	3	7	2	6

Turnover Rate for Newly Recruited Employees within Three Years of Employment for the Domestic Anritsu Group (%)

Joined in April 2013	5.4
Joined in April 2014	4.1
Joined in April 2015	5.6

Number of Employees by Age-Group

(as of March 31, 2018)

(Persons)

	Domestic Anritsu Group	Anritsu Corporation
Under 30	300	119
30 - 50	1,336	509
51 and over	615	216

Employee Data (Global/Consolidated Basis, as of March 31, 2018)

(Persons)

	Japan	Americas	EMEA	Asia	Global Total
Number of regular employees	2,251	598	366	502	3,717
Male	1,936	412	295	364	3,007
Female	315	186	71	138	710
Non-regular employees	428	43	42	21	534

■ Worldwide Ratio of Female Employees (as of March 31, 2017)

Ratio of female employees (No. of female employees/total employees)

(%)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Japan	17	13	13	14	14	14
Americas	31	30	30	31	31	31
EMEA	25	22	21	20	19	19
Asia and Others Total	31	26	26	26	28	27
Global Total	22	19	19	19	19	19

Ratio of female managers to male managers

((No. of female managers/No. of female employees)/(No. of male managers/No. of male employees))

(%)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Japan	8	9	9	8	8	6
Americas	59	59	56	64	72	66
EMEA	82	74	72	83	105	118
Asia and Others Total	57	78	66	63	73	73
Global Total	45	47	44	44	47	47

■ Parental Leave Usage Status

Anritsu Corporation parental leave usage results

	Reporting Period	Gender	Number (persons)	Ratio (%)
Total number of employees eligible to take parental leave	Fiscal 2017	Male	22	—
		Female	8	—
Total number of employees who took parental leave	Fiscal 2017	Male	3	—
		Female	8	—
Total number of employees who were reinstated following parental leave during the reporting period	Fiscal 2017	Male	2	—
		Female	2	—
Total number of employees remaining in the Company 12 months after being reinstated from parental leave	Of those employees reinstated during the three years from 2014 to 2016, the number of employees for which more than 12 months have passed	Male	4	—
		Female	19	—
Reinstatement and retention rates for employees following parental leave	Fiscal 2017	Male	—	100
		Female	—	100

■ Occupational Health and Safety

Safety and Health Related Figures

	FY2015	FY2016	FY2017	
Regular health checkup rate (%)	100	100	100	Figures are based on the results of regular health check-ups (group checkups) of the Anritsu Group in Kanagawa Prefecture, Japan
Regular health checkup with complete physical rate (%)	65.0	68.2	56.7	Figures are based on the results of regular health check-ups (group checkups) of the Anritsu Group in Kanagawa Prefecture, Japan
Regular health checkup with diagnosis rate (%)	55.4	56.0	57.9	Figures are based on the results of regular health check-ups (group checkups) of the Anritsu Group in Kanagawa Prefecture, Japan
Smoking rate (%)	24.0	26.1	22.1	Figures are based on the results of regular health check-ups (group checkups) of the Anritsu Group in Kanagawa Prefecture, Japan (smoking rate of employees aged 40 and over)
Regular exercise rate (%)	24.0	23.1	26.5	Figures are based on the results of regular health check-ups (group checkups) of the Anritsu Group in Kanagawa Prefecture, Japan (ratio of employees aged 40 and over who exercise two or more times per week for 30 or more minutes per session)
Annual rated working hours (time)	1,887.8	1,890.7	1,877.3	Average for the Domestic Anritsu Group
Average monthly overtime working hours (time)	19.8	15.1	14.8	Average monthly overtime working hours for regular employees, excluding those in management positions employed by the Domestic Anritsu Group as of the end of each fiscal year
Annual paid holiday usage rate (%)	76.4	73.2	79.0	Usage rate for regular employees, excluding those in management positions employed by the Domestic Anritsu Group as of the end of each fiscal year (number of paid holidays used ÷ number of days granted for the fiscal year being reported × 100)
Incidents of on-the-job accidents	11	4	7	Total for the Domestic Anritsu Group
Incidents resulting in absence (four or more days)	3	1	0	Included in the total for the Domestic Anritsu Group
Incidents of occupational illness	0	0	0	Included in the total for the Domestic Anritsu Group
Number of days absent (days)	65	9	0	Total for the Domestic Anritsu Group
Number of fatalities (persons)	0	0	0	Total for the Domestic Anritsu Group
Frequency rate of lost-worktime injuries	0.64	0.21	0.00	Statistic for the Domestic Anritsu Group (number of injuries and fatalities ÷ total working hours × 1,000,000)
Accident severity rate	0.014	0.002	0.000	Statistic for the Domestic Anritsu Group (days lost ÷ total working hours × 1,000)
Incidents of commuting accidents	7	8	15	Total for the Domestic Anritsu Group
Incidents resulting in absence (four or more days)	5	2	5	Included in the total for the Domestic Anritsu Group

Environment

Environmental
Management

Environmental
Compliance

Climate Change /
Energy

Water Resources

Preserving Biodiversity

Preventing
Environmental
Pollution

Resources Recycling

Boundary of Global Environmental Protection

While the boundary of global environmental protection extends to the entire Anritsu Group, in principle the reporting boundary for numerical data, such as environmental impact, encompasses Anritsu Corp. and the following Group companies.

Group Companies in Japan	Anritsu Infivis Co., Ltd.	Tohoku Anritsu Co., Ltd.	Anritsu Customer Support Co., Ltd.
	Anritsu Devices Co., Ltd.	Anritsu Networks Co., Ltd.	Anritsu Engineering Co., Ltd.
	Anritsu Kousan Co., Ltd.	AT Techmac Co., Ltd.	Anritsu Pro Associe Co., Ltd.
Group Companies Outside Japan	Anritsu Company (U.S.A.)	Anritsu Ltd. (UK)	

*Within the Anritsu Group, the Hiratsuka site refers to the facilities of AT Techmac Co., Ltd. in Hiratsuka City, Kanagawa Prefecture; the Tohoku site refers to those of Tohoku Anritsu Co., Ltd. in Koriyama City, Fukushima Prefecture; and the Atsugi site refers to those of other Group companies in Atsugi City, Kanagawa Prefecture, and the domestic sales offices.

Environmental Management

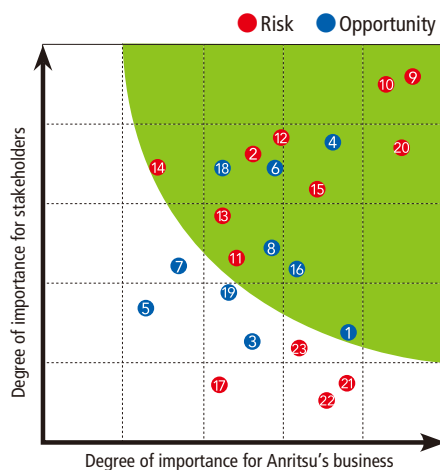
Social issues as a background

Recently, our investors and other stakeholders have shown greater interest in ESG (Environmental, Social, Governance) and SDGs (Sustainable Development Goals). Moreover, we have entered an age in which there is a balance between protecting the global environment, soundly developing society, and developing the economy, whereby the active participation of companies in this development process is now required.

In order to contribute to the sustainability of society and realize beneficial sustainable growth, Anritsu has been working to firmly instill environmental compliance related to our business activities and products, address climate change, create a recycling-oriented society, and prevent environmental pollution. In addition, we believe that administering an environmental management system that contributes to business and disclosing information in a manner that is easy for all of our stakeholders to understand in lock-step with business are also key challenges.

Anritsu is working to identify materiality within environmental management and introduce materiality to the challenges of the GLP2020 Environmental Initiative, the new three-year mid-term environment-related business plan launched in fiscal 2018.











Environmental Management Materiality



No. Challenge (items in bold are of high importance)

- | | |
|---|---|
| 1 Integrate EMS into business processes | 12 Formulate SBT |
| 2 Incorporate SDGs into environmental management | 13 Address carbon pricing |
| 3 Create an environmental business | 14 Address biodiversity |
| 4 Disclose ESG information | 15 Mitigate climate change (energy-saving factories and offices) |
| 5 Collaborate with environment-related NGOs and NPOs | 16 Adopt renewable energy |
| 6 Mitigate climate change (energy-saving products) | 17 Adapt to climate change (factories and offices) |
| 7 Adapt to climate change (products, solutions) | 18 Effectively use water |
| 8 Develop resource-saving products | 19 Promote the 3Rs (reduce waste, zero emissions, etc.) |
| 9 Compliance (for products) | 20 Compliance (for factories and offices) |
| 10 Manage chemical substances in products | 21 Collect environmental impact data |
| 11 Manage suppliers (chemical substances in products, CO₂, water, etc.) | 22 Collect chemical substance data |
| | 23 Develop an Eco-mind |

GLP2020 Environmental Initiative

Priority Themes	Biodiversity Conservation		
	<div><div></div><div></div></div>		
	Climate change measures	Resource recycling	Pollution prevention
Continuous Improvement Themes	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div></div>
2020 Vision			
Eco-Management	Make improvements through the integration of business processes with the management system [Theme 1]		
Eco-Communication	Improve the quality of information disclosure to elevate the environmental brand [Theme 2]		
Eco-Products	Strengthen energy-saving and resource-saving products [Theme 3]		Provide products that do not contain hazardous substances [Theme 4]
Eco-Office, Eco-Factory	Reduce CO ₂ emissions [Theme 5]	Effectively use water and firmly instill the 3Rs	Reduce chemical substances and prevent risks
Eco-Mind	Cultivate an Eco-Mind		
Building an environmental brand by pursuing global environmental management throughout the entire value chain			

Policy

Anritsu's "Environmental Policy" are set forth its "Environmental Principles" and "Action Guidelines."

*The "Action Guidelines" apply only to the Domestic Anritsu Group

Environmental Policy

◆ Environmental Principles

Anritsu strives to give due consideration to the environment in both the development and manufacture of our products. Through sincerity, harmony, and enthusiasm, we will endeavor to foster a prosperous society at one with nature.

◆ Action Guidelines

We create "Eco-Offices", "Eco-Factories", and "Eco-Products" based on the "Eco-management" of our company and the "Eco-Mind" of every one of us.

- (1) Over the whole life cycle of a product, from design and development, to procurement, manufacturing, marketing, distribution, and usage by customers, through disposal, we conduct environmentally conscious business activities.
- (2) We have set up an organizational and operational structure to perform environmental management activities, and have established and maintain an environmental management system that we continuously improve.
- (3) We comply with legal and regulatory controls and make every effort to continuously improve the environmental performance to meet the requirements from stakeholders.
- (4) In order to contribute to the prevention of global warming and conservation of biological diversity, we promote energy saving, the 3Rs (reduce, reuse, and recycle), and environmental pollution risk reduction in all of our offices and factories.
- (5) We provide Eco-Products by saving energy, saving resources, and reducing hazardous substances.
- (6) We cultivate Eco-Minds by providing appropriate environmental education and training.

In addition, Anritsu has stated its intent to "contribute to the preservation of the global environment by promoting environmental management for the coexistence of people and nature" in our Sustainability Policy (p. 8)

Structure

Anritsu has established a deliberating body with the executive officer of environmental management (Anritsu Corporation, Chief Environmental Officer) as chairperson to promote environmental management.

Deliberating Body	Deliberating Body Objectives	Group Members
Global Environmental Management Meetings	Address challenges that Anritsu must tackle as a single global entity	Responsible officers from the three major locations of Japan, the United States, and the United Kingdom
Environment Management Committee	Promote the environmental management system of the Domestic Anritsu Group	Officers responsible for the environment at each division* of the Domestic Anritsu Group, and the officers responsible for the Internal Control Department, Legal Affairs Department, and Sustainability Promotion Center
Promotion of RoHS Group Meeting	Promote the development and production of products that do not contain hazardous substances such as those banned under the RoHS directive of Europe	Representatives from the Development Department, SCM Department, IT Department, and Environment Department

*Environmental management activity unit

ISO 14001 Certification Acquisition Status

The Anritsu Group has constructed an environmental management system and has acquired ISO 14001:2015 certification for our core development and manufacturing bases of Japan and the United States.

The coverage rate of the environmental management system is 70% when based on the number of Anritsu Group employees.

Anritsu Corporation (Head Office)

[Certification Date] August 1998 [Update] February 2016
[Certification Organization/Number] Japan Quality Assurance Organization/JQA-EM0210

- Anritsu Corporation
- Anritsu Infivis Co., Ltd.
- Anritsu Customer Support Co., Ltd.
- Anritsu Networks Co., Ltd.
- Anritsu Engineering Co., Ltd.
- Anritsu Kousan Co., Ltd.
- AT Techmac Co., Ltd.
- Anritsu Pro Associe Co., Ltd.
- Anritsu Devices Co., Ltd.
- Tohoku Anritsu Co., Ltd.



Anritsu Company (U.S.A.)

[Address] 490 Jarvis Drive, Morgan Hill, CA 95037

[Certification Date] March 2007 [Update] May 2018

[Certification Organization/Number] AMERICAN GLOBAL STANDARDS, LLC/AGS-USEMS-051618-1



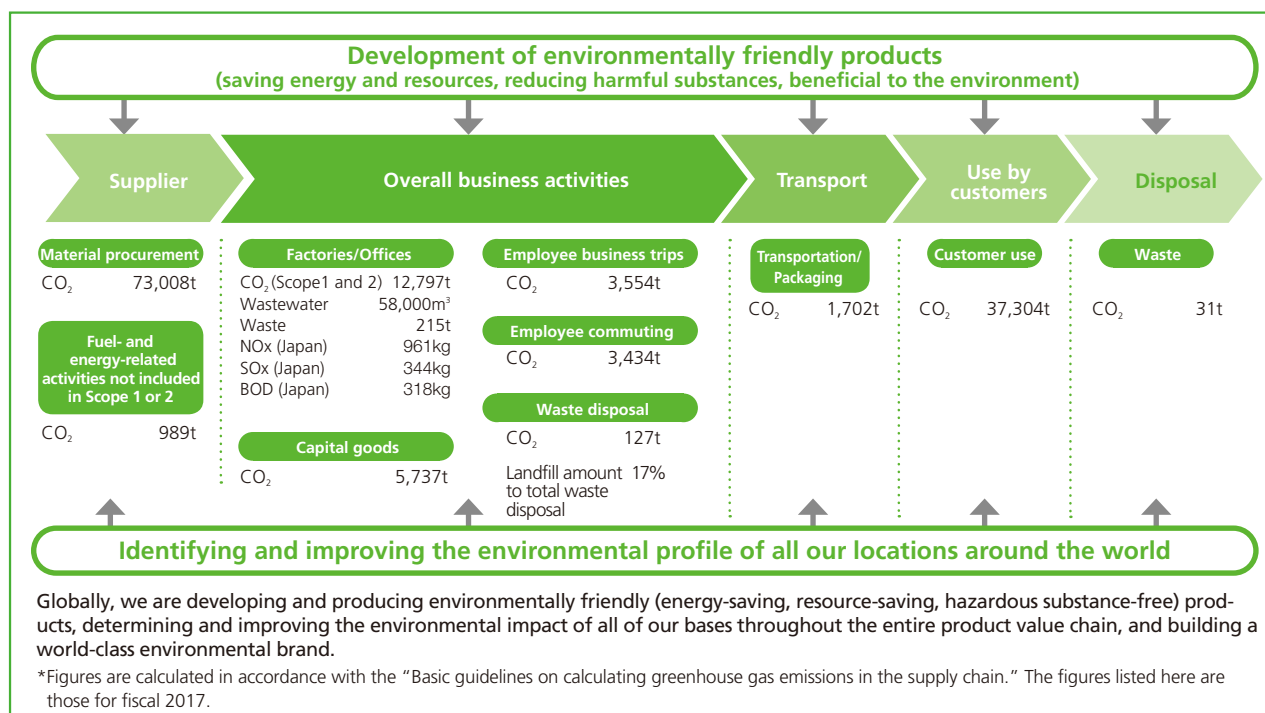
Details (WEB)
Anritsu Corporation
ISO 14001 Management
System Certificate (English)

Details (WEB)
Anritsu Company (USA)
ISO 14001 Management
Certificate (English)

Medium- to long-term goals

Anritsu promotes environmental management toward realizing its 2020 VISION goal of “Building an environmental brand by pursuing global environmental management throughout the entire value chain”. From fiscal 2018, we will begin taking action for the GLP2020 Environment Initiative, the new mid-term business plan, as the final stage in realizing the 2020 VISION.

