

Social

Message from the Chief SCM Officer



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Building a supply chain that quickly responds to the demands of customers and markets through forward-looking SCM

Fiscal 2021 was marked by a number of challenges due to the resurgence of COVID-19, including lockdowns around the world and tight supplies of semiconductors and other components. Despite these circumstances, we were able to minimize production risks insofar as possible thanks to our efforts in making detailed delivery adjustments, proactively adopting substitute products, and optimizing production plans. Above all, we are grateful for the partnerships we have formed with our suppliers, who have been supporting our efforts. In fiscal 2022, we will focus on reducing inventories and standard costs, which we failed to achieve due to putting priority on ensuring on-time delivery.

It is also essential to take steps to avoid social responsibility risks in the supply chain. The Anritsu Group conducts CSR Procurement Surveys of its suppliers both in Japan and overseas to identify at an early stage any risks in the areas of human rights, labor, health and safety, the environment, and fair trade. We particularly ask our suppliers to respect human rights and prohibit forced labor, human trafficking, and child labor, and we obtain their agreement to these conditions. We also conduct human rights due diligence. In fiscal 2021, we inspected two domestic and four overseas suppliers and

confirmed that there were no significant risks.

Anritsu is promoting the integration of procurement, manufacturing, and services across the entire Group by seeking to realize the ultimate form of supply chain management (SCM). We have been focusing on providing high-value-added products and services and maximizing the business growth and profits of our customers by having our development and production bases, including TAKASAGO Ltd., which joined us in fiscal 2021, work together to function as “One Factory.”

In fiscal 2022, we will take this approach one step further and pursue “forward-looking SCM,” in which we will look ahead and take the initiative to flexibly respond to customer and market demands. We will establish a supply chain that quickly responds to the demands of customers and markets by anticipating and taking the initiative to assess the impact of demand fluctuations, natural disasters, and geopolitical factors while co-creating and collaborating with all our suppliers and other stakeholders. In doing so, we will fulfill our responsibilities as a company that supports the realization of advanced communications networks and the production of safe and secure food and pharmaceutical products.

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.

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

In our procurement activities, we believe it is important to position our suppliers as partners in solving social issues set forth in our Sustainability Policy and to link this activity to mutual growth. 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 Guidelines 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.

[Sustainability Policy](#)

[Anritsu Basic Rules for Procurement](#)

[Anritsu Group CSR Procurement Guidelines](#)

[Anritsu Group Global Green Procurement Specification](#)

Structure

Anritsu's Global Procurement Operation Division not only conducts procurement operations but also develops and implements the Group's strategies for procurement, production outsourcing, and logistics under the leadership of the executive officer in charge of SCM. Anritsu maintains its flexible procurement system by collectively managing procurement and logistics activities conducted by its Group's and other worksites around the world and also by concentrating or decentralizing those activities in an optimal manner.

All of the Group's procurement hubs in the U.S., China, and Japan are committed to local procurement and share the Group's parts evaluation criteria, allowing the use of suppliers approved by other hubs.

Goals

We set out the following goals in the GLP2023 mid-term business plan for the period from fiscal 2021 to 2023.

→ **Conducting a CSR procurement survey with at least ten suppliers during the three years and on a more global scale (mainly in Asia)**

→ **Deepening supplier understanding of Anritsu's CSR procurement initiatives through a three-year program, which provides procurement-related information and other useful knowledge**

→ **Raising the ratio of Anritsu-certified green suppliers and providing non-green suppliers with environmental education to cultivate an eco-friendly supply chain**

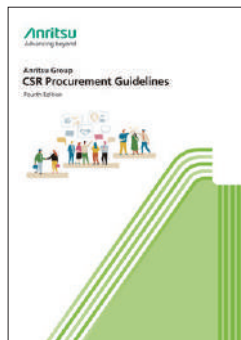
Activities and Achievements

Revision and Application of the Anritsu Group CSR Procurement Guidelines

In September 2021, we revised the Anritsu Group CSR Procurement Guidelines, established in fiscal 2010. We did this to reflect a major revision of the Supply-Chain CSR Deployment Guidebook, published by the Japan Electronics and Information Technology Industries Association (JEITA), to which our guidelines must comply.

While our previous guidelines mainly focused on corporate codes of conduct, the revised version addresses the growing demand for sustainability and now consists of three parts, Code of Conduct, Management System, and Appendix. The first two parts summarize points to be observed by companies and considerations regarding management methods, while the Appendix provides detailed explanations. The new version is also available in Chinese and English in addition to Japanese.

Before starting business or during policy briefings with suppliers, we ask them to learn about and follow our CSR Procurement Guidelines and submit a letter of consent to show their support for our CSR procurement policies.



