

# Establishment of Compliance

## Social issues as a background

Compliance violations can damage the company’s credibility, reduce corporate value, and cause significant losses to stakeholders. While it seems unlikely that compliance violations in the corporate world will end any time soon, we believe it important to state that companies are obliged to not commit compliance violations and in addition to remaining in full compliance with established laws and regulations, they should conform to social demands by ensuring sound and sincere corporate behavior. Anritsu believes the continued conduct of our business requires us to continually strive to entrench compliance throughout the Group.

## Policy

Everyone working in the Anritsu Group is required be deeply aware of corporate social responsibility, comply with relevant laws and regulations in all their corporate activities, and behave in a manner that conforms to the demands of society. With the goal of maintaining Anritsu as an ethical corporate group, the Company established the Anritsu Group Code of Conduct as a guideline for all Anritsu Group employees in the conduct of their day-to-day business activities. (See “Respect for Human Rights and Diversity” on page 37.)

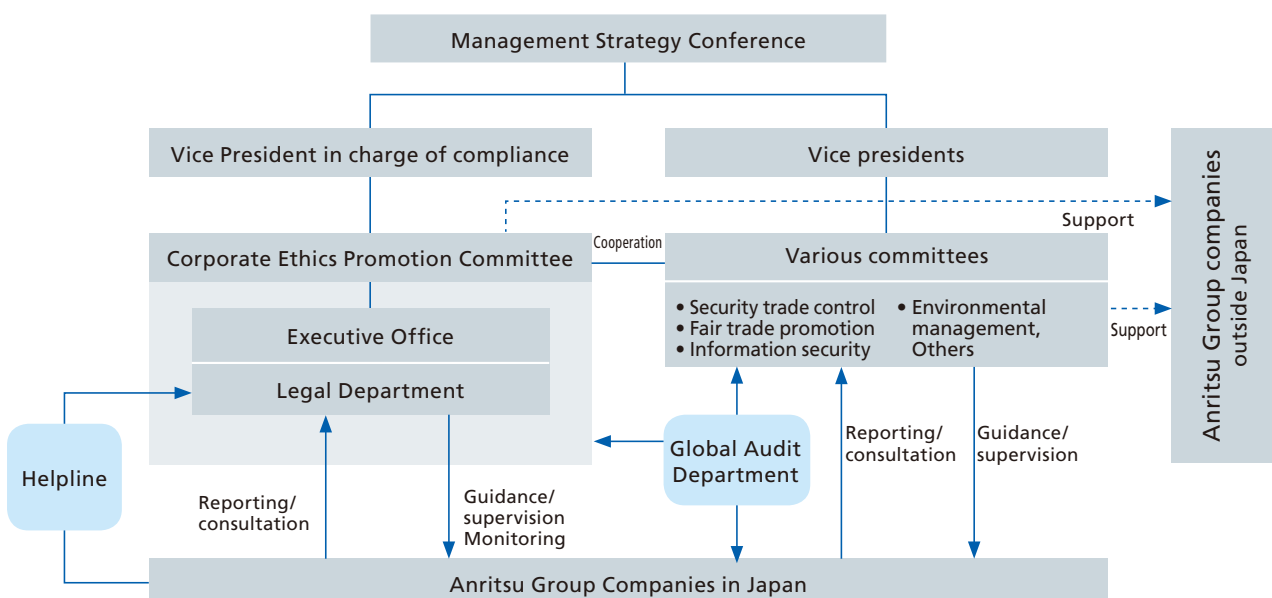
## Structure

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

The Corporate Ethics Promotion Committee and the Legal Department, which serves as secretariat to the former, work with committees dealing with legal matters to provide guidance and necessary support to Anritsu Group companies outside Japan in complying with the ethics and laws of the country or region in which they operate, giving due respect to the legal systems, cultures, and customs of those areas. The Legal Department also works with compliance officers at each overseas company in line with the goal of establishing a global compliance system.

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

### Compliance Promotion System



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### Medium- to long-term goals

With the objective of further advancing the entrenchment of compliance and maintaining sound and reliable management that meets the demand of society, the Anritsu Group maintains its target of zero serious compliance violations.

In fiscal 2018, the Anritsu Group incurred no serious compliance violations and accordingly incurred no accompanying fines or sanctions. However, the risk of compliance violation is ever-present. We believe that it is necessary to enact compliance promotion activities on a continual basis to avoid serious compliance violations amid heightened risk.

Based on an examination of the results from the fiscal 2018 corporate ethics questionnaire, a study of the free comments section, and a comparison of risk awareness with other companies, including in regard to revised laws, we believe compliance promotion efforts at the Anritsu Group need to be focused on the following areas:

- Improving control in regard to overtime work
- Creating a workplace environment free from harassment
- Anti-bribery and corruption outside Japan

### Activities / Achievements

#### ■ Creating a Domestic and Overseas Compliance System

The Anritsu Group is focused on promoting the development of its compliance system. The Domestic Anritsu Group shares the Anritsu Group Charter of Corporate Behavior (revised in April 2018) as the common principles of corporate behavior, and the Anritsu Group Code of Conduct, which guides all employees in the implementation of the Charter of Corporate Behavior in their daily activities. Employees of domestic Group companies participate as members of the Corporate Ethics Promotion Committee, which focuses on compliance promotion, as well as managing compliance promotion events and various types of educational activities throughout the 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 (excerpts of key parts), has been distributed to all employees and is to be carried at all times to guide them in 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



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### ■ Anti-bribery and Corruption

With a high ratio of overseas sales, the Anritsu Group recognizes bribery prevention as the most important issue and has established measures to address the issue.