2020 VISION: Building an environmental brand by pursuing global environmental management throughout the entire value chain



Details (WEB)
Environmental Impact of
the Entire Value Chain

Priority Themes and Objectives from the GLP2020 Environmental Initiative

Priority Themes	Objectives
Make improvements through the integration of business processes with the management system (MS)	In departments involved in product realization processes, the MS is integrated into business processes, targets related to quality and the environment are set, and management is implemented through the integrated MS. Construct and administer a mechanism to review compliance with environment-related laws and regulations globally
Improve the quality of information disclosure to elevate the environmental brand	Address SDGs, transition to GRI Standards, continue participating in the Ministry of the Environment's "Environmental Reporting Platform Development Pilot Project" and revitalize communication with investors
Strengthen energy-saving and resource-saving products (environmentally friendly products)	Reduce CO ₂ emissions related to products (Scope 3 categories 1 and 11)
Provide products that do not contain hazardous substances	Address additional and revised product and environmental regulations, such as RoHS2, and continue to provide products that do not contain hazardous substances
Reduce CO ₂ emissions	Reducing Scope 1 and Scope 2 CO ₂ emissions by 2% per year compared with fiscal 2015 (26% reduction by fiscal 2030)* Setting long-term CO ₂ emissions target for 2030 and 2050

*Provisional target until planning for the long-term targets for 2030 and 2050 have been finalized

Progress and challenges

In fiscal 2017, we completed the three-year GLP2017 Environmental Initiative as the second stage towards realizing the 2020 VISION. Although the plan generally progressed as expected, the remaining challenges and new challenges will continue to be addressed in the GLP2020 Environment Initiative.

Priority Themes of GLP2017 Environmental Initiative	Initiative Results
Make improvement through the integration of the management system	Expanded environmental initiatives within actual operations and passed the assessment for transitioning to ISO 14001:2015
Provide information that helps elevate the environmental brand	Drew up environmental information disclosure guidelines Participated in the Ministry of the Environment's "Environmental Reporting Platform Development Pilot Project" and conducted dialogue with investors CDP Score: B (management) level
Provide energy-saving and resource-saving products	Certified three models developed in the United States as Excellent Eco-Products
Provide products that do not contain hazardous substances	Completed compliance with RoHS in fiscal 2017 Achieved "Zero" RoHS, REACH, and other product and environmental regulation violations
Effectively use energy and water	Reduced energy consumption by the Anritsu Group 3.3% compared to fiscal 2014 Reduced water consumption by the Anritsu Group 25.4% compared to fiscal 2014

Activities

Environmental audit

In fiscal 2017, the Anritsu Group's core manufacturing bases of Japan and the United States passed our transition audit to ISO 14001:2015 and acquired certification.

In addition, the Domestic Anritsu Group conducted internal environmental audits in July for the purpose of reviewing the conformance, effectiveness, and environmental performance of our environmental management system, and again in October for the purpose of reviewing legal compliance. In fiscal 2017, we conducted audits with an emphasis on proposals for initiative plans and compliance with the Waste Disposal and Public Cleaning Law.

Opportunities for improvement indicated by external audits and observations pointed out by internal audits are reported to the Environment Management Committee and shared and rolled out throughout all management organizations. Improvements are made for issues faced by each management organization and confirmed during the internal audit conducted in the following fiscal year.

Environmental education for employees

To raise the environmental awareness of each employee and encourage them to actively engage in environmental activities, we provide general education through e-learning every year for all Anritsu Group employees in Japan as well as environmental education programs designed for each job type and rank. These programs are also attended by employees of business partners.

The e-learning program in fiscal 2017 covered compliance with the RoHS Directive of Europe in response to the fact that our test & measurement equipment and other core Anritsu products have been subject to regulation under the RoHS Directive since July 2017

Educational Programs		
New employee education	Internal auditor training program	Internal auditor follow-up education
General education	Education for technology departments	Education for sales departments
Onsite consignment worker education	High-pressure gas handler courses	Chemical substances manager training

Environmental Awards System

The Domestic Anritsu Group gives awards to employees who have obtained environment-related qualifications, groups that have carried out environmental projects in the AQU Innovation Activities* and employees who have offered proposals for improvement. In fiscal 2017, 26 Group projects and 128 proposals were recognized with environmental awards.

*Activities undertaken by the Domestic Anritsu Group to improve operational efficiency, quality and other aspects.

Environmental communication

Anritsu actively communicates inside and outside the Company with a firm belief in the vital importance of raising stakeholder awareness of our environmental activities and gaining their support for our efforts to protect the global environment.

The Domestic Anritsu Group has constructed a system for responding to stakeholders' inquiries concerning the environment. Along with releasing the Anritsu Integrated Report (formerly the Anritsu Report), Sustainability Report (formerly the CSR Report), environmental advertisements, and environment-related features, we also provide environmental information tailored for each group of stakeholders, including publishing "Anritsu Environment News" for customers and the quarterly "Eco Club" via the Intranet for employees. Furthermore, seeking to provide an accurate response to stakeholder requests for information, we are furthering compliance of the information disclosure guidelines on providing environmental information formulated by Anritsu with the GRI Standards.

We also participated in the "Environmental Reporting Platform Development Pilot Project" implemented by the Ministry of the Environment of Japan in continuation of fiscal 2016. The purpose of the project is to support the corporate disclosure of environmental information and dialogue with investors toward realizing a society and economy where sufficient funds are circulated to companies carrying out sustainable initiatives, including low-carbon activities. In fiscal 2017, we participated in the ESG Dialogue Platform Step Up Program, disclosed information, held dialogues with investors, and received a certificate of completion.

We will make every effort to ensure prompt and effective communication with our stakeholders by disclosing our environmental information, responding to environmental surveys, and exchanging opinions.

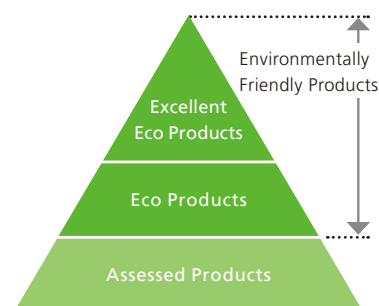
CDP

The score for Anritsu's response to the CDP questionnaire on climate change for fiscal 2017 was "B: Management level", the same score received in fiscal 2016. This means that the "Company has considered the concrete impacts of climate change that are in line with its own businesses"

We will continue our efforts to enhance the reliability of our information disclosure and reduce CO₂ emissions throughout our supply chain to prevent global warming.

Global Product Assessment and Environmentally Friendly Product Certification Program

Anritsu is promoting environmental efforts across the product life cycle from parts/materials procurement and manufacturing to shipment, customer use, and recycling/disposal, and conducts global product assessments that evaluate the effects of environmental impact reduction from the early design stage of every product's development. Evaluation items in the global product assessment cover basic factors such as improvements in volume, mass, and power consumption against a reference product (an existing product that is similar in function and performance to the product being assessed). Additional items for evaluation include resource savings and the reduction of harmful substances and overall environmental impact throughout production, physical distribution, use, and disposal. The assessment is conducted during the three stages of target setting, design review, and evaluation. We have established an environmentally friendly product program that certifies products as Excellent Eco-Products* and Eco-Products based on the global product assessment scoring results. Environmentally friendly products accounted for about 79% and Excellent Eco-Products for about 72% of Anritsu's sales of measuring instruments for fiscal 2017.



*Top ranking products in the industry that meet the environmentally friendly standards independently established by Anritsu. These products are indicated in catalogs and such with the Excellent Eco Product mark. This mark is categorized under international standard ISO 14021 Environmental labels and declarations — Self-declared environmental claims (Type II environmental labelling).

List of Excellent Eco-Products Certified in Fiscal 2017

Model Name		Rate of Reduction			
		Volume	Mass	Power Consumption	
Ultraportable Spectrum Analyzer	MS2760A	89.0 %	83.0 %	83.0 %	*1
Power Master	MA24507A	96.0 %	81.0 %	10.0 %	*1
Signal Quality Analyzer-R	MP1900A	64.4 %	49.0 %	14.0 %	*2
Signal Analyzer	MS2850A	54.2 %	32.0 %	43.3 %	*1
Network Master Pro 100 G Multirate Module	MT1000A +MU100011A	74.6 %	68.2 %	42.3 %	*1

*1 Compared to the reference product

*2 Compared to the reference product at the same level of functionality and performance

[Details \(WEB\)](#)
 List of Excellent
 Eco-Products

TOPICS

Developing the MP1900A Signal Quality Analyzer-R

The MP1900A Signal Quality Analyzer-R was developed under the concept of integrating the functions enabled by multiple measuring instruments in the past into a single unit. By enabling a single module through hybrid IC integration, actively adopting low-power consuming components, and finely controlling the power source of components depending on the operational conditions to reduce unnecessary energy consumption, we decreased the new model's volume by 64 %, mass by 49 %, and power consumption by 14 % compared with the conventional model at the same level of functionality and performance.

MP1900A
Signal Quality Analyzer-R

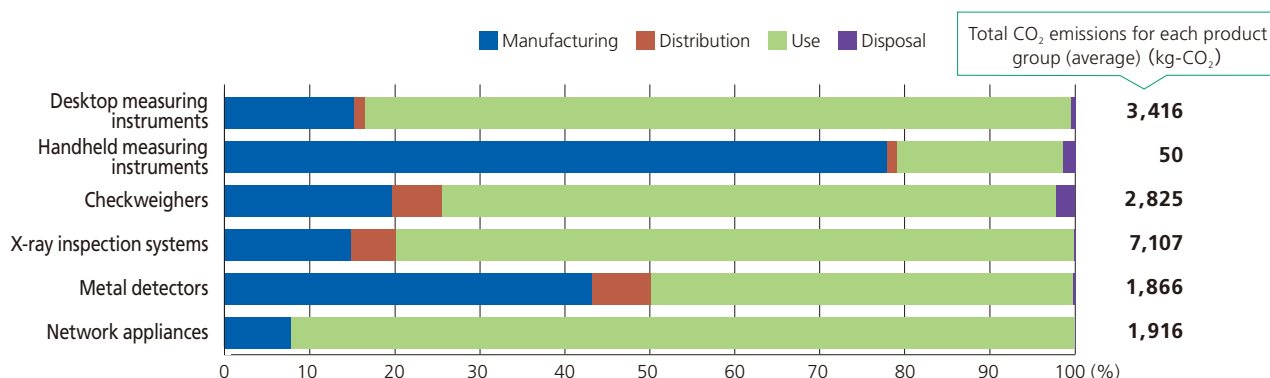
64% less volume

49% less mass

14% less power consumption

CO₂ emissions across the life cycle of our products

The Domestic Anritsu Group is aware of the CO₂ emissions at each stage of the product life style.










CO₂ Emissions and Breakdown across the Life Cycle of Product Groups (fiscal 2017)

Promotion of supply chain management










The provision of environmentally friendly products requires the use of parts and materials that reduce environmental impact. The Anritsu Group upholds environmentally friendly supply chain management through green procurement and conducts research on the chemical substances in the parts it purchases, in accordance with the Basic Rules of Procurement. For more information, please see "Supply Chain Management" on page 22.

Environmental Impact Mass Balance*¹ (fiscal 2017)

Input

 Electricity Electric power purchased from power companies for use at manufacturing sites and offices	28,145 MWh	-3.3 %
 Gas City gas, LPG, and natural gas used as energy	186,248 m ³	7.7 %
 Fuels Heavy oil, diesel, and gasoline used in factories, offices, and vehicles, etc.	436 kℓ	-13.2 %
 Water Municipal water, groundwater (excluding recycled water)	70,837 m ³	-11.8 %
 Chemical substances HFC, PFC, SF ₆ , N ₂ O	231 kg	10.2 %
 Chemical substances Chemical substances that are regulated by laws in Japan * ² * ³	7 t	-41.1 %
 Chemical substances PRTR	2 t	-15.1 %
 Paper Copy paper used at factories and offices	22 t	-18.1 %
 Packaging material Packaging material for transportation of products	377	5.6 %

Output

 CO₂ *⁴ Carbon dioxide generated as a result of using electricity, gas, and fuels (CO ₂ emission was calculated using the conversion factor defined in fiscal 2010 by the Federation of Electric Power Companies of Japan)	12,797 t	-10.4 %
 NOx *⁵ Nitrogen oxides generated as a result of using gas and fuels	961 kg	-51 %
 SOx *⁵ Sulfuric oxides generated as a result of using gas and fuels	334 kg	-45.5 %
 Wastewater Wastewater discharged from manufacturing sites and offices	58,373 m ³	-11.2 %
 BOD Biochemical oxygen demand in wastewater	318 kg	-6.1 %
 Municipal waste in Japan Waste other than industrial waste that is generated as a result of business activities (such as kitchen waste, waste paper, and waste wood)	41 t	5.2 %
 Industrial waste in Japan Waste generated as a result of business activities, that is regulated by the 'Waste Disposal and Public Cleaning Law' such as sludge, waste plastics, waste acid, and waste alkali	65 t	3.9 %
 Waste outside Japan All waste generated by business activities	109 t	-45 %
 → Recycling rate	82 %	14.8 %

*¹ Environmental impact mass balance: Environmental impact expressed in the form of a balance sheet in which substances entering the company are identified and listed by name and mass in one column and substances and mass exiting the company are identified and listed in the other column to more clearly display the relationship between business activities and environmental impact.

