



Building and Maintaining a Flexible Supply Chain at the Side of Our Partners



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Anritsu's products play an important role in realizing comfortable and convenient living through a sophisticated telecommunications network and in ensuring the quality and safety of foods and pharmaceuticals. Anritsu's SCM is responsible for establishing a flexible supply chain as one team, side-by-side with its customers and suppliers, to produce high value-added products and quickly deliver them to the markets. To that end, SCM depends on establishing commonly shared values across the supply chain, which in turn requires sharing information. Consequently, every effort must be made to enhance information sharing and maintain close communication between Anritsu and its partners.

Everyone involved in the supply chain talks about dreams and creates dreams to provide high value-added products that are low-cost, reliable and yet easy to make, procure, and maintain while responding to exchange rate fluctuations. We will continue to work on its realization.

Social

Supply Chain Management

Stance on Social Issues

Large-scale natural disasters and the COVID-19 pandemic have been creating severe risks for business continuity. Expanding the capabilities and sophistication of the supply chain also poses significant challenges associated with labor issues, potential human rights violations, and environmental pollution.

While the Anritsu Group's procurement activities are international, in order to consistently provide high-quality products for customers around the world, the Group must possess a flexible, internationally extensive management structure throughout the whole supply chain while also paying due consideration to ESG concerns. Besides granting equal opportunities to all suppliers in and outside Japan and selecting suppliers through fair competition, the Anritsu Group complies with all relevant laws and regulations, commercial practices, and social norms, and it respects human rights in all its partnerships. We can only respond to the expectations and demands of society by building great relationships with suppliers and managing the supply chain seamlessly and comprehensively.

Policy

We believe in the 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 and have since asked our suppliers to comply with those rules in addition to the Anritsu Group CSR Procurement Guideline and Anritsu Group Global Green Procurement Specification. Through those rules and guidelines, we construct a supply chain that respects human rights, gives due consideration to labor, health and safety, fair trade and ethics as well as the environment.

- WEB** [Anritsu Basic Rules for Procurement](#)
- WEB** [Anritsu Group CSR Procurement Guideline](#)
- WEB** [Anritsu Group Global Green Procurement Specification](#)

Structure

We operate procurement hubs in the U.S., China, and Japan. Our current effort to unify our parts evaluation criteria globally will allow the procurement hubs to use suppliers approved by other hubs, prompting better coordination across our worldwide procurement operations.

In addition, our Global Preferred Suppliers (GPS) system certifies suppliers for making them available for all Anritsu Group companies. The system has not only helped us to streamline procurement



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operations but also to facilitate the sharing of development roadmaps and technical issues with suppliers. The use of this system can further reduce the TTM (time to market) of our products. Ten suppliers have been certified so far through the GPS.

Goals

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

1. Promote global CSR procurement

- Promoting CSR procurement as one team together with suppliers in and outside Japan throughout the whole supply chain.
- Reinforcing global supply chain management through a due diligence process

2. Promote global green procurement

- Promoting green procurement as one team together with suppliers in and outside Japan throughout the whole supply chain.
- Reinforcing global supply chain management by increasing Environmental Partners

P.057 Environmental Partner Certification System

Activities / Achievements

Anritsu Group CSR Procurement Guideline

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.

WEB Anritsu Group CSR Procurement Guideline

Supply Chain Due Diligence

In evaluating a new supplier, we investigate the supplier's credit standing, review quality and environmental management, and inspect their factory. Since fiscal 2011, we have asked suppliers to submit a Letter of Consent for our CSR procurement practice and have received consent from many suppliers. As means to verify the stance of suppliers to CSR, we also conduct a questionnaire with our suppliers, including questions about human rights, labor issues, occupational health and safety, fair trade, ethics, product quality and safety, and information security. In addition, we conduct an onsite audit. In fiscal 2019, we visited two secondary suppliers in China and Taiwan for audits. Through interviews with their employees and the inspection of written rules, educational materials, and transaction records at the departments concerned, we ensured that both suppliers had systems for promoting CSR with controls against the violation of human and labor rights and for protecting employee health and safety.

Modern Slavery Act

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 regard to efforts made to comply with the Act in fiscal 2019, we cited the aforementioned CSR questionnaire surveys and onsite inspections at the premises of suppliers in the statement. Since the Australian Modern Slavery Act enacted in 2018 is also applicable to Anritsu Corporation, the Company is preparing a statement for submission to the Australian government by the end of 2020.

Conflict Minerals

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 Regulation), Anritsu declared its support. To prevent the use of conflict minerals in its products, the Company holds briefings for its suppliers. When a customer submits inquiries related to this issue, it asks suppliers in Japan and abroad to investigate and provides the findings to the customer.

