Climate Change Initiatives

Basic Policy

Anritsu Group proactively publicized our countermeasures to climate change and disclosed related financial information according to recommendations that the Task Force on Climate-related Financial Disclosures (TCFD)* published in June 2017. We also officially expressed our support for the TCFD recommendations on June 30, 2021.

To prevent global warming, we are setting scientifically based targets for reducing greenhouse gas emissions and actively work on initiatives such as reducing energy consumption, increasing the share of private power generation of renewable energy, collaborating with suppliers and reducing the power consumption of our products.

*Task Force on Climate-related Financial Disclosures: An international initiative launched by the G20 Financial Stability Board (FSB) in 2015 to improve the disclosure of information related to the financial impact stemming from climate-related risks and opportunities.

Governance

Major risks associated with the Anritsu Group's business and management are appropriately reported during the Management Strategy Conference and Board of Directors meetings. Climate-change related risks are managed by the executive officer in charge of environmental activities under the supervision of the Group CEO. The executive officer oversees the Environment and Quality Promotion Department, which plays a central role in the Anritsu Group's business, and chairs the Global Environmental Management Meetings and the Environmental Management Committee in Japan. This structure ensures that risk management is given due consideration, planned, executed, and consistently managed across the global organization. In addition, risk management items, plans, status, and reports of the annual management cycle are also presented to these entities.

Strategy

Anritsu has analyzed risks and opportunities related to climate change based on the 2 Degree Celsius scenario (2DS) and the 4 Degree Celsius scenario (4DS). The analysis revealed that, under these scenarios, we may face changes in regulation and experience physical impacts in short- (1 year), mid- (3 years), and long-term (up to 30 years) timeframes. This represents a major risk not only to our own business but also to our entire value chain, and we have therefore positioned climate change as our most critical issue and defined Science Based Targets (SBTs). To achieve these, we are investing in renewable energy generation facilities and expanding our capability for consuming the energy we generate. In addition, we are collaborating with suppliers to reduce their greenhouse gas emissions and striving to develop environmentally friendly products by product assessments of all products under development. These efforts will reduce greenhouse gas emissions, which we believe is the most direct way to contribute to mitigating climate change. We are also strengthening our sales structure for products that help to minimize damage from natural disasters associated with climate change.

Risk Management

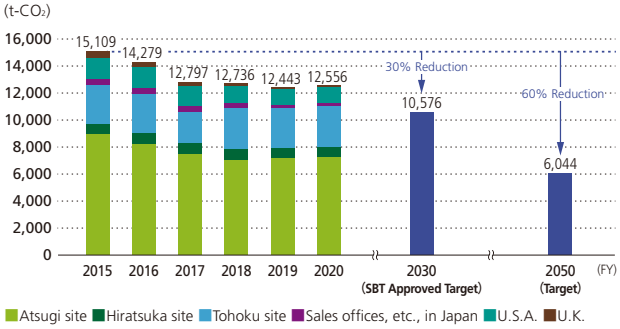
Under the Basic Risk Management Policy, to ensure the effective management of risks across the entire Company, the Environment and Quality Promotion Department creates an inventory of potential risks, including those related to climate change, from sources such as the results of the annual environmental impact assessment conducted by each business division and Group company, the Environmental Management Committee, and during Global Environmental Management Meetings. Each identified risk is assessed and its business impact is evaluated based on legal and regulatory requirements as well as global trends. The division creates a finalized list of risks and opportunities related to climate change from this inventory. As deemed necessary, the list is reported during the Management Strategy Conference and Board of Directors meetings. The risks and opportunities on the finalized list are assigned for remediation to the related business division or to the Environment and Quality Promotion Department if an item is understood to impact the entire Company. We will continue to identify emerging risks in 2030 and 2050 and execute PDCA cycles to remediate these risks as part of GLP2023 Environmental Initiatives.

Indicators and Targets

Targets	SBT	Fiscal 2020 Progress
Scope 1 and Scope 2: By fiscal 2030, reduce the Anritsu Group's greenhouse gas emissions by 30% compared to the fiscal 2015 level	Approved in 2019	Reduced by 16.9% compared to the fiscal 2015 level
Scope 1 and Scope 2: By fiscal 2050, reduce the Anritsu Group's greenhouse gas emissions by 60% compared to the fiscal 2015 level	Self-imposed target, not submitted to SBT Initiatives	
Scope 3: By fiscal 2030, reduce the Anritsu Group's greenhouse gas emissions resulting from purchased goods and services and the use of sold products by 30% compared to the fiscal 2018 level	Approved in 2019	Reduced by 10.1% compared to the fiscal 2018 level
Anritsu Climate Change Action PGRE 30 Using the Anritsu Group's energy consumption*1 in fiscal 2018 as a reference, invest in solar panels and increase the share of private renewable energy generation from 0.8% of its energy consumption to about 30% by around 2030	—	Share of private renewable energy generation 3.3% Installed a solar power generation facility with 1,100 kW capacity in Anritsu Company (U.S.A.)