*² Substances regulated by law include toxic, deleterious and hazardous substances, organic solvents, and specified chemical substances.

*³ A heavy oil used as fuel is not included.

*⁴ Calculated using the "Emissions factor by electric utility" under the Ministry of the Environment's "Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System" for electric power in Japan; the emissions factor reported by electric companies for electric power in the United States; the emissions factor from the BEIS GOVERNMENT GHG CONVERSION FACTORS FOR COMPANY REPORTING for electric power in the United Kingdom; and the emissions factor under the Ministry of the Environment's "Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System" for energy other than electric power in Japan and outside of Japan. Data include the CO₂ conversion values for greenhouse gases other than CO₂.

*⁵ For NOx and SOx, annual emissions are calculated based on values measured annually.

Details (WEB)
Environmental Impact
Mass Balance Data

Environmental Accounting (The Domestic Anritsu Group Fiscal 2017)

Category			Environmental conservation cost		Benefits			
Category	Breakdown		Investment (millions of yen)	Cost (millions of yen)	Economic benefits (millions of yen)		Environmental Impact	
Business area cost	Pollution prevention cost		0.0	6.0	146.3	*	—	
			0.0	3.9	146.3	*	—	
	Global environmental conservation cost	Prevention of global warming	17.1	14.7	32.4		798.3t-CO ₂	
			8.2	22.0	28.4		712.4t-CO ₂	
	Resource circulation cost	Resource recycling/ utilization activities	2.2	64.4	0.1		3.2t	
			0.0	92.4	0.0		—	
		Waste disposal cost	0.0	41.1	14.1		358.2t	
			0.0	45.7	15.1		323.5t	
Upstream/ downstream cost	Green purchasing/procurement cost		0.0	24.9	62.7	*	1,604.4t-CO ₂	*
			0.0	24.8				
	Design of environmentally friendly products		0.0	20.7				
			0.0	21.6				
	Recycling and treatment of products, containers, and packaging		0.0	0.0				
			0.0	0.0				
Administration cost	Environmental education/training		0.0	18.6	0.0		—	
			0.0	19.0	0.0		—	
	Operation and maintenance of EMS and internal audit		0.0	79.7	0.0		—	
			0.0	64.4	0.0		—	
	Environmental load monitoring and measurement cost		0.0	17.1	0.0		—	
			0.0	18.2	0.0		—	
	Personnel expenses for environmental management		0.0	10.7	0.0		—	
			0.0	9.2	0.0		—	
	Greening and upkeep of greenery		0.0	13.2	0.0		—	
			0.0	12.6	0.0		—	
Social activity cost	Support for community groups, environmental conservation bodies, etc.		0.0	1.8	0.0		—	
			0.0	2.2	0.0		—	
	Disclosure of information		0.0	10.2	0.0		—	
			0.0	8.9	0.0		—	
R&D cost	Research and development to reduce environmental impacts		0.0	0.8	0.0		—	
			0.0	0.1	0.0		—	
Environmental remediation cost	Cost incurred for recovery from environmental degradation		0.0	0.0	0.0		—	
			0.0	0.0	0.0		—	
Total			19.3	323.9	255.6		—	
			8.2	344.9	263.5		—	

* The figures for “Environmental conservation cost” and “Benefit” in the shaded cells of the lower rows indicate the results for fiscal 2016.

* Effects of estimated reduction

Environmental Compliance

Social issues as a background

In addition to pollution-related laws and regulations relating to water quality, air quality, noise, and vibrations already in place, environmental regulations aimed at preventing global warming and the destruction of ozone are becoming stricter, as are global product regulations, as shown by the REACH regulations and the RoHS Directive.

Policy

Please see the environmental management policy section on page 33.

Structure

Please see the environmental management structure section on page 33.

Medium- to long-term goals

We aim for zero violations to environmental laws and regulations.

Progress and challenges

There were no violations to environmental laws and regulations in fiscal 2017.

Activities

Water quality

The Domestic Anritsu Group has adopted standards that are more demanding than statutory regulations, and we conduct regular water quality analysis and management activities for wastewater discharged from manufacturing sites and offices.

Details (WEB)
Water quality data from
the Domestic Anritsu
Group

Air quality

The Koriyama First Factory Office at the Tohoku site operates heavy oil boilers subject to the Air Pollution Control Law. The boilers are operated on our standards that are more demanding than statutory regulations to control air quality. There are no facilities at the Atsugi site, the Hiratsuka site, or the Koriyama Second Factory Tohoku site that generate air pollution that is subject to legal regulations.

Details (WEB)
Air quality data for
the Tohoku district

Noise

The Domestic Anritsu Group is implementing a variety of efforts to detect abnormalities at an early stage, including a system of prior examination before introducing equipment, equipment inspections at the beginning of every operation, and regular patrols on the premises. We also regularly monitor noise levels at the border of operations every year. At the Hiratsuka site, where there are many types of machinery, we are reducing risks by moving particularly noisy equipment to a soundproofed room and placing noise reducing covers over exhaust vents. Results show that measured noise levels not only meet legal standards but also fall below our own voluntary standards.

Details (WEB)
Noise data for the
Domestic Anritsu Group

Climate Change/Energy

Social issues as a background

The impact and scale of climate change as a result of global warming is becoming increasingly severe, and there is an increased need for measures designed to counteract climate change on an international level. Examples of these measures include the adoption of the Paris Agreement and SDG. Our stakeholders, including investors, have also become increasingly focused on developments in this area. The Anritsu Group considers climate change measures to be the most important of the environmental management issues and is accordingly committed to strengthening our related countermeasures.

Risks and opportunities from climate change

Risks and opportunities driven by changes in regulation

Energy-related laws and regulations, including the Act on the Rational Use of Energy, are being tightened in line with the Paris Agreement and efforts to counteract climate change. We also believe there will be an increased need going forward to cut the absolute level of energy consumption. In order to accomplish this, it will be vital to replace or rebuild aging equipment and buildings. It will also likely require the installation and purchasing of renewable energy. As the ability to supply energy-saving products becomes more and more important, we believe Anritsu's strength in the industry is its ability to develop environmentally friendly products using the LCA (Life Cycle Assessment) evaluations and product assessment methods it adopted at an early stage of development.

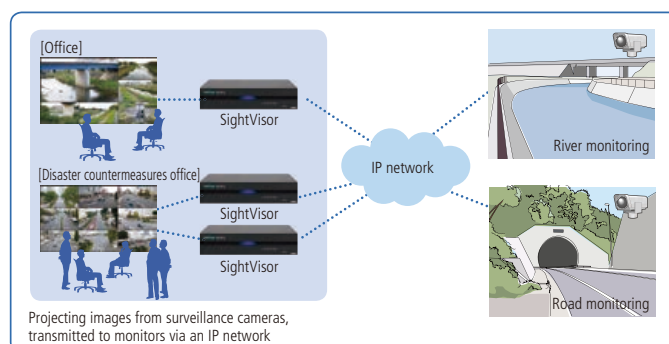
Risks and opportunities driven by changes in physical climate parameters

The Anritsu Group procures parts and materials from locations around the world and floods and hurricanes brought on by climate change mean that there is some risk of suppliers in affected regions being unable to supply necessary parts and materials. In response, the procurement department has mapped the manufacturing and sales locations of our suppliers and has formulated a system in which we can grasp potential damage immediately and globally. The system also allows the Anritsu Group to make purchases from several companies, thus limiting the potential for one disaster to completely disrupt supply.

Risks and opportunities driven by changes in other climate related developments

The Anritsu Group produces products and solutions that help society adapt to and mitigate the effects of climate change, including the SightVisor series, which provides video surveillance of water levels and flooding rivers. The Company also provides information and communications infrastructure measurement technology that is used to assess electric power demand and supply, including home energy management systems (HEMS) for smart grid.

Video monitoring



Policy

Please see the environmental policy section on page 33.

Structure

Please see the environmental management structure section on page 33.

Medium- to long-term goals

- Reducing Scope 1 and Scope 2 CO₂ emissions by 2% per year compared with fiscal 2015 (26% reduction by fiscal 2030)*
- Setting long-term CO₂ emissions reduction targets for 2030 and 2050
- Reducing product-related CO₂ emissions (Scope 3 category 1 and 11)

*Provisional target until planning for the long-term targets for 2030 and 2050 have been finalized

Progress and challenges

"GLP 2017 Environmental Initiatives": Goals	Results	
Reduce Anritsu Group energy consumption 3% compared to fiscal 2014	○	3.3% reduction

We are working on updating these goals in our "GLP2020 Environmental Initiatives" plan.

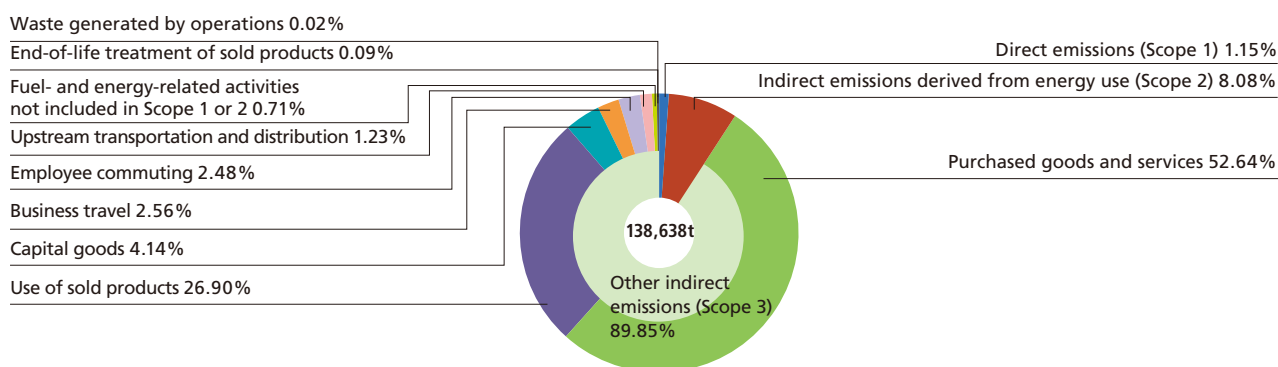
While we have focused our attention in the past on reducing energy consumption, we are expanding the focus of our activities to include the goal of reducing CO₂ emissions from fiscal 2018.

Activities

CO₂ emissions throughout the entire value chain

We have calculated CO₂ emissions throughout the Anritsu entire value chain. The calculated emissions value has received third-party verification.

Value chain CO₂ emissions by scope (fiscal 2017)



(t-CO₂)

CO ₂ emission volume	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Total CO ₂ emission volume	129,251	158,900	155,941	162,957	141,906	138,683
Scope1	3,124	2,376	1,669	1,722	1,698	1,591
Scope2 (Market based)	12,259	11,045	13,396	13,387	12,581	11,206
Scope2 (Location based)	14,276	14,174	14,262	15,310	14,741	12,354
Scope3*1 *2 *3	113,867	145,479	140,876	147,848	127,626	125,885

*1 Categories subject to calculation in fiscal 2012: 1, 4-7, 11, 12

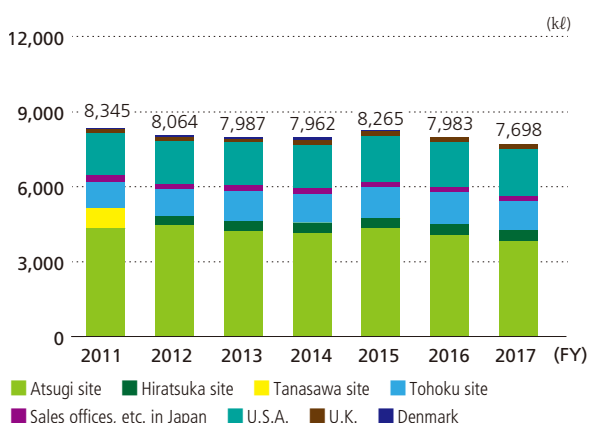
*2 Categories subject to calculation in fiscal 2013: 1, 2, 4-7, 11, 12

*3 Categories subject to calculation in fiscal 2014 and thereafter: 1-7, 11, 12

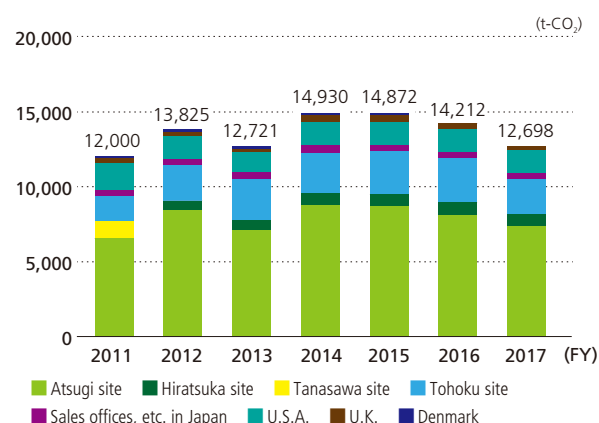
Energy-saving activities at factories and offices

More than 99% of CO₂ emission volume (Scope 1, 2) at the Anritsu Group is from the use of energy. As a result of our efforts to reduce energy use, we have cut our energy consumption (in crude oil equivalent) by about 22% over 10 years. In fiscal 2017, we implemented “cool biz” and “warm biz” policies at the Domestic Anritsu Group, a revision in workstyles to cut down on overtime and improve Life-Work Balance, and the updating to high efficiency air conditioners, which resulted in energy consumption for the Anritsu Group dropping 3.6% from fiscal 2016.

Energy Use (Crude Oil Conversion)



CO₂ Emissions from Energy Use



Initiatives outside the Domestic Anritsu Group	Result for Fiscal 2017
Improving the basic unit of energy by 1 % every year toward 2020 (Program promoted by the electric and electronics-related industries in Japan for establishing a low carbon society)	8.3 % improvement from base year (fiscal 2012)
Achieve annual reductions of at least 1 % in the basic unit of energy consumption per sales under the Act on the Rational Use of Energy	Over 1.4 %

Renewable energy

Anritsu has solar power generators with maximum output capacity of 200 kW and 15 kW installed at the Koriyama Second Factory and Global Headquarters Building, respectively. In fiscal 2017, the Koriyama Second Factory used 197 MWh of renewable energy generated by solar power, representing about 13% of its total electricity needs, and the global headquarters building used 21 MWh of solar power, representing about 0.7% of its total electricity needs. In addition, we received third-party verification for the amount of renewable energy we generated.