We established the Anritsu Group Anti-Bribery Policy in April 2012. With the goal of more thoroughly preventing bribery-related activity, we updated our policies in accordance with global standards and established and began enforcement of the Anritsu Group Anti-Bribery and Corruption Rules, which outlines the company's specific policies and procedures, on April 1, 2016. These rules specifically focus on the high risk issues of seeking prior approval for entertaining and presenting gifts, as well as due diligence\* prior to signing new contracts with a third party, including sales agents. Our anti-bribery educational efforts include Web-Based Training (WBT) and face-to-face training for domestic and overseas Group companies. The WBT course has been taken by 1,450 domestic and overseas employees. New initiatives in fiscal 2018 included country manager-led self-assessments at overseas locations, which were later analyzed and evaluated at the head office.

\* Due diligence: to be paid appropriate attention to business-related duties, obligations, and efforts

### ■ Bribery-related Violations

Based on the results of the fiscal 2018 self-assessments, the Anritsu Group moved to deepen understanding of the Company's policies and rules in regard to bribery, and in the same year saw no instances of bribery-related violations.

### ■ 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 mainly led by a Data Protection Officer (DPO) appointed 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 related regulations to raise compliance awareness and an appreciation of risk among its employees. 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 2018, internal audits, both primary and secondary, did not uncover any events or problems that would conflict with the Anti-Monopoly Act or related regulations.

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### ■ Tax Compliance

The Code of Conduct of the Anritsu Group, which also applies to overseas subsidiaries, stipulates that Group companies will:

- Perform proper accounting that abides by relevant laws and company regulations in the course of operation
- Accurately prepare and properly save all the various records of finance and accounting, and not perform improper accounting or any other activity which would cause damage to the company

The Anritsu Group has adopted the same stance in regard to tax-related operations. Specifically, the company stipulates that it will comply with all tax-related laws and regulations in the countries and regions in which it does business, and will not intentionally avoid taxes through the use of tax havens or seek to reduce taxes through the use of tax-law interpretations that differ from the spirit of the law or regulation. The Company will make use of tax incentives available in the normal course of its business to ensure that it is carrying an appropriate tax burden. The Company is also working to reduce uncertainty in taxes by consulting with tax officials in advance and making relevant information disclosures.

### ■ Transparency in Political Donations

The Anritsu Group does not make political contributions, including to political parties, organizations, or candidates for public office.

### ■ Violation of Law and Regulations in the Socio-economic Field

Violation of laws and regulations in the socio-economic field The Anritsu Group incurred no serious compliance violations, accompanying fines or sanctions in fiscal 2018.

### ■ Helpline (Reporting/Consultation Service)

The Anritsu Group has set up two helpline systems inside the Company and outside the Company for the purpose of reporting and preventing violations of internal ethics laws. Reporting or consultations on the subject can be made anonymously, either via phone, dedicated e-mail, or letter. For overseas employees working in Japan, we have established a Workplace Helpline, which can accept submissions in both Japanese and English.

The Helpline appears to be functioning effectively, with the results of a recent survey showing that a strong 97% of employees in fiscal 2018 knew about the reporting and consultation service. 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.

#### Number of cases at the reporting/consultation service (April 2018 ~ March 2019)

	Reporting/consultation service		Number of Consultations	Total
1	External reporting/consultation service Workplace Helpline (cases)	Phone	11	13
		E-mail	2	
2	Internal reporting/consultation service In-house Helpline (cases)	Direct contact or phone	5	10
		E-mail	5	
3	Interview conducted based on response in the Corporate Ethics Survey (cases)			17

Note: Total number of cases

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### ■ In-house Educational Efforts to Prevent Harassment (Domestic Anritsu Group)

Anritsu's efforts in regard to sexual harassment and power harassment are not limited merely to defining the issue and educating employees about prohibited behavior. Rather, the company is focused on providing an education centered on determining what kind of behavior should be taken to improve the workplace culture, and how to effectively promote communication within the workplace and the organization as a whole. In addition to educational efforts targeting executives, we also hold lectures for all employees to learn how to prevent harassment of this type. Number of participants in educational efforts to prevent harassment for executives:

- Fiscal 2018: 88
- Fiscal 2017: 72

### ■ Case Study Sheets (Concrete examples)

The Domestic Anritsu Group references 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 the front page of our intranet with concise notes of caution and brief explanations. A total of 197 cases have been posted as of March 2019. 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 Corporate Ethics Promotion Month (October).