

## Message

## Responding to social demands with our suppliers

Since the Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015, there has been an unprecedented rise in demands from society on human rights, as shown by the United Kingdom and other countries passing and enacting legislation on human rights and labor practices. Together with its suppliers, Anritsu has been practicing material procurement that takes into consideration social factors, such as human rights, labor practices, health and safety as well as the environment, and will further strengthen its efforts.

Our suppliers are Anritsu's business partners and also represent assets of the Company. In addition to the soundness of our supply chains, we are also focusing on co-creation through technology exchanges and discussions. To contribute to Society 5.0—the concept of the future society advocated by Japan—which is in line with the SDGs, we will amass the knowledge of all parties at our suppliers and at the Company and participate in creating the future through open innovation.



Vice President, Chief SCM Officer  
**Hiroyuki Fujikake**

## Supply Chain Management

### Social issues as a background

Anritsu's procurement operations are global in scope, reaching beyond Japan and across the world. To provide better products and to promote corporate activities on an ongoing basis, relationships of trust with our suppliers are important, and management on a global basis along entire supply chains essential. To that end, not only do we offer equal opportunities to every company in Japan and overseas through fair assessment practices, we also believe it important to respond to the expectations and demands of society across entire supply chains. This we achieve by developing stronger partnerships with suppliers on the basis of compliance with relevant laws and regulations, business practices and social norms as well as of respect for human rights.

### Policy

We believe in the critical importance of moving as one with the entire supply chain, together with our suppliers, 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 understanding and cooperation of suppliers.

Having also formulated the Anritsu Group CSR Procurement Guideline and the Anritsu Group Global Green Procurement Guidelines, we are asking our suppliers for their cooperation. We are building supply chains that take into consideration human rights, labor, health and safety, fair trade and ethics as well as the environment.

Details (WEB)  
Basic Rules for Procurement

Details (WEB)  
Anritsu CSR Procurement Guideline

Details (WEB)  
Anritsu Group Global Green Procurement Specification

### Structure

Anritsu has procurement bases mainly in the U.S., 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 suppliers 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 nine companies to our GPS list to enhance our mutual interests and build stronger relationships.

## Supply Chain Management

### Medium- to long-term goals

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

#### 1. Promote global CSR procurement

We are promoting CSR procurement that strictly protects human rights, labor, health and safety, throughout the entire supply chain, including our overseas suppliers, thereby working to strengthen the global supply chain. Through our supply chain due diligence based on CSR Surveys and visiting audits to our suppliers, 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 suppliers, thereby working to strengthen the global supply chain. By surveying the environmental initiative standing of our suppliers and undertaking activities to raise the quality of the environmental initiatives of our suppliers, we aim to enhance the ratio of certified Environmental Partners among our suppliers.

### Activities / Achievements

#### ■ 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 suppliers have an understanding of and take initiatives for CSR Procurement at the outset of business with new suppliers and during policy briefings with suppliers.

Details (WEB)  
Anritsu CSR Procurement  
Guideline

#### ■ Supply Chain Due Diligence

Since fiscal 2011, we have received many letters of consent as we ask for the cooperation of suppliers in promoting CSR procurement by requesting them to submit the letters. In addition, we conduct CSR Surveys for the purpose of verifying the CSR initiatives taken by our suppliers with respect to established items, such as human rights and labor, health and safety, fair trade and ethics, quality and safety, and information security.

In fiscal 2018, we obtained positive results, with responses from 95 of our major suppliers. To confirm the actual status of CSR, we also performed inspections of several Chinese suppliers and confirmed that there were no significant risks.

Focusing on human rights issues in particular in its supply chain due diligence, Anritsu remains in compliance with the UK Modern Slavery Act. Anritsu Corporation and Anritsu EMEA Ltd. are legally obliged to disclose a statement to remain in conformity with the Act, and both companies have uploaded the statement to their respective websites every year since 2016. In efforts with regard to the Act in 2018, the implementation of the previously mentioned CSR Surveys and inspections were included in the statements and made public.

Anritsu is also working continuously on the issue of 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. To prevent the use of conflict minerals in its products, the Company holds briefings for its suppliers and gives responses so that they understand the reason for them. Furthermore, the Company responds to customer inquiries related to this issue by requesting investigations by suppliers in Japan and abroad.

For new suppliers, we conduct surveys of, for example, their credit status, quality control and environmental management as well as of their factories. We also transmit a Basic Procurement Policy to them and request that they submit a written consent.

Details (WEB)  
Supply Chain Management

## Supply Chain Management

### ■ Compliance in Practice

In order to ensure transparency of trading, we conduct fair business by following a strict code of conduct that includes not accepting entertainment or gifts or buying or selling stocks based on the inside information of our suppliers. Furthermore, we set up the Direct Delivery Mailboxes in the negotiation rooms of our head office and the Koriyama site in an effort to promote CSR procurement based on the direct feedback from our suppliers. We will continue to promote greater understanding and initiatives in CSR procurement with our suppliers.

### ■ Green Procurement Guidelines

Anritsu undertakes green procurement to promote the production of environmentally friendly products with suppliers in accordance with its Green Procurement Guidelines established in fiscal 1999 by giving preference to the procurement of environmentally friendly parts and materials. Under our revised Anritsu Group Global Green Procurement Specification, we have since fiscal 2016 sought to unify our green procurement activities with those of Group companies operating manufacturing bases outside Japan.

Details (WEB)  
Anritsu Group  
Global Green Procurement  
Guideline

### ■ 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. We focused in particular on providing assistance toward improving environmental partner rankings at suppliers where there appeared room for improvement based on the European RoHS Directive assessment of chemical substances contained in products.

The number of certified Environmental Partner Companies stood at 202 as of May 2019.

#### Rankings in the Environmental Partner System

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

### ■ Exhibition of Supplier Products and Technologies

In November 2018, we held an exhibition at the Anritsu head office featuring products manufactured by 43 of our suppliers. The event is held every year to showcase the products and technologies of major suppliers that procure products and materials for the Anritsu Group. The most recent exhibition focused on acquainting development engineers at Anritsu with new products and technologies, with a focus on the automotive, IoT, and 5G markets, including millimeter wave and microwave components, printed circuit board technologies, optical components, as well as components that ensure heat dissipation and various software products. The event also included seminars featuring lecturers from our suppliers, with the aim of keeping participants abreast of cutting-edge technologies and the latest market trends.

## Supply Chain Management

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### ■ Suppliers Gatherings

In January 2019, we hosted a business partner gathering that drew 315 representatives from 160 Anritsu suppliers, including overseas companies. Focusing on the 5G/IoT theme, we explained the measures we have taken to become a global market leader and our efforts to promote sustainability management. In the field of material procurement, we called for even stronger partnerships to expand our value chain through collaboration and co-creation under our global procurement system. Moreover, we presented awards to those of our suppliers 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 suppliers 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 2018, we adopted 46 out of 59 improvement proposals, which included changing the design to reduce costs and adopting a different procurement method to speed up delivery.

### ■ Collaboration Room

Anritsu maintains a collaboration room within the Company to revitalize communication between our development engineers and suppliers. We invite different manufacturers and agents to dispatch their sales engineers in a daily rotation, provide an environment conducive to generating new solutions, and strive to play a leading role in promoting development.