Renewable energy

(MWh)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Solar energy	—	216	212	241	227	233

*The Koriyama Second Factory was established in fiscal 2013, and the Global Headquarters Buildings was established in fiscal 2015

Reduced CO₂ Emissions from the use of products sold

Anritsu is working to reduce CO₂ emissions generated during product use, which has a particularly high ratio of CO₂ emissions across the entire value chain as well as the product life cycle.

Reducing product energy consumption^{*1,*2}

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
GJ ^{*3}	21,501	25,665	29,852	27,748	36,713	31,241
t-CO ₂ ^{*4}	1,186	1,416	1,650	1,611	2,162	1,604

*1 Conversion coefficient x time spent in operation over one year x sales volume x reduction in power consumption when compared to a conventional product at the same level of functionality and performance

*2 Domestic Anritsu Group hardware products for which product assessments have been conducted

*3 Source for conversion coefficient: Act on the Rational Use of Energy

*4 Source for conversion coefficient: Ministry of the Environment's coefficient list for emissions by electrical industry company under the calculation, reporting, and publications system

Third-party verification of CO₂ emissions and annual renewable energy power generation

In order to ensure the reliability of the report, we sought and received third-party verification from the Sustainability Accounting Co., Ltd. regarding CO₂ emissions and annual renewable energy power generation.



Related data

Energy consumption^{*1} and reductions^{*2,*3,*4}

(GJ)

Type of energy ^{*5,*6}	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Reductions
Total energy consumption in the organization	312,326	309,793	308,465	320,197	309,232	298,178	22,019
Subtotal for non-renewable energy sources	25,515	26,772	24,374	23,713	25,927	24,066	-353
Class A heavy oil ^{*7}	6,131	6,498	5,832	5,202	6,830	5,476	-274
Light oil ^{*7}	232	291	269	285	262	223	62
Gasoline ^{*7}	9,491	10,678	10,204	9,925	10,165	9,113	811
Kerosene ^{*7}	—	969	969	969	969	969	0
City gas ^{*7}	2,884	2,695	2,571	2,216	2,409	2,824	-608
LPG ^{*8}	44	175	189	189	158	146	42
Natural gas ^{*7}	6,733	5,466	4,340	4,927	5,134	5,315	-388
Purchased electrical power ^{*7}	285,081	281,610	282,817	296,076	283,304	274,112	21,965
Regional heating ^{*9}	1,729	1,411	1,274	408	—	—	408

*1 Method for calculating energy consumption: Volume purchased x conversion coefficient

*2 Method for calculating reduced energy consumption: 2015 energy consumption – 2017 energy consumption

*3 Base year for reduction comparisons is fiscal 2015

*4 Reason for choosing base year: 2015 was chosen as this was the year the global headquarters building was completed, which ushered in major changes in the use of energy-saving equipment.

*5 Cooling and heating, and energy sold are not derived from renewable energy sources.

*6 Energy consumed outside the organization not included due to the difficulty of documentation.

*7 Source for conversion coefficient: Regulations in line with the Act on the Rational Use of Energy.

*8 Source for conversion coefficient: Agency for Natural Resources and Energy: Act on the Rational Use of Energy, Procedure for periodic reports under Articles 15 and 19 (2) (revised March 30, 2018) 50.8 x (1/458) (propane/butane m³ equivalent).

*9 Source for conversion coefficient: Reports from operations in Denmark

Energy unit

GJ/¥100 million

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Basic unit of energy consumption (sales)*	330	304	312	335	353	347

* Total energy consumption/sales

Water Resources

Policy

Please see the environmental management policy section on page 33.

Structure

Please see the environmental management structure section on page 33.

Medium- to long-term goals

The Domestic Anritsu Group aims to maintain water resource utilization at a level equal or below that shown in fiscal 2017.

Progress and challenges

"GLP 2017 Environmental Initiatives": Goals	Results	
Reduce global water use by 3 % compared to fiscal 2014	○	25.4% reduction

We will control water usage at the Domestic Anritsu Group so that it does not increase.

Activities

Reducing water consumption

The devices business accounts for about 3% of sales at Anritsu, and, while water is used for cleaning of semiconductor substrates, most of the water used in the business is for facilities such as toilets and sinks used for the washing of hands. The Domestic Anritsu Group has reduced water consumption through efforts such as leakage inspections, upgrading to water-saving toilets, and the use of circulated water in facilities.

In fiscal 2017, we reduced water consumption at the Atsugi site by 8.9% from fiscal 2016 by continuing to perform leakage inspections and repairs, moving employees to buildings with water-saving toilets, and reducing employee overtime hours by reviewing the ways they work.

The Hiratsuka site uses alkaline washing agents to degrease metallic materials, and the rinsing water used by the facility in this process is reused by circulating it through filters and ion-exchange resins, which reduces annual water consumption by approximately 40m³.

California, where Anritsu Company (U.S.A.) is located, is subject to frequent droughts, and since 2012 some of these have been the most severe. The worst drought on record occurred in 2015, forcing the governor to request that all California residents reduce their water use by 20%. The Anritsu Company was able to reduce its water consumption by about half from fiscal 2013 to fiscal 2015 through efforts such as replacing a water-intensive lawn with plants that can withstand dehydration and introducing water-saving toilets. We reduced water usage in 2017 by 37% compared to fiscal 2014.

Consideration for Water Resources

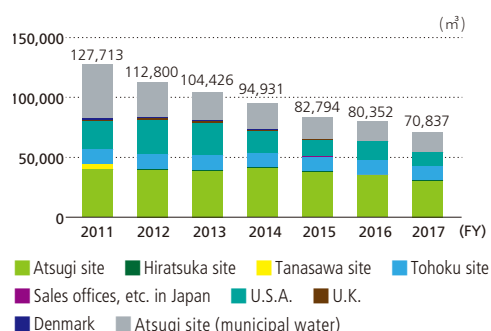
The Anritsu Group used 70,837m³ of water in fiscal 2017. The Company's water sources include 16,466m³ of underground water at the Atsugi site as well as city water sourced from surface water, including rivers.

At the Atsugi site, where we use groundwater to flush toilets, we have reduced our use of groundwater to about a quarter of the volume in the past 10 years by upgrading to water-saving toilets. And considering the possibility of groundwater depletion and flooding caused by heavy rainfall, we installed a rainwater permeation basin at the global headquarters building to facilitate the penetration of rainwater into the ground.

Efforts to Protect Water Resources

Details of our efforts	Atsugi site	Hiratsuka site	Tohoku site	U.S.A.
Introduced a body detection sensor for men's toilets	○		○	○
Introduced water-saving toilets	○		○	○
Introduced automatic faucets	○		○	
Used groundwater for flushing toilets	○			
Reuse of rinse water from the metal degreasing unit		○		
Installed a rainwater permeation basin	○			
Installed water-saving valves for faucets	○			
Installed a sound emulator, "Otohome," for toilets	○			
Conducted leakage inspections	○	○	○	
Upgraded to high-efficiency water heaters				○
Replanted plants that can withstand dehydration				○
Replaced to a drip water supply system				○
Introduced a waterless method for cleaning windows				○
Arranged an inspection of a water supply facility by external institutions				○
Participated in Mt. Fuji Green Fund Afforestation Efforts	○	○		
Participated in a cleanup of the Sagami River	○			

Water Consumption



Preserving Biodiversity

Policy

The Anritsu Group has formulated and implemented a basic policy on preserving biodiversity based on its understanding of the relationship between the Company's business activities and biodiversity. Since we have no specific business activities that have a direct impact on biodiversity, our policy for preserving biodiversity is focused on activities aimed at reducing environmental impacts. Our efforts are centered on three areas: 1) the promotion of activities aimed at preventing global warming in order to mitigate climate change; 2) the promotion of resource saving and recycling with an aim to limit overexploitation and habitat loss; and 3) controlling the release of chemical substances in order to reduce pollution and habitat loss.

In addition to these efforts, we are also actively participating in social contribution activities, including greening and cleaning activities, with an eye toward bolstering the regenerative capacity of the environment. Our on-site greening activities focus on the planting of trees and vegetation similar to that originally in the area, with a special eye toward plant life that conforms to the climate and soil of the area.

Biodiversity Conservation

Basic Policy

We strive to reduce environmental impact, focusing on the following three areas of our business activities:

- Mitigation of climate change
- Control overexploitation/habitat loss
- Control pollution/habitat loss

Business Operations	Activities to Reduce Environmental Impact
Business activities with environmental impact limited within an acceptable range for the Earth	<ul style="list-style-type: none"> ● Global warming prevention → Mitigation of climate change ● Resource-saving/recycling → Control overexploitation/habitat loss ● Control chemical substance release → Control pollution/habitat loss
Social Contribution Activities	Activities to Reduce Environmental Impact
Increase the regenerative capacity of the Earth	<ul style="list-style-type: none"> ● Social contribution activities for biodiversity → Joined the tree planting activities, local cleanups, etc.

Activities

Joined the Declaration of Biodiversity by "Keidanren" Promotion Partners

The Domestic Anritsu Group has endorsed Nippon Keidanren's Declaration of Biodiversity and participates as a promotion partner to exercise leadership in creating a society that values and supports biodiversity.

Participation in the *Nijyu-maru* Project (Double 20 campaign)

The Domestic Anritsu Group in fiscal 2017 pledged its contribution toward achieving the Aichi Biodiversity Targets as part of the *Nijyu-maru* Project, which is being run by the International Union for the Conservation of Nature – Japan (IUCN-J).*

Activity name	Actions	Target
Participation in the Mt. Fuji "Forest fund-raising" greening project	This project has been active since 2000 and focuses on reviving forests cleared by the 1996 typhoon over a span of 80 years. Anritsu has been a participant since 2006.	Habitat destruction Preserving vulnerable ecosystems Ecosystem servicing
Greening during new construction	We planted trees and vegetation appropriate to the climate and soil of the area on the grounds and surrounding area of the Anritsu global headquarters building, for which construction was completed in March 2015.	Habitat destruction Ecosystem servicing

*Citizen groups, companies, and local governments declared their support and registered activities for achieving the 20 Aichi Targets at the 10th Ordinary Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10).

Preventing Environmental Pollution

Social issues as a background

The use and control of chemical substances is becoming an increasingly important issue given a tightening in regulations in regard to their handling. These regulations and laws include the Pollutant Release and Transfer Register (PRTR) Law, which focuses on the emission of specific chemical substances and improved management, the Poisonous and Deleterious Substances Control Act, the Industrial Safety and Health Act, the Fire Service Act, the Water Pollution Prevention Law, the Air Pollution Control Act, and the Soil Contamination Countermeasures Act. The management of chemical substances contained within parts and materials is also important given a tightening in related regulations such as the EU's RoHS Directive, which focuses in particular on chemical substances within products.

Policy

Please see the environmental management policy section on page 33.

Structure

Please see the environmental management structure section on page 33.

Medium- to long-term goals

Zero excess of the voluntary management limit for industrial wastewater (Atsugi site)

Progress and challenges

Target	Result
Maintain zero excess of the voluntary management limit for industrial wastewater (Atsugi site)	○

We will work to maintain zero excess of the voluntary management limit.

Activities

Chemical Substances Management

Use of chemical substances by the Domestic Anritsu Group is determined by designating banned or restricted substances in manufacturing from the standpoints of environmental regulations, hazardousness, safety and health, and disaster prevention, and having expert evaluators with knowledge of each criterion conduct prior assessments. In addition, the amounts of chemical substances purchased, used, and disposed of within a three-month period are entered into a chemical substances management system. We use this database to compile the amount of substances subject to the Pollutant Release and Transfer Register (PRTR) Law, calculate the total stored amount of hazardous materials as designated by the Fire Service Act as well as the emission of greenhouse gases, and monitor chemical substances designated by revisions in laws and regulations. We also consider replacing substances with safer alternatives as necessary.

In fiscal 2017, the handling volume at the Tohoku site of methylnaphthalene, a substance found within the Class-A heavy oil used in boilers, exceeded 1t. As this substance falls under the PRTR Law, we calculated the transfer amount and submitted reports to the appropriate regulatory authorities. Methylnaphthalene is burned in boilers and very little is released externally, but we will still work to reduce handling volume moving forward.


Regulated Chemical Substances in manufacturing by the Anritsu Group

Banned substances in manufacturing	7 Groups of substances: CFC (chlorofluorocarbons), halon, tetrachlormethane, 1,1,1-trichloroethane, HBFC (hydrobromofluorocarbons), bromochloroethane, methyl bromide
Suppressed substances in manufacturing	7 Groups of substances: HCFC (hydrochlorofluorocarbons), trichloroethylene, tetrachloroethylene, dichloromethane, HFC (hydrofluorocarbons), PFC (perfluorocarbons), SF ₆ (Sulfur hexafluoride)

Groundwater management

In regard to organochlorine substances, we completely eliminated the use of trichloroethylene at the Atsugi site in 1970 and 1,1,1-trichloroethane in 1993, though we continue to voluntarily analyze and monitor the six designated organochlorine substances in groundwater. While levels of tetrachloroethylene were higher than permitted under environmental standards, the results of the soil survey showed that Anritsu was not responsible for trichloroethylene contamination. This data suggest that the source of contamination originated upstream from Anritsu's location, which the local government is also aware of. We will continue to conduct regular analysis and monitoring of the site.

Details (WEB)
Groundwater data
from the Domestic
Anritsu Group



Industrial wastewater

The Atsugi site operates an industrial wastewater treatment facility to detoxify industrial wastewater containing acids and alkali and wastewater discharged from small boilers used to adjust humidity inside cleanrooms. In fiscal 2013, we upgraded the facility, modifying the structure to incorporate a breakwater to prevent any leaks of raw water, intermediary wastewater, or chemicals used for treatment from the tanks. We further reduced the risk by adding a second monitoring system to ensure that water exceeding the permitted pH limit would not be discharged into the surrounding environment.

The Hiratsuka site uses alkaline washing agents to degrease metallic materials but does not discharge industrial wastewater. While there are no facilities that discharge industrial wastewater at the Tohoku site, we have installed a pH monitor and emergency cutoff valve to address the risk of water being discharged from boilers and septic tanks in the event of malfunction.

Each site has developed response procedures to address the potential leakage of chemical substances due to human error or natural disaster. Regular equipment inspections and training are also conducted, and necessary revisions are made to prepare for unexpected accidents.

PCB Management

At the Atsugi site, we tightly control equipment such as condensers, transponders, and fluorescent ballasts that contain polychlorinated biphenyl (PCB) within the storage standards for specially controlled industrial waste. Storage status is reported annually to the local government in Japan. With respect to condensers, which constitute a portion of high concentration PCB waste, processing at Japan Environmental Storage & Safety Corporation (JESCO) Tokyo Facility was completed in fiscal 2016. Our analysis also revealed that pressure-sensitive copying paper came under the category of low-concentration PCB waste, and we contracted a government-certified treatment company to properly treat the waste.