*1 Excluding AT Techmac Co., Ltd. power consumption, which is not applicable to the wholly owned subsidiary.

CO_2 Emissions and Reduction Targets in Scope 1 and Scope 2 (Market-Based)



We plan to change the science-based target (SBT) to either well below 2°C or 1.5°C by fiscal 2023.

In addition, we plan to identify specific measures for the long-term plan to achieve carbon neutrality by 2050.

Anritsu Climate Change Action PGRE 30*

We established the Anritsu Climate Change Action PGRE 30 (PGRE 30) in fiscal 2019 as an additional measure for achieving the reduction target for greenhouse gas emissions (Scope 1 and Scope 2). Using the Anritsu Group's energy consumption* in fiscal 2018 as a reference, the plan is intended to invest in solar power generation facilities (a renewable energy source) and increase the private renewable energy generation ratio from 0.8% to about 30% by around 2030. In fiscal 2020, we installed a 1,100 kW solar power generation facility at Anritsu Company (U.S.A.), which started generating electricity in October 2020. We plan to expand the generation capacity at Tohoku Anritsu Corporation in Koriyama City, Fukushima Prefecture and install a power storage facility there as well. In addition, we also intend to work on the second phase of capacity expansion in the Atsugi area.

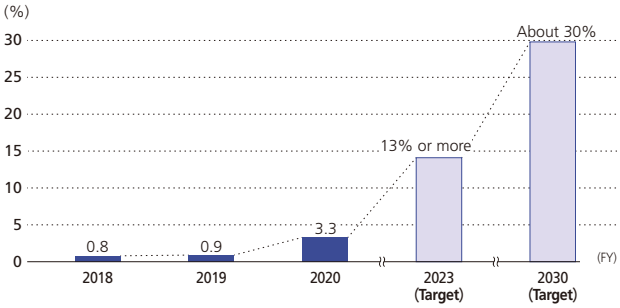
* Excluding AT Techmac Co., Ltd. power consumption, which is not applicable to the wholly owned subsidiary.

Solar Power Generated and Consumed Privately

(MWh)

	FY2016	FY2017	FY2018	FY2019	FY2020
Solar power generated	227	233	241	246	892
Solar power consumed	212	218	225	239	891

PGRE30: Share of Solar Power Generated Privately to Consumed Privately



✻ Private generation of renewable energy, and "30" refers both to the approximate target year 2030 for achieving the goal and to the target ratio of about 30%.

MESSAGE

Message from Chief Environment Officer

Prevent global warming by expanding our solar power generation capacity for our own consumption

Akio Takagi
Senior Executive Officer, Chief Environment and Quality Officer

Anritsu does not consume a massive amount of energy for its business. However, we still want to do our part to prevent global warming. It has been over two years since we launched the Anritsu Climate Change Action PGRE 30, intended to increase the ratio of power generation for our own consumption to 30%, and we have been actively working toward this goal. We have completed the first phase of expanding our solar power generation capacity in the Atsugi site (additional 57 kW), and we are making steady progress in installing a new solar power generation facility (1,100 kW) at a local subsidiary in Morgan Hill, California, U.S.A. To further strengthen our renewable energy capability, our next steps are to expand solar power generation capacity at Tohoku Anritsu and work on the second phase of capacity expansion in the Atsugi site. We hope these efforts will contribute to alleviating the risk of climate change.

Solar power generation generates electricity only during the daytime when the weather is good, and not during stormy weather or at night. It is difficult to rely solely on solar panels to provide a stable supply of energy throughout the day. To overcome this problem, we are considering the use of storage batteries to store the power generated during the daytime and use it at night. Climate change is a serious social issue. Anritsu will continue working to reduce greenhouse gas emissions as one of our ESG responsibilities to meet the demands of society.

Furthermore, we will work with our employees so that each of them recognizes their personal relationships to social issues, actively works on energy-saving measures, and develops products that consume less energy. In addition, we will continue to encourage our suppliers to reduce CO_2 emissions during the manufacturing of parts and materials to address climate change throughout our supply chain.

We plan to introduce new initiatives to address environmental issues and make them more actionable for our employees. We hope that this will foster stronger environmental mindsets throughout the organization and build momentum behind our progress toward the SDGs.