Anritsu Group
CSR Procurement Guidelines
Fourth Edition

In addition, a comment box for collecting feedback from suppliers is placed in business meeting rooms at the head office and Tohoku Anritsu to promote CSR procurement based on direct feedback from suppliers. We continue to work hand in hand with suppliers to fulfill our corporate and social responsibility through our procurement operations.

 [Anritsu Group CSR Procurement Guidelines](#)

Supply Chain Due Diligence

CSR Procurement Survey

Before opening an account with a supplier, we review the supplier's credit standing, quality, and environmental management and inspect their factory. We also conduct a CSR procurement survey of our suppliers to confirm the status of their efforts to comply with our CSR Procurement Guidelines and take action as necessary. The survey asks self-assessment questions in such areas as human rights and labor issues, health and safety, the environment, fair trade and ethics, product quality and safety, and information security. Given the increasing importance of human rights across the supply chain in recent years, the survey also includes questions on prohibition of forced labor, prohibition of child labor, consideration for young workers, consideration for working hours, appropriate wages and benefits, prohibition of inhumane treatment, prohibition of discrimination, and freedom of association and the right to collective bargaining.

In fiscal 2021, we conducted a CSR procurement survey of 418 companies, including suppliers in the PQA business, and received responses from 372 companies (response rate: 88.9%). We repeatedly remind those 46 companies that have not yet responded to do so, and we will include them in our priority CSR survey in fiscal 2022.

We score the survey responses to visualize the level of commitment of our suppliers. In fiscal 2021, the average score on

questions about human rights was 26.97 out of a 28 points. In line with the revision of our CSR Procurement Guidelines, the survey has been available in Chinese since fiscal 2021.

We will continue to monitor the content and number of survey responses, response rate, and average response scores to ensure the effectiveness of our CSR procurement efforts.

Conducting Due Diligence

Anritsu conducts due diligence to confirm the details and evidence of responses to its CSR procurement survey. Subject companies are selected while taking into account factors such as necessity based on the results of the CSR procurement survey and scale of transactions.

Our goal under GLP2023 (fiscal 2021 to 2023) is to conduct due diligence on a cumulative total of at least ten companies. In fiscal 2021, we conducted due diligence on six suppliers in Japan, Germany, China, and Taiwan, including those originally planned for fiscal 2020 but postponed due to COVID-19, and we confirmed that none of them presented serious risks associated with human rights, labor, or health and safety. In addition, none of our suppliers has been found to be out of compliance according to our CSR procurement questionnaire surveys and due diligence that have been conducted to date.

In fiscal 2022, we plan to conduct due diligence on three suppliers in Japan and three overseas.

We also joined a working group organized by the Supply Chain Subcommittee of Global Compact Network Japan (GCNJ) to collect and exchange information about methods with other members. We will continue our efforts to monitor the status of CSR procurement in our supply chain and strive to promote and improve our CSR procurement practices.

Complying with the Modern Slavery Act

The Anritsu Group is in compliance with the UK Modern Slavery Act, enacted in 2015, and the Australian Modern Slavery Act, enacted in 2018. We disclose a standard statement complying with these acts on the respective websites of Anritsu Corporation, Anritsu EMEA Ltd. (UK), and Anritsu Proprietary Ltd. (Australia) as well as registering on the prescribed websites as required by Australia. The statement contains an overview of the Anritsu Group's commitment to respect for human rights, descriptions of its business and supply chain, its policy and concrete activities regarding human rights, its supply chain due diligence process and risk assessment, and its awareness-raising and training programs for employees in Japan and overseas.

In our activities to date, we have not identified any problematic practices or suppliers with respect to modern slavery. We will continue to strengthen our assessment of modern slavery risks in our operations and supply chain and ensure the effectiveness of our ongoing efforts to address them.

[Anritsu's Response to Human Rights Issues in the Supply Chain](#)

Responsible Mineral Sourcing

The Anritsu Group is committed to responsible mineral sourcing. Following the 2012 adoption of the final rule of Section 1502 (the Conflict Minerals Regulation), Anritsu declared its support. As a means for preventing conflict minerals from entering our supply chain, we clearly state in the Anritsu Group Basic Rules for Procurement and the Anritsu Group CSR Procurement Guidelines that we are working to prevent the use of conflict minerals, and we also hold meetings with suppliers to explain this effort and seek their understanding. When a customer submits inquiries related to this issue, we ask our suppliers in Japan and overseas to investigate and provide the findings to the customer.

- [Anritsu Basic Rules for Procurement](#)
- [Anritsu Group CSR Procurement Guidelines](#)

Global Preferred Suppliers System

The Anritsu Group's Global Preferred Suppliers certifies suppliers for making them available for all Anritsu Group companies. The system has not only helped streamline procurement operations but has also facilitated the sharing of development roadmaps and technical issues with suppliers and will allow us to further reduce the TTM (time to market) of our products. Twelve suppliers have been certified so far through the GPS.