With regard to ballasts containing a high concentration of PCB among the remaining PCB waste, we completed loading and unloading registration for consigned processing with JESCO Hokkaido Facility. We are also moving ahead with preparations for the early treatment of waste contaminated with a low concentration of PCB, mainly transponders, in view of the recent rise in the number of licensed processing companies.

Resources Recycling

Policy

Please see the environmental management policy section on page 33.

Structure

Please see the environmental management structure section on page 33.

Medium- to long-term goals

- Maintain zero emissions* at the Domestic Anritsu Group
- Maintain industrial waste volume at the Domestic Anritsu Group at 67 tons or lower
- Maintain general waste output at Atsugi site at 36 tons or lower

*Zero emissions is defined as achieving a directly landfilled and burned disposal rate of less than 0.5%.

Progress and challenges

Achievement in relation to resource cycle targets in fiscal 2017 are as follows:

Goals	Result	
Maintain zero emissions at the Domestic Anritsu Group	○	Zero incineration and landfill waste
Maintain industrial waste emissions under 45 tons at Atsugi site	○	36.5t
Maintain industrial waste emissions under 13 tons at Hiratsuka site	○	12.9t
Maintain industrial waste emissions under 9 tons at Tohoku site	○	7.8t
Reduce the volume of municipal waste under 33 tons that is carried to a facility of the Atsugi City government (Atsugi site)	○	31.6t

* We will review some targets and will continue to work toward reducing waste emissions.

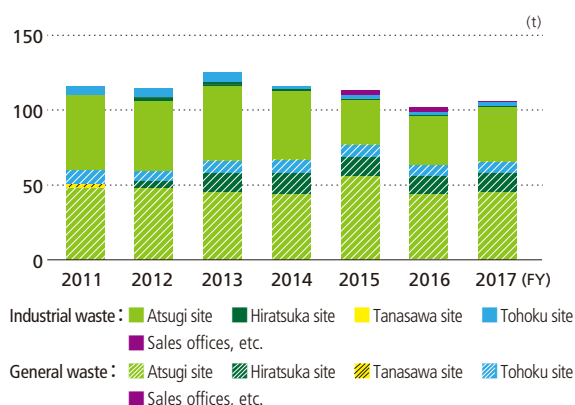
Activities

Waste reduction

The Domestic Anritsu Group is promoting “3R” activities and the separation of waste in our offices and production lines. We replaced special wooden frames used to ship components produced abroad to Japan with rented plastic frames, which led to a reduction of wood waste in fiscal 2016. We installed in fiscal 2015 a raw garbage disposal tank at the Atsugi site, and a second in fiscal 2017. This second tank allows the decomposition of about 3.2 tons of raw garbage, which would have otherwise been disposed of as general waste. We also aim to shift some waste oil from thermal recycling to material recycling.

* Landfill disposal tanks are installed underground, where the temperature remains stable. Raw garbage can simply be thrown into the tank, where it decomposes naturally with both anaerobic and aerobic bacteria, significantly reducing the volume of garbage. It works like a large compost bin that does not require periodic maintenance and does not consume any electricity.

Change in Volume of Waste (Domestic Anritsu Group)



Volume of Waste Generated by the Domestic Anritsu Group by Treatment Method and Waste Type (Including valuables)

Treatment method	Type of waste	FY2017 (t)
Material recycling	Metal scraps	131.7
	Paper	89.9
	Plastics	5.8
	Sludge	2.0
	Glass/ceramic scraps	1.0
	Woodchips	0.9
	Oil	0.2
	Animal and plant residues	40.3
	Plastics	24.6
	Oil	15.4
Thermal recycling	Sludge	8.2
	Woodchips	5.9
	Paper	2.4
	Alkali	1.2
	Acid	0.7

Environmental Considerations in Packaging

The Domestic Anritsu Group seeks to reduce the volume of packaging materials. Along with our packaging subcontractors, we are taking steps to completely discontinue the use of shock-absorbing material for packaging, made of urethane foam, which is produced using a liquid concentrate containing Methylenebis (4, 1-phenylene) diisocyanate, designated as a Class I Designated Chemical Substance under the PRTR Law.

Eco-friendly packaging efforts at the Domestic Anritsu Group

	Target product group	Action	Result
Polyethylene foam packaging (PEF packaging)	Desktop measuring equipment ^{*1}	Using polyethylene foam as a cushioning material	Zero use of urethane foam Volume reduction of 40%
Cardboard as a cushioning material packaging	Handheld measuring equipment	Using corrugates cardboard as a cushioning material Packaging of standard attachments and optional parts in cardboard cushioning material gaps	Zero use of urethane foam Volume reduction of 40%
Eco-logistics	Products for sale in Japan	Reusable boxes for delivery and pickup (cushioning material is also reusable) Simplified product packaging Packaging with protective polyethylene	Reuse of packaging materials reduces waste emissions by 94% compared to regular packaging ^{*2} .
No packaging	Large products	Use of pipe frames (pipes are reusable)	Shift from crates that were disposed of after use to pipe frames means zero waste emissions.

*All packaging materials must protect the product from shock and vibrations while in transport.

*1 Desktop measuring equipment being developed from fiscal 2016 is, in principle, shipped using PEF packaging.

*2 Assuming eco-logistics boxes are reused 20 times

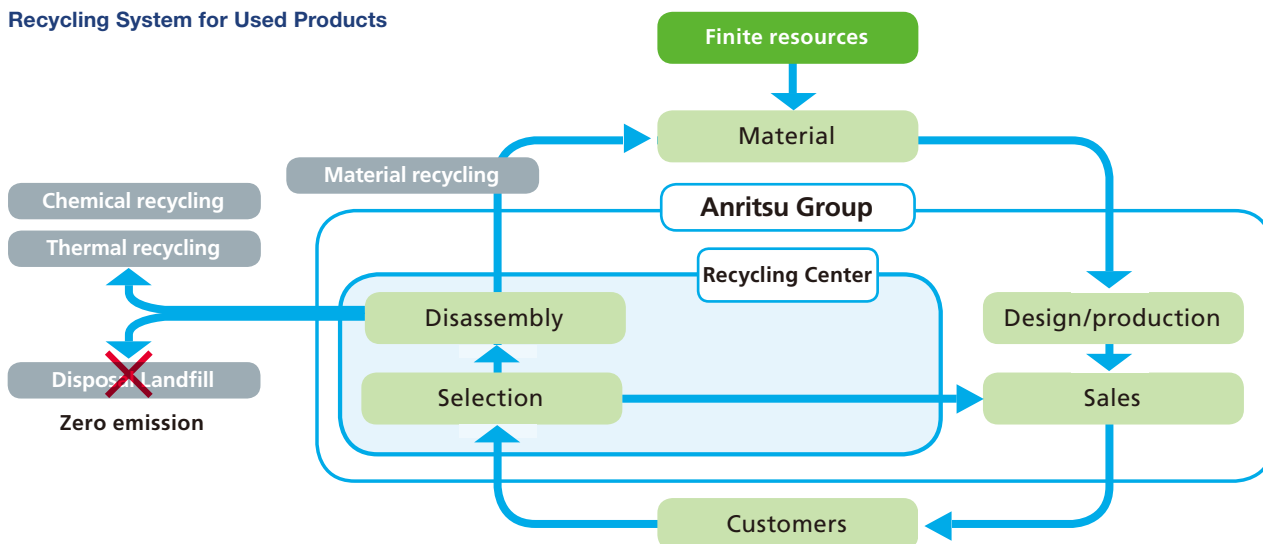
Recycling Used Products

Anritsu led the measuring instrument industry in establishing the Recycling Center at Anritsu Kousan Co., Ltd., in 2000. Anritsu Kousan obtained a license to engage in the industrial waste disposal business in September 2002 and started operating in fiscal 2003. The center is primarily engaged in treating products used by customers.

In fiscal 2017, the center received 127 tons of used products and equipment generated by the Anritsu Group and recycled nearly 100% of the waste after disassembling and sorting, shipping 95% of the resultant material as valuable resources.

The center promotes the refurbishment of used products. A selection of equipment used in demonstrations is reconditioned and calibrated by Anritsu and then delivered with a one-year guarantee, thus extending the lives of the products.

Recycling System for Used Products



Governance

Corporate Governance

Internal Control

Establishment of Compliance

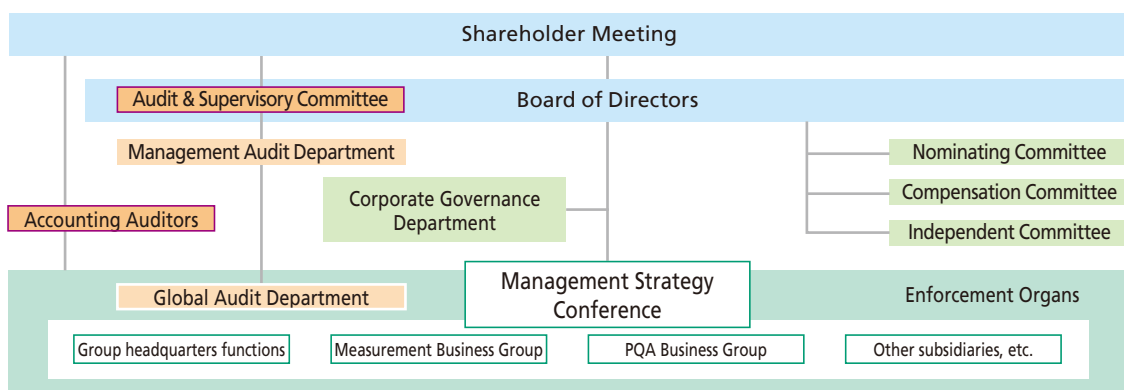
Promotion of Risk Management

Corporate Governance

Basic concept on corporate governance

Anritsu aims for “continuous growth with sustainable superior profits” and “enhanced corporate value” by responding to changes in the operating environment in a flexible and speedy manner and improving competitiveness as a global company. The Company seeks to fulfill these objectives by continuing to maintain and strengthen corporate governance systems and frameworks aimed at (1) enabling cooperation with various stakeholders such as shareholders, employees, customers, business partners, creditors, and local communities, (2) transparent, fair, prompt, and decisive decision making, and (3) appropriate and timely information disclosure.

Corporate Governance Structure



Anritsu has opted to become a company with an Audit & Supervisory Committee in order to strengthen its audit and supervisory functions. In addition, the Company has introduced an executive officer system in order to enable rapid business execution, separating the Board of Directors’ decision-making and supervisory functions from business execution undertaken by executive officers.

The Board is composed of 10 directors, four of whom are independent outside directors, and five are not involved in business execution. Of note, independent outside directors had a 100% attendance rate at Board meetings in fiscal 2017.

The Company has established a Nominating Committee and Compensation Committee chaired by independent outside directors in order to complement the functions of the Board of Directors and further clarify its accountability. Moreover, the Independent Committee is composed of the Company’s independent outside directors, nominates senior independent outside directors by mutual vote, and serves as a place to facilitate smooth communication among outside directors. Free and lively discussions along with forums for exchanging opinions and sharing knowledge based on independent and objective viewpoints lay the groundwork for beneficial proposals from various perspectives on such topics as enhancing corporate governance and improving the efficiency of business execution.

Creating an optimal and functional business execution system

The Company introduced an executive officer system from 2000 as a management system for continuously enhancing corporate value by enabling management to engage in rapid executive decision making and business execution as well as demonstrate precise management skills. In an effort to further enhance corporate governance, the Company has decided to promote the separation of decision making and business execution, hold Board of Directors meetings to make decisions on important management matters and supervise business execution, and more clearly transfer business execution to executive officers.

Consequently, the president now serves as an executive officer, and the Company has switched to selecting presidents from among executive officers in order to develop systems for optimal and agile business execution. These measures have made it possible for the Company to select presidents in tandem with the start of a new business year based on Board of Directors resolutions. From the start of the business year, the president will take steps to create a business execution system that fosters proactive leadership while making a clear commitment to achieving fiscal year targets and medium- and long-term business plans.

Fiscal 2018 Composition of Board of Directors and Committees

Position	Independent executives	Name	Nominating Committee	Compensation Committee	Independent Committee	Audit & Supervisory Committee
Representative Director		Hirokazu Hashimoto	○ Committee member	○ Committee member		
Representative Director		Hirokazu Hamada				
Director		Toshisumi Taniiai	○ Committee member	○ Committee member		
Director		Akifumi Kubota				
Director		Masumi Niimi				
Outside Director	○	Takashi Sano	◎ Chairperson	○ Committee member	○ Committee member	
Outside Director	○	Yuji Inoue	○ Committee member	◎ Chairperson	◎ Senior independent director	
Outside Director (Audit & Supervisory Committee Member)	○	Takaya Seki	○ Committee member	○ Committee member	○ Committee member	◎ Chairperson
Outside Director (Audit & Supervisory Committee Member)	○	Norio Igarashi	○ Committee member	○ Committee member	○ Committee member	○ Committee member
Director (Audit & Supervisory Committee Member)		Osamu Nagata				○ Committee member

Reasons for selection of outside directors and executive directors

Outside Directors

Name	Reasons for Selection	Important Concurrent Posts
Takashi Sano	Mr. Sano was deemed to be qualified as an outside director for his abundant experience and wide-ranging knowledge as a manager with deep insight to global business as well as for his broad insight in finance and accounting as a certified public accountant.	President of Sano CPA Office Outside Director of Zuken Inc.
Yuji Inoue	Mr. Inoue was deemed to be qualified as an outside director for his abundant experience as a corporate manager, broad insight into finance and accounting, and the knowledge and experience he has gained as a director on the Company's Audit & Supervisory Committee.	Outside Corporate Auditor of Ryohin Keikaku Co., Ltd. Outside Corporate Auditor of Kyowa Hakko Kirin Co., Ltd.
Takaya Seki	Mr. Seki was deemed to be qualified as an outside director for his abundant knowledge and outstanding insight as a specialist in global corporate governance.	Director of Corporate Practice Partners, Inc. Professor, Rissho University Faculty of Business Administration
Norio Igarashi	Mr. Igarashi was deemed to be qualified as an outside director for his specialized knowledge and abundant experience in finance and accounting as a certified public accountant and university instructor as well as for his wide-ranging expertise in management from his experience as an outside auditor of a listed company.	Visiting Professor, Center for Economic Growth Strategy, YOKOHAMA National University Outside Director (Audit & Supervisory Committee.) of Mitsubishi UFJ Securities Holdings Co., Ltd.

