

# Climate Change Initiatives



\* TCFD (Task Force on Climate related Financial Disclosures) is an international initiative established by the Financial Stability Board (FSB) in 2015 at the request of the G20 to improve the disclosure of information on the financial impact of climate-related risks and opportunities.

## Disclosure in Line with TCFD Recommendations

### Governance

The Group CEO and CFO are responsible for promoting climate change-related initiatives under the supervision of the Board of Directors. The Group follows a risk management system for comprehensively managing risks across the Group, and climate change-related risks and opportunities are also integrated into this system.

The Chief Environmental Officer (currently appointed to the President and Group CEO) is responsible for the management of these climate change-related risks and opportunities. The Chief Environmental Officer oversees the Environment and Quality Promotion Department, which plays the central role in the Anritsu Group's environmental strategies, 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, the Chief Environmental Officer periodically reports the results of the annual management cycle of risks and opportunities to the Management Strategy Conference and the Board of Directors meeting and receives guidance from the management team.

### Strategy

Anritsu analyzes climate change-related risks and opportunities under the 1.5°C and 4°C scenarios. We created an inventory of potential risks and opportunities, in short- (1 year), mid- (3 year), and long-term (up to 30 year) timeframes, and based on

the likelihood of their materializing and relative impact, we identified critical risks and opportunities that must be addressed. We identified risks and opportunities under both scenarios that could expose us to regulatory changes or even physical damage, and we have explored countermeasures.

Anritsu has positioned climate change as the most critical management issue, and we have developed a transition plan that takes into account the impact on our business strategies, finance, and the entire value chain. The plan has been certified by the Science Based Targets initiative (SBTi). To achieve the reduction targets, we are working on initiatives such as the "Anritsu Climate Change Action PGRE 30\*," which invests in renewable energy generation facilities to expand our capability for consuming the energy we generate, collaborating with suppliers to reduce their greenhouse effect gas emissions, strengthening our product assessment process to promote the development of environmentally friendly and energy-efficient products, and strengthening our development and sales of products that promote the efficient use of energy. These efforts will reduce greenhouse gas emissions, which we believe is the most direct way to contribute to mitigating climate change. Moreover, we are building a robust production system to prepare against natural disasters, which are becoming more frequent and severe due to climate change. We are also strengthening our development and sales structure for products that help minimize damage from natural disasters associated with climate change.

\* 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%.

## Risks and Opportunities, and Scenario-Based Analysis

Type	Contributing Factor	Scenario	Detailed Description	Possible Impact	Impact Level*	Measures
Transition risk	Implementation of carbon taxes	1.5°C	To accelerate the transition to a decarbonized society, various countries will begin imposing taxes on the use of fossil fuels.	As we expect that a carbon tax will be imposed in Japan by 2030, greenhouse gases associated with business activities will be taxed, which will increase operating costs.	Medium - large	By reducing Scope 1 and 2 emissions, we will prepare for the additional cost associated with a carbon tax.
Physical risk	Natural disasters becoming more frequent and severe	4°C	The increase in global average temperature will accelerate and intensify extreme weather events in many regions.	Damage from typhoons and floods will impact factory operations and procurement of materials.	Large	Tohoku Anritsu Co., Ltd, the production center for the Anritsu Group, built its second factory in a flood-free zone and relocated its main production lines there in 2013. The remaining production lines in the first factory were moved to the second floor. In June 2022, a new building was built in the second factory to further reduce the risk of disasters. We are mapping the main manufacturing and sales locations of our suppliers to minimize the impact on procurement in the event of a disaster. We are implementing a mechanism that allows us to procure from several companies.
Opportunity	Change in energy mix	1.5°C	In the transition to a decarbonized society, the energy mix will change and share of renewable energy generation will increase.	The grid electricity rate is expected to rise, but the cost of installing solar power generation equipment is expected to fall. Use these opportunities to accelerate the installation of solar power generation equipment for our own consumption.	Medium - large	By promoting PGRE 30, we will increase the ratio of private renewable energy generation and reduce the amount of purchased electricity. In 2022, we plan to install mega solar facilities and storage batteries in Tohoku Anritsu's second factory.
	Advancements in energy-saving technologies	1.5°C	Investment in energy-saving technologies will become more aggressive, and technological innovation will advance and become widely available.	We will incorporate energy-saving technologies into our products and improve their environmental value.	Medium - large	We will strengthen our product assessment process to promote the development of environmentally friendly and energy-efficient products. In addition, we will actively incorporate energy-efficient components into product design.
	Change in market	1.5°C	Rising public awareness of environmental issues will lead to increased demand for products that offer greater functionality and higher environmental performance (e.g., energy savings).	The market for inspection solutions for the Food Processing Industry, such as highly accurate metal detectors, will become more competitive as they reduce food losses and associated resource consumptions. The demand to switch from fossil fuels to renewable energy sources will increase and transition to EVs will accelerate. This will result in boosting demand for evaluating equipment, which is essential for the development of energy-efficient power trains and batteries.	Medium - large	We will promote the development of products for the Food Processing Industry, such as more accurate and more energy-efficient metal detectors. We will develop and provide test solutions that accelerate the development of rechargeable batteries, fuel cells, and power trains in EVs.
	Natural disasters becoming more frequent and severe	4°C	The increase in global average temperature will accelerate and intensify extreme weather events in many regions.	Investment in disaster prevention equipment will increase and the demand for solutions to prevent and mitigate disaster risks, such as road and river monitoring, will also rise.	Medium	We will strengthen our sales structure for products that prevent and mitigate disaster risks, including our image information system "SightVisor™ Series"

\* Impact by scenario is determined based on the level of financial impact and likelihood that the risk or opportunity will materialize, and is made of five levels: Large, Medium-large, Medium, Medium-small, and Small.