Compliance in Practice

Anritsu sets forth compliant procurement practices in the Anritsu Group Charter of Corporate Behavior, Anritsu Group Code of Conduct, and Anritsu Group Basic Rules for Procurement. We conduct fair and transparent business by observing these standards of conduct, which include not accepting entertainment or gifts and not buying or selling stocks based on insider information from suppliers.

- [Anritsu Group Charter of Corporate Behavior](#)
- [Anritsu Group Code of Conduct](#)
- [Anritsu Basic Rules for 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 Guidelines, in addition to e-learning 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 CSR procurement.

Supply Chain BCP

Using a Proprietary Supplier Information Database

Our business continuity plan (BCP) is principally designed to enable us to quickly collect information and take the first steps in the event of a natural disaster and thereby mitigate any risk of interrupting a supplier's business operations.

Under the BCP, we first use our proprietary database containing information about suppliers' production and warehousing sites to determine which suppliers are likely to be affected by any suspension of our operations. We then contact those suppliers and media agencies to collect information. Finally, based on that information, we narrow down risks and take action to minimize them so product supply for customers will continue without disruption. In October 2021, as part of our effort to facilitate our BCP actions, we expanded the database to include information about supplier production sites by product item and synchronize the database with map information.

Results of BCP Actions

In fiscal 2021, we activated the BCP on eight occasions. Despite the impact of the global shortage of semiconductors, coupled with the COVID-19 pandemic as well as natural disasters such as earthquakes and typhoons, we focused on minimizing the damage

by closely communicating with suppliers, adjusting our production schedule, and switching to alternative parts for 20 models and 300 items. We will continue to enhance the database to raise our level of preparedness.

Monitoring Suppliers' Financial Standing

Anritsu is enhancing its monitoring of the supplier financial standing to ensure stable procurement by promptly detecting any change in supplier behavior and shifting to a different supplier or discontinuing dealing with a specific supplier before problems arise. In fiscal 2021, we added suppliers in the PQA business to the monitoring. We also raised the level of our monitoring of suppliers that may be at a high bankruptcy risk, by obtaining their financial reports, and are also considering seeking alternatives. Additionally, our procurement hub in the U.S. focuses on stable procurement by monitoring the financial standing of suppliers and strengthening preventive measures.

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 was 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 the Specification to ensure compliance with those renewed regulations by ourselves and by our suppliers.

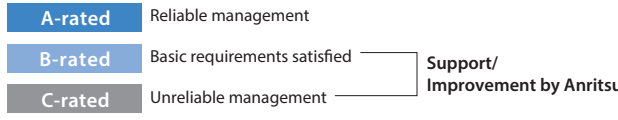


Environmental Partner Certification System

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. We support the improvement efforts of suppliers who need assistance in managing chemical substances contained in products.

As of May 2022, 226 companies had been certified as Environmental Partner Companies, up from 203 compared to the same period of 2021, indicating the effectiveness of our support.

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. We also provide an occasion for our engineers to share information with their counterparts at our suppliers. In fiscal 2021, as in the previous year, we held the Anritsu Online Exhibition online twice for a total of three weeks, with 45 suppliers in attendance. The exhibition featured 11 webinars on cutting-edge technologies, providing an opportunity to exchange opinions and information with our suppliers. In fiscal 2022, we plan to hold the exhibition both online and in person.



Anritsu Online Exhibition

Suppliers Gatherings

We host a supplier gathering every January, and its main session is designed to share our business policies and initiatives with suppliers that are presented by our Group CEO and the presidents of our major Group companies, as well as our procurement policies, CSR procurement efforts, and requests for CO₂ emission reductions presented by the general manager of our Global Procurement Operation Division. The event for fiscal 2021, held online due to the COVID-19 pandemic, welcomed 421 participants from 179 suppliers, including those of TAKASAGO Ltd., which joined the Anritsu Group in January 2022. While our suppliers gave presentations, we also presented awards to ten suppliers who excelled in all of the aspects of quality, delivery, and pricing as a means of showing our gratitude for their efforts, and the reasons for the awards have been explained and shared with all participants.

In addition, our suppliers also gave presentations.

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, service, health and safety, the environment and CSR, and all proposals serve to improve our business operations.

Collaboration Room

To encourage thought-provoking communication between Anritsu's development engineers and its suppliers, Anritsu Corporation invites different makers and business agents to dispatch their sales engineers to the Company's Collaboration Rooms in a daily rotation. Featuring an atmosphere conducive for generating new solutions, the Collaboration Rooms play an important role in driving our development. These rooms are currently closed due to COVID-19, and active communication between our development engineers and suppliers' sales engineers continue through teleconference meetings.