Executive Directors

Name	Reasons for Selection
Hirokazu Hashimoto	Mr. Hashimoto has demonstrated his strong leadership for many years as representative director and Group CEO as well as boasts abundant experience and achievements regarding the management of the Company and Anritsu Group. In addition, Mr. Hashimoto was deemed qualified as a director for his wide-ranging knowledge of finance, accounting, and corporate governance.
Hirokazu Hamada	Tasked with product development and domestic/overseas marketing at the Group's mainstay Measurement Business Group, Mr. Hamada possesses broad knowledge and experience in operations that include keeping abreast of industrial and technological trends. Currently serving as the Company's Executive Vice President and General Manager of the Measurement Business Division, Mr. Hamada was deemed qualified as a director who is demonstrating his leadership in driving global businesses.
Toshisumi Taniiai	Mr. Taniiai was deemed qualified as a director for his broad knowledge and experience in the areas of corporate planning, corporate governance, and compliance, having overseen the Group business administration as a corporate controller during his time managing the Sales Support Department and Human Resource and Administration Department.
Akifumi Kubota	Having been in charge of the Accounting & Control Department for the Company and overseas subsidiaries, Mr. Kubota currently oversees accounting strategies and Group business administration as CFO and corporate controller. Mr. Kubota was deemed qualified as a director for his extensive knowledge and experience in the areas of finance, accounting, and corporate governance.
Masumi Niimi	Mr. Niimi has wide-ranging knowledge and experience, having been tasked mainly with production management, corporate planning, and overseas subsidiary management at the PQA Business Division, which has expanded to become a Group business pillar. Mr. Niimi was deemed qualified as a director after demonstrating his leadership as manager of the PQA Business Group and Anritsu Infivis Co., Ltd., which runs the PQA business.

Board of Directors Effectiveness Evaluation

Board of Directors Effectiveness Evaluation Methods

The Company conducts an annual review of the Board of Directors on the criteria of each item listed in its basic policy on corporate governance, and implements measures to increase effectiveness. The method for evaluating the effectiveness of the Board of Directors involves all directors conducting self-assessments by filling out questionnaires, on which they can freely write down five-point scale evaluations and key points for each survey item as well as improvement measures. The content of these questionnaires is put together into core data that is presented to the Board of Directors. In an effort to further deliberations and share issues facing the Board, the Board of Directors receives another explanation of the evaluation points and issues raised by each director and exchanges opinions on these matters.

Board of Director Effectiveness Evaluation Results and Issues

The main results for fiscal 2017 are as follows.

The company verified the establishment of a system which is aimed at fostering constructive discussions and decision making regarding key management items as well as supervising business execution. In addition, the composition of the Board of Directors is appropriate in terms of the presence and number of internal/external management personnel for global business expansion and management system enhancement. However, the need for further diversity-oriented measures has been confirmed.

The participation and contributions of each director are discussed (which includes self-assessments) at meetings of the Board of Directors, Audit & Supervisory Committee, Independent Committee, Nominating Committee, and Compensation Committee. The results indicate that all directors fully understand the role they play in enhancing the Group's corporate value, have insights on high levels of expertise based on a wide array of experience, and, in turn, engage in lively discussions.

Specifically, a thorough review was conducted to determine if the Board engaged in sufficient discussions for making decisions on medium- to long-term management plans and growth scenarios in fiscal 2017—when the new three-year plan GLP2020 was formulated—and whether it added to deliberations to help management take appropriate risks. Taking on board these standpoints, the following proposals have been raised and shared at Board of Directors meetings regarding key issues prioritizing increasing the Board's effectiveness even further.

(1) Board of Director Diversity

The Board of Directors will consider inviting outside directors or external advisors with knowledge particularly in future business fields and technologies.

(2) Support Measures for Outside Director

Efforts will be made to provide agenda-related documents at an earlier stage. In addition, proposals and reports to the Board of Directors will be given in a more-innovative manner in order to promote understanding among outside directors.

(3) Contributions to Sustainability

The Board of Directors will further enhance contributions to address social sustainability issues.

New Organizations for Enhancing Corporate Governance

The Corporate Governance Department has been established in order to improve the effectiveness of the Board of Directors. Its key functions are to support outside director activities as well as the management of the Nominating and Compensation committees. Specifically, this office will assist contemplating proposals on management issues and internal control systems, including information provision activities in advance to help the Board examine agenda and report items.

In addition, the newly established Sustainability Promotion Center not only promotes sustainability activities but also works to improve and enrich communication about corporate value assessment-related sustainability and ESG (environmental, social, governance) investment.

Internal Control


Social issues as a background

Based on the resolution of its Board of Directors, the Anritsu Group set the basic rules for establishing an internal control system. By putting in place the relevant rules and business processes and operating them appropriately, Anritsu Corporation has established a system in line with social demands to eradicate scandals related to irregular accounting practice and compliance violations as well as to ensure the appropriateness of all business activities.

Policy

The Anritsu Group's internal control system is intended to raise the effectiveness and efficiency of Group management, ensure the validity of financial reporting and establish legal compliance. We are continuously improving and reinforcing the system to respond to the changing business content of the Anritsu Group and growing complexity and diversity of the business environment. This has enabled us to practice sound management activities sustained by a viable internal control system and strive to enhance corporate value.

Details (WEB)
Basic Policy for
Establishing Internal
Control System



Structure

In the Anritsu Group, the Internal Control Committee, which deals with the validity of financial reporting, and the Corporate Ethics Promotion Committee, which oversees compliance and related committees for information management, promoting fair trade, export control, and environmental management, undertake the necessary deliberations, establish and operate internal control systems by implementing cross-Group information sharing and educational programs, and conduct activities to ensure viability. On a global basis, the Anritsu Group has established a Global Internal Control Committee consisting of members of the internal control and promotion divisions in Europe, Asia, the United States, and Japan. This committee shares the current status of the response to risks inherent in the business activities and management issues in each region. They also support the incorporation of internal control procedures for all business processes and are conducting activities to develop an effective and efficient internal control system. Furthermore, the Internal Audit Department of Anritsu Corporation and the other Group companies, directors elected as Audit & Supervisory Committee Members, and the Management Audit Department conduct audits as part of their responsibility to evaluate the activities of these committees and the internal control system and to offer recommendations.

Progress and challenges

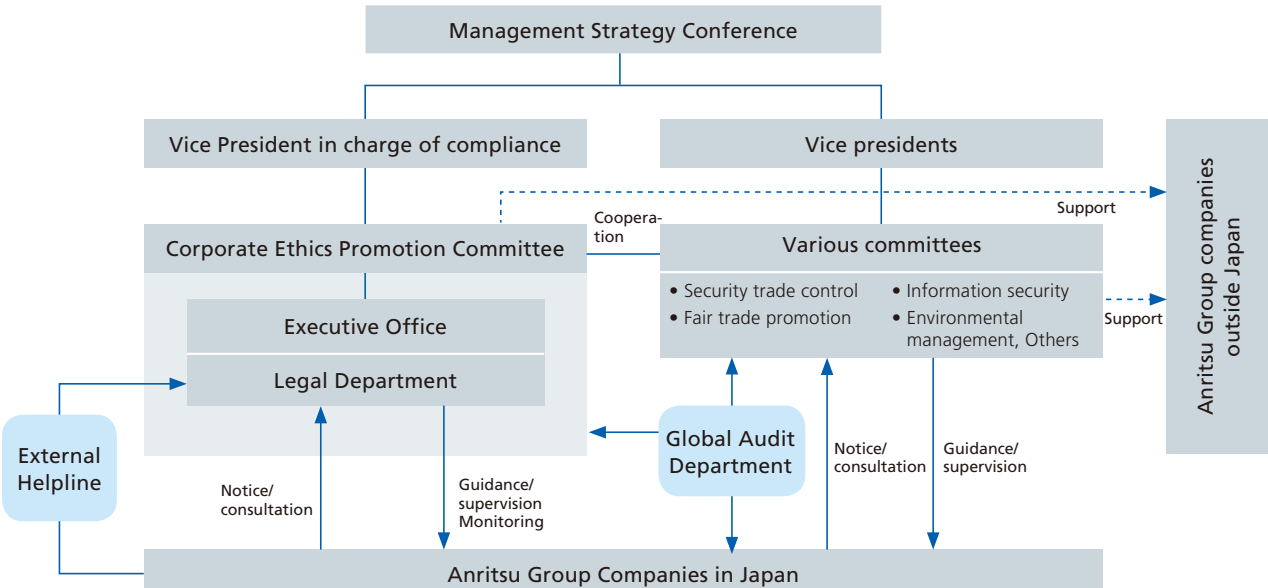
With regard to activities related to the evaluation of internal controls conducted in fiscal 2017, and in the area of financial reporting, the Internal Audit Department of Anritsu Corporation and other Group companies evaluated the effectiveness of internal controls related to financial reporting. Appropriate improvements were implemented against potential risks identified during the evaluation process. In areas other than financial reporting, Anritsu Corporation's internal audit division evaluated the effectiveness of internal controls related to compliance, such as information management and export controls. During the audit, emphasis was placed on verifying processes that had been revised in their control environment due to organizational reform and IT system upgrades.

With regard to Group companies outside Japan, in addition to audits conducted by audit officers in each region, our directors in their capacity as Auditors elected as Audit & Supervisory Committee Members, along with staff from the Management Audit Department and the Internal Audit Department, visited each company to evaluate the effectiveness of internal controls. In fiscal 2017, Anritsu conducted audits on a number of Group companies in Asia and the Americas in relation to their status on business execution, financial reporting, and compliance.

Establishment of Compliance

Policy

Structure



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	11
		By e-mail	
2	In-house contact point, In-house Helpline (cases)	Consultation directly in person or by telephone	10
		By e-mail	
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.

Risk Management Policy

The Anritsu Group will maintain and increase its corporate value, fulfill its corporate social responsibility and seek sustainable development for the Group by appropriately managing risks that affect management.

- (1) We will seek to enhance the risk sensitivity of not only general managers but of all employees in an all-inclusive effort to promote risk management.
- (2) General managers and all employees will promote risk management by complying with the Anritsu Group Charter of Corporate Behavior and the Anritsu Group Code of Conduct as well as laws and regulations as the basis of the Company's internal controls.
- (3) We will generate profit and limit losses by controlling management risks related to strategic decision making such as entry into new business areas and product development strategy, as well as operational procedures.
- (4) We will anticipate potential emergency situations insofar as possible to prevent their occurrence. In the event that an emergency does occur, we will seek to minimize and limit losses and promptly extricate ourselves from the critical situation into a state where autonomous recovery is possible, and subsequently prevent a recurrence.

Under the supervision of the Group CEO's risk management, the main risks are divided into the following categories:

Each risk management officer supports the activities of overseas Group companies in managing the relevant risk. In addition, the regional headquarters in the Americas conducts its own activities with a task force in charge of the management of each business risk. With respect to compliance risk, compliance officers at each regional headquarters conduct risk assessments toward formulating annual action plans.

The organizational chart for Anritsu Corporation's Risk Management System is structured as follows:

- Board of Directors** (Top Level)
- Group CEO** (Reports to Board of Directors)
- Management Strategy Conference** (Reports to Group CEO)
- Management Strategy Center** (Reports to Management Strategy Conference)
- Audit & Supervisory Committee** (Reports to Board of Directors)
- Management Audit Department** (Reports to Audit & Supervisory Committee)
- Risk management promotion divisions** (Reports to Management Strategy Conference)
- Crisis Response Project** (Reports to Management Strategy Conference)
- Emergency Response Headquarters** (Reports to Management Strategy Conference)
- Risks associated with business** (Reports to Management Strategy Conference)
 - Officers responsible for risk management: Vice president in charge of each business division, presidents of subsidiaries and executive officers in charge of operations
 - (Main division of responsibility): Executive organ of each business division and the corporate division
- Risks associated with legal violations** (Reports to Management Strategy Conference)
 - Officer responsible for risk management: Vice president in charge of compliance
 - Corporate Ethics Promotion Committee (Main division of responsibility): Legal Department
- Environmental risks** (Reports to Management Strategy Conference)
 - Officer responsible for risk management: Vice president in charge of the Environment and Quality Promotion Department (Chief officer in charge of environmental management)
 - Environmental Management Committee (Main division of responsibility): Environment and Quality Promotion Department
- Risks associated with quality** (Reports to Management Strategy Conference)
 - Officers responsible for risk management: Vice president in charge of the Environment and Quality Promotion Department (Chief quality officer)
 - Quality Management System Committee (Main division of responsibility): Environment and Quality Promotion Department
- Risks associated with export/import control** (Reports to Management Strategy Conference)
 - Officer responsible for risk management: Vice president in charge of the Trade Control Department (Chief officer in charge of trade control)
 - Export/Import Control Committee (Main division of responsibility): Trade Control Department
- Information security risks** (Reports to Management Strategy Conference)
 - Officer responsible for risk management: Vice president in charge of the Management Information System Department (Chief officer in charge of information management)
 - Information Management Committee (Main division of responsibility): Management Information System Department
- Risks associated with disasters** (Reports to Management Strategy Conference)
 - Officer responsible for risk management: Vice president in charge of disaster prevention (Chief officer in charge of disaster prevention)
 - Disaster Prevention Headquarters (Main division of responsibility): Human Resources and Administration Department and others

Anritsu Corporation

Anritsu Group

Risk Categories and Committees

	Risk Categories and Related Rules		Responsibility for Risk Management	Committees and Other Organizations
1	Business risks associated with management decision making and execution of operations		Vice president in charge of each business division, presidents of subsidiaries and Vice Presidents in charge of operations	Executive organ of each business division and the corporate division
2	Risks associated with legal violations	Anritsu Group Charter of Corporate Behavior Anritsu Group Code of Conduct	Vice president in charge of compliance	Corporate Ethics Promotion Committee (Committee for Promoting Fair Trade)
3	Risks associated with environmental preservation	Basic Rules of Environmental Systems	Chief officer in charge of environmental management	Environmental Management Committee
4	Risks associated with product and service quality	Rules on Quality Management Systems	Chief quality officer	Quality Management System Committee
5	Risks associated with export/import control	Rules on Security Trade Control	Chief officer in charge of trade control	Export/Import Control Committee
6	Information security risks	Basic Rules on Information Management	Chief officer in charge of information management	Information Management Committee
7	Risks associated with disasters	Basic Rules on Disasters and Emergency Response	Chief officer in charge of disaster prevention	Disaster Prevention Headquarters

Activities

We conducted risk management workshop training on managing practical business risks for newly appointed managers of the Domestic Anritsu Group. We also held risk management workshop training sessions on project management risk for general employees in the software development division.