\* Reference Scenarios are as follows. Transition: IEA NZE by 2050, Physical: IPCC RCP 8.5

\* The 4°C scenario is a world in which no further measures are taken to prevent global warming and the average temperature rises by 4°C above the pre-industrial level by the end of the century.

The 1.5°C scenario is a world in which stringent measures are taken to prevent global warming and the rise in average temperature is limited to 1.5°C above pre-industrial levels by the end of the century.

## Risk Management

Anritsu manages climate change-related risks and opportunities in its medium-term management plan on environmental strategy, the GLP Environmental Initiative. As part of the initiative, the Chief Environmental Officer creates an inventory of climate change-related risks and opportunities, from sources such as the results of the annual environmental impact assessment conducted by each business division and Group company, as well as items raised in Environmental Management Committee and Global Environmental Management Meetings. Each risk and opportunity is assessed

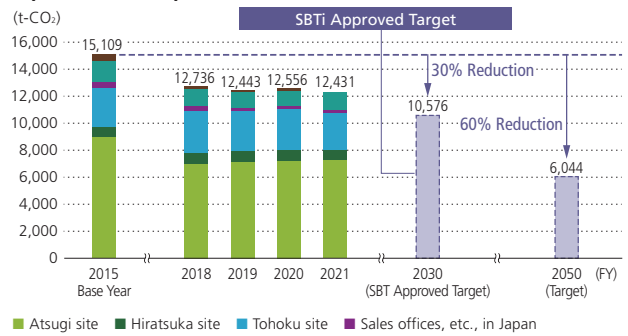
## Indices and Goals

Goals	SBT	Fiscal 2021 Progress
Scope 1 and Scope 2: By fiscal year 2030, reduce the Anritsu Group's greenhouse gas emissions by 30% compared to the fiscal year 2015 level	Approved in 2019	Reduced by 17.7% compared to fiscal year 2015
Scope 1 and Scope 2: By fiscal year 2050, reduce the Anritsu Group's greenhouse gas emissions by 60% compared to the fiscal year 2015 level	Self-imposed target, not submitted to SBT Initiatives	
Scope 3: By fiscal year 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 year 2018 level	Approved in 2019	Reduced by 14.7% compared to fiscal year 2018
Anritsu Climate Change Action PGRE 30 Using the Anritsu Group's energy consumption* 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	Outside the scope of SBT certification	Share of private renewable energy generation 16.8%

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

and its business impact is evaluated based on legal and regulatory requirements as well as global trends. The results are used to identify key risks and opportunities and determine measures and initiatives to address them. The GLP Environmental Initiative is reviewed annually to ensure progress on each risk and opportunity. As necessary, key risks and opportunities are re-evaluated and approved in the Management Strategy Conference and the Board of Directors meeting. In addition, climate change-related risks and opportunities are integrated into the risk management system that comprehensively manages risks across the Group.

## CO<sub>2</sub> Emissions and Reduction Targets in Scope 1 and Scope 2 (Market-Based)



We are formulating specific long-term measures to achieve carbon neutrality by 2050. A key theme in the GLP2023 Environmental Initiative is the Formulate and Implement Carbon Neutrality Plan 2050. We plan to strengthen our SBT-certified reduction targets and revise them in light of the 1.5°C scenario.

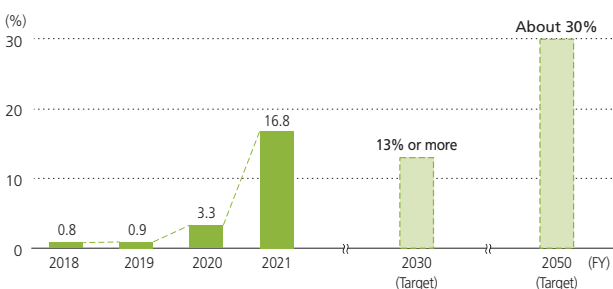
▶P.21 See GLP2023 Sustainability Targets for interim GHG reduction targets

## Activities

### Progress on Anritsu Climate Change Action PGRE 30

We established the Anritsu Climate Change Action PGRE 30\* (PGRE 30) in fiscal year 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 year 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 year 2020, we installed a 1,100-kW solar power generation facility at Anritsu Company (U.S.A.), which

### PGRE30: Private Solar Power Generation Ratio



started generating electricity in October 2020. In fiscal year 2021, we achieved a private renewable energy generation ratio of 16.8%, exceeding the GLP2023 target of at least 13%. In fiscal year 2022, we plan to expand solar power generation facilities and install storage batteries at the Tohoku site in Koriyama City, Fukushima Prefecture. We also intend to expand the generation capacity in the Atsugi site.

### Climate Change Survey Results by CDP

The score for Anritsu's response to the CDP questionnaire on climate change for fiscal year 2021 was "B: Management level," which is the same score as fiscal year 2020. (This means that the Company is taking action to mitigate climate risk and its impact.)

In addition, in CDP's Supplier Engagement Rating (SER) in fiscal year 2021, we were selected as one of the Supplier Engagement Leaders for the second consecutive year (the highest rating). SER is designed to evaluate how well companies collaborate with their suppliers on climate change-related issues. In fiscal year 2021, the top 8% of all companies that responded to the survey (over 500 companies worldwide, 105 companies in Japan including Anritsu) were selected.