WEB Anritsu Basic Rules for Procurement



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Compliance in Practice

We conduct fair and transparent business by strictly following our Code of Conduct, which includes not accepting entertainment or gifts, or buying or selling stocks based on the insider information from suppliers. Furthermore, comment boxes for collecting feedback from suppliers are placed in the negotiation rooms of our head office and Tohoku Anritsu Co., Ltd. in an effort to promote CSR procurement based on the direct feedback from our suppliers. We continue to work hand in hand with suppliers to promote CSR procurement.

Education of Procurement Staff

For new recruits and transferees assigned to our procurement sections, we provide training on CSR procurement based on the Anritsu CSR Procurement Guideline, in addition to Web-Based Training programs on SDGs, the U.K. Modern Slavery Act, the Subcontract Act of Japan and ISO 9001. Case studies on human rights and labor issues are also conducted by procurement team members to exchange opinions and raise staff understanding and awareness of the issues.

Green Procurement Specification

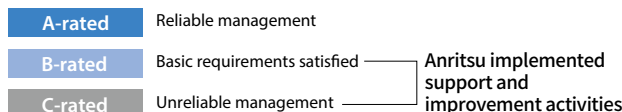
The Anritsu Group created the Green Procurement Specification to promote, along with suppliers, the production of eco-friendly products in fiscal 1999 and has since conducted green procurement, giving preference to eco-friendly parts and raw materials. The Green Procurement Specification were revised into the Anritsu Group Global Green Procurement Specification in fiscal 2016 to involve all Group members, including overseas production sites. Whenever revisions are made to international regulations on chemicals, such as the RoHS Directive and REACH regulations in Europe, we update our Specification to ensure compliance with those renewed regulations by ourselves and by our suppliers.

WEB Anritsu Group Global Green Procurement Specification

Environmental Partner Certification System

Anritsu launched the Environmental Partner Certification System in fiscal 2001 to promote green procurement. Under the system, we evaluate the environmental initiatives taken by suppliers and certify suppliers who excel in their commitment to the environment. We modified the evaluation process in September 2019 and have since evaluated suppliers in the sole aspect of managing the chemical substances contained in products. Evaluations are undertaken using a check sheet with the ratings of A, B, and C, and suppliers rated A or B are recognized as Environmental Partner Companies. As of May 2020, we have 210 Environmental Partner Companies. We support the improvement efforts of suppliers who need assistance in managing chemical substances contained in products.

Rating in the Environmental Partner System



Exhibition of Supplier Products and Technologies

Every year, we hold an event to showcase products manufactured by our suppliers and their technologies. The event also provides an occasion for our engineers to share information with their counterparts at our suppliers. The event for fiscal 2019 was held in December with 44 suppliers under the theme of next-generation technologies for 5G, IoT, cars and data centers, featuring millimeter wave and microwave components, printed circuit board technologies, optical components. Seminars by suppliers were also offered to keep participants abreast of the latest market trends and cutting-edge technologies.

Suppliers Gatherings

We host a gathering for suppliers every January. In 2020, we invited 318 participants from 148 suppliers in and outside Japan. The focus selected for this year's presentations by our Group CEO and business representatives was 5G, including explanations about its commercialization, the introduction status of local 5G systems, and initiatives taken by Anritsu. The main products of all of our business segments were exhibited for the first time at this event to increase participant understanding of our business and growth strategies.

At the event in December, we called for even stronger partnerships to expand our value chain through collaboration and co-creation under our global procurement system. Awards were also presented to suppliers who excelled in all of the aspects of quality, delivery and pricing.



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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. We also accept proposals in a broad range of areas, beyond procurement, such as sales and marketing, technology, manufacturing, services, health and safety, the environment and CSR, and all proposals serve to improve our business operations.

A council for the Partner QU Activity deliberates and determines whether to adopt proposals and grants awards to suppliers present outstanding proposals. In fiscal 2019, we received 35 proposals, including one recommending a change in design to reduce cost while another proposed a different procurement method for faster delivery. We adopted 26 proposals this year.

Collaboration Room

Anritsu maintains several collaboration rooms 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.

Supply Chain BCP

We have in place the following BCP(Business Continuity Plan) for promptly resuming our normal procurement operations in the event of a natural disaster.

- (1) The latest locations of suppliers' production sites are mapped out to quickly grasp which suppliers may be affected by a natural disaster.
- (2) Responses to be taken by us are categorized according to the possible scale of the natural disaster and the potential damage that may result.

We maintain good relationships with suppliers through frequent

communication, and we believe that those relationships will help us and suppliers overcome any disaster or crisis.