Risk Management Workshop Training Sessions

Incorporating strengthening activities in relation to global risks

With the advance of globalization of the Anritsu Group in fiscal 2017, the Risk Management Promotion Division becomes the administrative office and through the cooperation of the corporate division at headquarters, which is the administrative office for each committee, the management department for each business, and those responsible for internal control at each regional headquarters, the Anritsu Group took a comprehensive approach to the heightened importance of global risks that are difficult to encapsulate in its “framework of internal control in relation to the validity of financial reporting” and created a risk assurance map for the purpose of strengthening measures to deal with risk in the Group. Based on the global standard model in the Internal Audit Implementation Guidelines of the international organization (the Institute of Internal Auditors), this risk assurance map has been adapted to meet the needs of the Anritsu Group, and we have clarified the issues to be improved as “Evaluation of risks broken down into detailed risk categories such as business and compliance” and “Status of control activities implemented to date by the headquarters of the corporate division and overseas subsidiaries”.

In fiscal 2018, we established a mechanism to regularly analyze areas such as items to be controlled by each responsible department and new risks to emerge by prioritizing the risks of risk assurance maps, in tandem with selecting important risks, and strengthening risk reduction activities; this risk assurance map will be reviewed by the end of the fiscal year.

From fiscal 2019, we aim to achieve the above-mentioned plan-do-check-act (PDCA) cycle on a yearly basis to ensure that all global risks are properly managed by the end of fiscal 2020.

Information Security Risk

Social issues as a background

Cyber-attacks that threaten corporate management evolve day by day, and the method of attack has become increasingly diversified and malicious. The targets of these attacks are broadening in reach, and, irrespective of size or industry, we have entered an era where everyone is a target. For companies and organizations, information security is regarded as an important management task, and we continue to seek further advanced measures to deal with the issue.

Policy

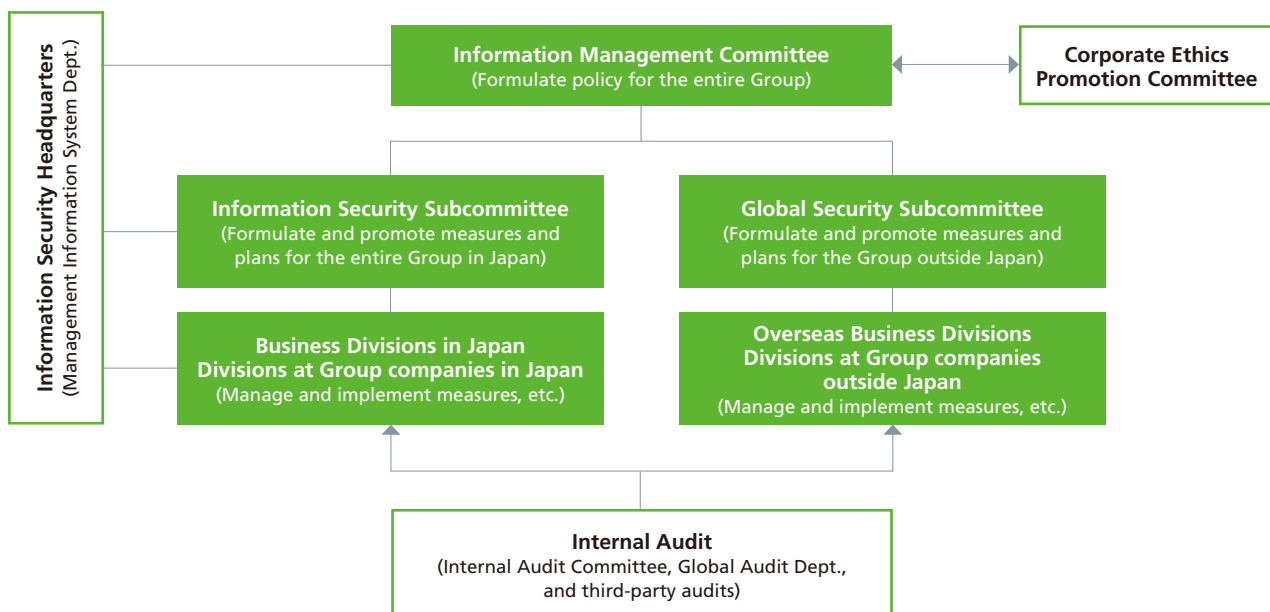
In conducting its business activities, the Anritsu Group considers it a social obligation to protect the information of all stakeholders, including customers, shareholders, and investors, suppliers, and employees, and information assets belong to the Anritsu Group. The Anritsu Group is making a continuous effort to maintain and enhance information security through its information security management system.

Details (WEB)
Basic Rules of
Information Management

Structure

The information security management system consists of the Information Management Committee made up of key executive officers from each business division and Group companies, and the Information Security Subcommittee operating under the Information Management Committee. The security subcommittee is divided into the Information Security Subcommittee composed of representatives of Japanese Group companies and the Global Security Subcommittee consisting of Chief Regional Officers. As the security officer of their respective affiliated organizations, each member of these subcommittees strives to maintain and enhance information security.

The Information Management Committee formulates policies on information management that apply to the entire Group and to investment policies, and the Information Security Subcommittee conducts policy enactment and implementation measures, and activities such as employee training, countermeasures to deal with an incident when it occurs, and information sharing.



Medium- to long-term goals

Anritsu operates businesses globally and is linked by a network of offices all around the world that engage in information sharing. In information security, if there is a vulnerability in even one place in the system, it will impact on the overall security level. Currently, we are taking measures to correct regional disparities by correcting the variations in security levels that exist between regions.

Progress and challenges

Following the establishment of our global information security policy, we carried out a risk assessment and risk reduction activities. However, outside Japan, at overseas Group companies, risk remains due to delays implementing measures due to insufficient resources related to reduced investment. The Anritsu Group will continue to engage in activities to reduce risk.

Activities

In order to cope with diversified and worsening cyber-attacks, we conducted the following activities.

Increasing restrictions on employees' Internet access

There are many threats on the Internet. Especially, on sites that are not work related, it is impossible to know what viruses are present. To reduce those threats as much as possible, we block access to sites that are not related to work.

Improved countermeasures against unsolicited e-mail

The misuse of email is one the most common factors in cyber-attacks. Recently, sophisticated impersonation mail scams have been on the increase. In addition to the existing technology, we transitioned to a check tool that also incorporates a mechanism employing AI technology.

Implementing education on global information security

To eliminate the recognized regional disparity in information security, the Anritsu Group implemented education programs on a common theme for employees around the world. Our education program uses an e-learning system, and about 95% of employees worldwide took classes.

Acquisition of ISO 27001 certification in the network monitoring business in the EMEA region

The network monitoring business deals with a large amount of customer information, the frequency of which is rising, and, therefore, it is necessary to strengthen information security. Anritsu Corporation's Head Office in Japan already acquired ISO 27001 certification, and overseas business divisions will obtain certification for the first time.

Column

The Anritsu Group considers "Supporting business growth," "Promoting overall optimization of Group management," and "Providing safe and secure IT services" as important factors for IT investment.

"Supporting business growth" is achieved through investing in the construction of our website, marketing automation (MA) and customer relationship management (CRM) system which act as the point of contact with customers. We are taking on the challenge of business process innovation by introducing the latest technologies such as cloud computing, AI, and RPA.*1

"Promotion of overall optimization of Group management" is achieved through completing the unification of ERP*2 at Japanese Group companies and contributes to automation in such areas as Group transactions, internal control, business continuity planning (BCP), and visualization. Currently, we are promoting the introduction of ERP in overseas Group companies.

*1 RPA (Robotic Process Automation): Automation of business processes with software robots

*2 ERP (Enterprise Resource Planning): Integration of core business processes in areas such as accounting, sales, production, and procurement

Business Continuity Management

Basic policy on business continuity management (BCM*¹)

Each Anritsu division creates a business continuity plan (BCP*²) to maintain smooth operations in the event of a disaster or emergency by minimizing damage and resuming full business activities as quickly as possible. In fiscal 2017, we examined our disaster recovering planning and business continuity planning (DRP*³/BCP) based on an earthquake at the same level as the 2016 Kumamoto earthquake. We will conduct a survey with Group companies and continue to consider how to proceed in the future.

*1 BCM: Management activities conducted during normal operations, such as formulating, maintaining, and updating business continuity plans, securing budgets and resources for continuing business, taking preparatory measures, implementing education and training before launching initiatives, conducting inspections, and making continuous improvements.

*2 BCP: A plan formulated to ensure the rapid resumption of critical business functions in the event that business activities are interrupted by an emergency

*3 DRP: Disaster recovery plan

Disaster prevention

The Anritsu Group has laid out its BCM policy in the following Basic Policy on Disaster Response.

Basic Policy on Disaster Response

The Anritsu Group establishes a prevention system against disasters that may significantly affect its management, places top priority on ensuring the safety of its stakeholders including employees and local communities in the event of a disaster or accident, and strives to minimize damage and promptly resume business activities in order to fulfill its social responsibility and continue to seek enduring success for the Anritsu Group.

Business continuity management at manufacturing bases

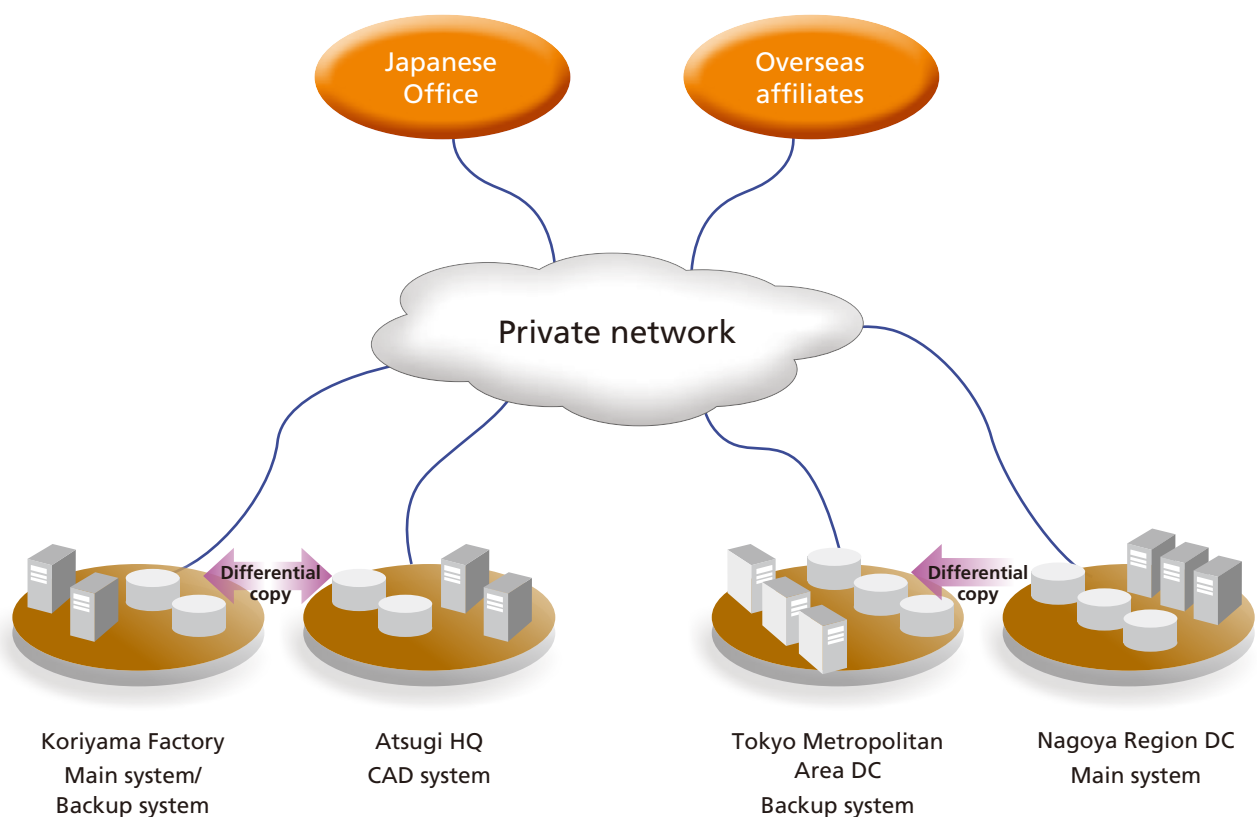
The stable procurement of production materials represents the fundamental part of any manufacturing company's BCPs. Tohoku Anritsu Co., Ltd. and the Koriyama Business Office of Anritsu Corporation, which serve as the manufacturing bases of the Anritsu Group, have formulated BCPs to respond to earthquakes and other natural disasters by identifying them as material risks. These clearly set out concrete steps for each process in the event of a disaster. Applying the lessons learned from an actual large-scale disaster, we revised the criteria for invoking BCPs in an emergency to prepare against a broader range of risks and refined our procedures for responding to each risk.

Developing infrastructure for stable supply—Global head office building installed with seismic isolation equipment

Seeking to disperse exposure to risks, Tohoku Anritsu Co., Ltd. opened a second plant in July 2013. Production lines have been distributed between the two plants to ensure stable supply. In March 2015, we constructed a global headquarters office building in Atsugi City, Kanagawa Prefecture, as a BCP countermeasure to maintain the continuity of Group core functions. This building takes on head office functions in the event of a disaster and is a steel frame building consisting of both a low-rise building and a high-rise building. In addition, it adopts a seismic base isolation system to enhance earthquake safety and provides an emergency backup power supply of 144 hours.

Securing the information systems

Key information systems such as the Anritsu Group's core systems are located and operate in the data center in the Nagoya district, and data is backed up in the data center located in the Tokyo metropolitan area. The CAD system used for product development operates from the server located in the Atsugi head office area, and the data is backed up via the network to the Koriyama factory. In the event where the Nagoya or Atsugi regions are stricken by disaster, it is possible to continue to operate the information system through either of the standby sites used as the destination for backing up data. Also, in tandem with designating emergency procedures with a targeted recovery time, we are preparing our response to disasters by conducting regular disaster response and recovery training and evaluating the effectiveness of this training to correct any issues.



Stakeholders Communication

Providing information
and communicating
with stakeholders

Providing Information and Communicating with Stakeholders

Anritsu establishes good partnerships with stakeholders by providing disclosure information in an appropriate and timely manner and ensuring transparent, fair, prompt, and resolute decision making to its various stakeholders.

Stakeholders	Status of activities	An example of a communication opportunity, related site
Customers	<ul style="list-style-type: none"> Creating cutting-edge products and services with a high degree of safety and quality and providing appropriate product and service information, satisfying customer inquiries. 	Customer help line, information on website
Shareholders/ Investors	<ul style="list-style-type: none"> Improved internal regulations and systems in line with the Fair Disclosure Rule to be enforced from April 1, 2018 Interviewed 268 Japanese investors and 120 overseas investors Provided feedback to the Information Disclosure Committee that participates at the management level to give a voice to shareholders and investors at our Management Strategic Conference 	<p>Established the Information Disclosure Committee that participates at the management level in investor relations briefings, shareholders meetings, IR individual interviews, and IR activities for overseas investors</p> <p>Details (WEB) Rating Information for Stocks and Corporate Bonds</p> <p>Details (WEB) Disclosure Policy</p>
Business Partners	<ul style="list-style-type: none"> Established a social gathering for our business partners to explain and publicly acknowledge our Company policies Established an information exchange meeting to explain policies such as business policy and material procurement policy Created business opportunities through activities such as supplier product exhibitions, seminars, and technical exchange meetings Promoting Partner QU (Quality Up) Activities to facilitate proposals for improvements and requests from business partners Implementation of interview and questionnaire to receive feedback on interviews with our employees 	<p>Business Partner Gathering</p> <p>Information Exchange Meeting</p> <p>Exhibition of partner products and technologies</p> <p>Partner QU (Quality Up) Activities</p> <p>Established a collaboration room</p> <p>Interview and questionnaire</p>
Employees	<ul style="list-style-type: none"> Implementation of surveys into satisfaction levels of employees Implementation of ethics questionnaire Establishment of Helpline Implementation of training at different organizational and departmental levels 	Establishment of employee satisfaction survey, ethics questionnaire, Helpline, and a range of other training
Regional Societies	<ul style="list-style-type: none"> Developing community-based social contribution programs under the three pillars of "partnerships for educating youth," "contributing to local communities," and "protecting the environment (biodiversity conservation)" 	<p>Contributions include;</p> <p>Kanagawa Science Summer hosted by Kanagawa Prefecture, A Fun Science Classroom" sponsored by Atsugi City Board of Education,</p> <p>Workplace Experience for Junior High School Students, sponsored by Atsugi City Junior High School,</p> <p>The Anritsu Cup, an Atsugi city invitational U12 Soccer Tournament,</p> <p>Atsugi City Kids' Softball Competition,</p> <p>Anritsu Cup Dodge Ball Competition,</p> <p>Donation of unused socks to the Atsugi City child consultation office, sponsored by Atsugi Citizen Group,</p> <p>Radio Production Experience Class, sponsored by the Koriyama City Board of Education, Fukushima Prefecture, and Mt. Fuji Green Fund Afforestation Campaign</p>
NGOs and NPOs	<ul style="list-style-type: none"> Information sharing in the event of disaster Inviting applications for grants for volunteers to support Fukushima Prefecture, where Tohoku Anritsu Co., Ltd. in Koriyama City is also located. Delivered donations to Japan Platform (JPF), a registered NPO for the fund "live together" 	Supporting reconstruction following the Great East Japan Earthquake "Anritsu Group Fukushima support charity donation"

Social contribution activities

For details about social contribution activities in fiscal 2017, please refer to our webpage.

Details (WEB)
Social Contribution Activities

TOPICS

Japan Platform, a registered NPO, performs a broad range of activities, and Anritsu relies on them as a source of information when disasters occur. We are also sharing a strong connection through support activities in Fukushima Prefecture, where Tohoku Anritsu Co., Ltd. of Koriyama City is located.

Japan Platform, an organization we work with on volunteer activities, provided us with comments about activities with Anritsu stakeholders.

Japan Platform provides a system where NGOs, the business world, and governments form an equal partnership to provide emergency assistance in the event of natural disasters. Because Anritsu has a factory in Koriyama City, Fukushima Prefecture, it has a keen interest in the recovery of the disaster area affected by Great East Japan Earthquake, especially Fukushima Prefecture. As one initiative, aiming for reconstruction support closer to the afflicted area, Anritsu decided to donate to NPOs that provide support in Fukushima by running an employee fund-raising campaign. And Japan Platform was chosen to receive the donations. As part of the fund-raising drive, our Fukushima association representative staff worked well to gather material about Fukushima's disaster area and provide lecture meetings for employees.

Even now, seven years after the earthquake, Anritsu still feels for those in the disaster area, and has made its way to the disaster area to ascertain the situation themselves. The Company's stance has been to call for support while at the same time communicating the situation in afflicted regions to its employees. This has allowed Anritsu to appreciate the gravity of the basic concept underpinning its social contribution activities, namely, to provide a "contribution to regional societies."

The influence of companies on society is very large, and, as a member of an NPO, I feel strongly that Anritsu's enthusiastic contribution to society in this way is indispensable for the reliable reconstruction of disaster afflicted areas and for realization of a sustainable society.

I think healthy regional societies are a necessary premise for corporate activities. I would be pleased if we could continue to work together for society in the future.



Non-Profit Organization (Registered NPO)
Japan Platform
Liaison Department Manager
Naoya Hirano

Recommendations from stakeholders

We asked the experts who, as third parties have watched over Anritsu's CSR activities, about their expectations in respect to our initiatives ranging from CSR to sustainability promotion activities.



Makiko Akabane
Country Director,
Japan Office
CSR Asia

1. Expectations in Respect to Anritsu Initiatives from CSR to Sustainability Promotion Activities

From fiscal 2018, the Anritsu Group established the Sustainability Promotion Center, which operates directly under the Board of Directors. This demonstrates well the Group's fundamental position emphasizing sustainability in managerial decision making. With overseas sales accounting for approximately 70 % of total sales, Anritsu approaches its 123rd anniversary with well-established sustainability management practices in place and is building a system for further growth. I think that it is a wonderful organization. In the future, I think that the permeation of sustainable ethics within companies will become more important. How can each employee through daily work activities incorporate elements of sustainability into their job? I hope that employees can take the initiative and incorporate sustainability into their work and link this to broader Company-wide sustainability management.

2. Anritsu's Important Themes

Anritsu is working on three main issues related to manufacturing; supply chain management, quality, product safety, and promotion of protection of the global environment.

- ▶ We would like you to provide your opinions on activities and items that should be evaluated or added in relation to current activities and KPIs.
- ▶ For Anritsu, supply chain management is extremely important. Please point out any areas you consider insufficient or where you sense there may be issues.
- ▶ We would like you to provide your opinions and evaluations in relation to the implementation of environmental management from the standpoint of the way it should be and what further efforts we should make.

Worker health and safety related to the supply chain is a major concern in large companies around the world. For example, it is important to ensure the installation and checks of emergency exits so that employees can evacuate in case of emergency. In addition, night evacuation drills are necessary at the manufacturing sites with a night shift. I recommend the disclosure of a little more information in relation to occupational health and safety.

I viewed the questions in the CSR procurement questionnaire to suppliers, and I was concerned by the use of the word "appropriate". For example, in one question there is the phrase "conducting appropriate health care for all employees". However, if the respondent takes that to mean "adequate," where Anritsu takes it to mean "insufficient", then this can be taken to be a violation. It is important to avoid wording that allows an answer to be changed subjectively by respondents.

For Anritsu to further raise how its environmental management is evaluated globally, I think it should disclose more information about pollution prevention. Throughout the world, environmental pollution problems are listed as matters of concern. For example, "industrial wastewater" is described from the time a leak occurs, but, if there is further information such as countermeasures and training, please consider disclosing these other items also.

Recommendations from stakeholders



Daisuke Goto
Representative Director
ideaship Inc.

1. Expectations in Respect to Anritsu Initiatives from CSR to Sustainability Promotion Activities

I believe that organizational changes that place the Sustainability Promotion Center on a governance level directly under the Board of Directors is a significant step for the Anritsu Group in the sense that it clearly identifies the Board of Directors as responsible for how sustainability is managed. In the future, my expectation is that the Board of Directors will raise the standard of sustainability management through substantive deliberations on measures to address important sustainability issues and reviewing and approving the Sustainability Report.

To that end, the Sustainability Promotion Center steps into the role of the coordinator, which has conventionally been the role of the CSR Promotion Organization, collects and analyzes information itself, forms strategies and plans while also working with related departments. Of course, isn't it also necessary for the Sustainability Promotion Center to be involved in implementation and to play a more-active role? By doing so, I think that the Sustainability Promotion Center will be able to respond in a timely and appropriate manner to changing sustainability demands and to operate an effective PDCA cycle.

2. Anritsu's Important Themes

- ▶ Anritsu is conducting a reconstruction of social issues to be addressed by taking account of the sustainable development goals (SDGs) for each department. We invite your opinion on how to deal with materiality and areas that require further consideration.
- ▶ Please give us your opinion on what Anritsu's position should be and, from a medium- to long-term perspective, how to achieve the KPI.

Based on the various challenges presented by the SDGs, and as a mirror on the global problems that must be resolved, the reorganization and redefinition of the social tasks into the main areas to be acted on provide Anritsu with an opportunity to take the initiative and rethink its business activities. To maximize the effect of this important effort, I will make three proposals.

The first is to focus on the future rather than the present. I would like to propose that the main purpose of SDGs is not the contribution that the Company currently makes but the contribution that is possible by the year 2030.

The second is to read the SDGs purposely and carefully. The Anritsu Group plays a social role supporting the information and communication infrastructure, and this provides only an indirect relationship between daily life and industry. I think that it is beneficial to devise ideas and flexible interpretations to convey the broad benefits that this infrastructure brings to the world. Looking forward, Anritsu should take a broad perspective and set living, meaningful goals for each business to pursue.

Finally, I propose the Company draws together views submitted by each department from a cross-sectional/strategic perspective. This might be an opportunity to trial the leadership of the Sustainability Promotion Office.

Recommendations from stakeholders



Toshimune Yamaguchi
Director
Caux Round Table-Japan

1. Expectations in Respect to Anritsu Initiatives from CSR to Sustainability Promotion Activities

For the integration of management and sustainability, it is important to incorporate a sustainability perspective into the governance functions that provide for the oversight of management execution as well as mechanisms for management execution and decision making. There are still many Japanese companies that have been unable to achieve this. In April 2018, in tandem with revisions to clarify its Sustainability Policy to bring it into line with the Basic Policy on Corporate Governance, Anritsu is evaluating its proactive governance reforms including the implementation of organizational changes that position four divisions, including the Sustainability Promotion Center, on a governance level directly under the Board of Directors.

To make sure the system and structure can function effectively in the future and ensure that it does not become merely a facade, it is important to establish internal reporting and lines of communication. And, above all, I believe that enhancing the transparency of information disclosure and ensuring an open stance toward stakeholders will strengthen the external oversight functions and improve reliability.

2. Anritsu's Important Themes

In addressing issues related to human resources, Anritsu is incorporating the three major issues: respect for human rights and diversity, human resource development, and occupational health and safety.

- ▶ Please evaluate Anritsu's efforts in relation to human resources and outline any areas you think Anritsu should be mindful of or should implement.
- ▶ With human resources becoming especially important due to the declining birthrate and aging population, and a strident advocacy for diversity, what kind of efforts are required for enterprises in the future? And, through these efforts, what should we aim for?

Anritsu has assessed policies actively promoted thus far that take into consideration diversity and work-life balance, such as improvement in the employment ratio of new female graduates and its response to LGBT issues.

In the future, as the declining birthrate, the aging of society, and globalization progress, initiatives in relation to human resources cannot be achieved if they are designed merely for the convenience of companies. When Anritsu uses the term diversity, it means that the Company must accept the diversity in the community as it is, regardless of gender, nationality, or religion. This may be a difficult thing to do. However, while accepting diversity and taking both the employees' human rights and their employability into account, the Company must not forget how to devise a means to link this to the growth of the Company.

I think there are various ways to create specific systems and mechanisms to respond to human resource issues, but, in responding to diversity, it is important to maintain an ability to listen to the voice of employees. For example, by maintaining an approach where the Company emphasizes engagement with employees through means such as employee satisfaction surveys and a helpline system, Anritsu is demonstrating its desire to communicate with employees. As a result, I believe that a chemical reaction occurs whereby a diverse range of employees can work with peace of mind, providing a premium to the Company, and enhancing their own motivation and abilities.

Others

GRI Balance Sheet

List of Policy Guidelines

GRI Balance Sheet

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List of Policy Guidelines

Details (WEB)

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1	Company Philosophy, Vision, Policy	6	https://www.anritsu.com/en-US/about-anritsu/corporate-information/vision
2	Sustainability Policy	8	https://www.anritsu.com/en-US/about-anritsu/sustainability/management
3	Anritsu Group Charter of Corporate Behavior	15, 57, 58, 61	https://www.anritsu.com/en-US/about-anritsu/corporate-information/vision/anritsu-group-charter-of-corporate-behavior
4	Anritsu Group Code of Conduct	15, 57, 58, 61	https://www.anritsu.com/en-US/about-anritsu/corporate-information/vision/anritsu-group-code-of-conduct
5	Diversity Policy	15	https://www.anritsu.com/en-US/about-anritsu/sustainability/respect-persons
6	Anritsu Group Health and Productivity Management Policy	19	https://www.anritsu.com/en-US/about-anritsu/sustainability/safety
7	Basic Rules for Procurement	22	https://www.anritsu.com/en-US/about-anritsu/sustainability/supply-chain-management
8	Anritsu CSR Procurement Guideline	23	https://dl.cdn-anritsu.com/en-en/about-anritsu/procurement/AnritsuGroupProcurementGuideline_E.pdf
9	Anritsu Group Global Green Procurement Specification	24	https://dl.cdn-anritsu.com/ja-jp/about-anritsu/environment/environmental-supplier-information/Guide-Eg.pdf
10	Quality Policy	25	https://www.anritsu.com/en-AU/about-anritsu/quality-policy
11	Environmental Policy	33	https://www.anritsu.com/en-US/about-anritsu/sustainability/environment
12	Anritsu Corporation Basic Policy on Corporate Governance	55	https://www.anritsu.com/en-US/about-anritsu/corporate-information/corporate-governance
13	Corporate Governance Report (Japanese only)	55	https://www.anritsu.com/ja-JP/about-anritsu/corporate-information/corporate-governance
14	Anritsu Group Privacy Policy	59	https://www.anritsu.com/en-US/privacy-policy
15	GDPR Statement	59	https://www.anritsu.com/en-US/gdpr-statement
16	Basic Policy for Establishing Internal Control System	56	https://www.anritsu.com/en-US/about-anritsu/corporate-information/corporate-governance
17	Risk Management Policy	61	https://www.anritsu.com/en-US/about-anritsu/sustainability/risk-management
18	Basic Rules of Information Management	63	https://www.anritsu.com/en-US/about-anritsu/sustainability/risk-management
19	Basic Policy on Disaster Response	65	https://www.anritsu.com/en-US/about-anritsu/sustainability/risk-management
20	Disclosure Policy	68	https://www.anritsu.com/en-US/about-anritsu/sustainability/communication



Global Headquarters and Mt.Oyama

The city of Atsugi, where many companies are gathering and developing cutting-edge technology, is surrounded by the rich nature of the Tanzawa-Oyama Quasi-National Park.

The Tanzawa Mountains, standing behind the company's Global Headquarters, seem to make a statement about human coexistence with technology and nature.

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