

Anritsu's ESG Initiatives

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Index

1. New Company Vision and Sustainability Management
2. Environmental Initiatives
3. Social and Employee Engagement/Well-being Initiatives
4. Corporate Governance
5. ESG Indices and External Evaluation



1. New Company Vision and Sustainability Management



1-1. Corporate Philosophy and Sustainability Policy

Creating a Sustainable Future Together

In April 2021, Anritsu formulated its new Company Vision and Company Policy toward 2030. Our Sustainability Policy was revised at the same time. We take on the challenges of creating a sustainable society together with our stakeholders through the actions of every employee under the Company philosophy, Company vision, and Company policy.



Sustainability Policy

The Anritsu Group aims to increase our long-term corporate value through contributing to building a sustainable future of the global society with "Sincerity, Harmony, and Enthusiasm."

1. We will contribute to building a safe, secure, and prosperous global society through our business activities, based on our long-term vision.
2. We will take the initiative in solving environmental issues, such as climate change, to contribute to building a people- and planet- friendly future.
3. We will respect the human rights of all people and strive to create a workplace offering healthy lives and decent work for all where diverse individuals can grow together.
4. We will operate as a business with high corporate responsibility, peaceful, just, and ethics while maintaining business transparency to meet our social obligations.
5. We will promote communications with stakeholders to develop strong partnerships and meet the challenges of solving social issues.

Revision April 2021

Anritsu Group Charter of
Corporate Behavior

Anritsu Group Code of
Conduct

1-2. Anritsu's Sustainability Management

The Future Goal of Our Sustainability Management

Company Philosophy
Company Vision
Company Policy

Sustainability Policy

Mid term Business Plan (GLP2023)

Financial target

Sustainability target

Solving Social Issues Through Business

Anritsu Group

Put into place a safe and secure infrastructure which leads to the building of a sustainable society and encourages innovation



Test and Measurement Business

- Put in place a robust network infrastructure



Environmental Measurement Business

- Put in place a robust network infrastructure
- Preventing and mitigating natural disasters



PQA Business

- Reducing food loss
- Ensuring product quality



Sensing & Devices Business

- Put in place a robust network infrastructure
- Ensuring healthy lives



Challenges to Meet the Needs of Society (ESG)

Promoting Global Environmental Protection

Contributing to the creation of a sustainable society with sustainable consumption and corporate production practices

- Increasing the share of private renewable energy generation of total energy consumption
- Reduction in CO₂ emissions volume (energy consumption volume) and water usage volume
- Developing and manufacturing high-quality and environmentally friendly products
- Supply chain management that lowers environmental impact



Maintaining Harmony with the Global Socio-Economy

Together with our diverse human resources, we seek to contribute to the creation of workplaces where each individual can achieve personal growth and experience job satisfaction.

- Respect for human rights and diversity
- Human resources development
- Occupational health and safety
- Supply chain management that gives due regard to human rights



Expanding and Strengthening Governance

Ensuring ethical corporate activities through risk management and transparent, fair, quick, and resolute decision making

- Corporate governance
- Establishing compliance as a part of our mind-set
- Promoting risk management



The Creation of Shared Value through the Promotion of Communication

Contributing to the creation of shared value with collaboration among all stakeholders

- Providing information to and communicating with stakeholders



Test and Measurement Business

Communications semiconductor manufacturers

Communication module manufacturers

Smartphone manufacturers

Wireless base station manufacturers

Telecommunications operators

Automobile makers

IoT terminal manufacturers

Home electronics manufacturers

Aerospace industry

Others

PQA Business

Processed food producers

Pharmaceutical manufacturers

Others

Customers

Environmental Measurement Business

Financial services providers

Educational institutions

Local governments

Telecommunications operators

Others

Sensing & Devices Business

Medical equipment manufacturers

Telecommunications operators

Telecommunications parts manufacturers

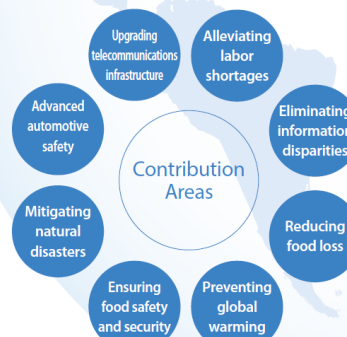
Others

The Future Goal of Our Sustainability Management

Developing a Safe, Secure, and Prosperous Global Society

Anritsu will contribute along with its customers to the resolution of social issues through its business operations. The Company takes on challenges to meet the needs of society and places great value on communication with stakeholders while working to advance the sustainability of a global society.

Contribution Areas



1-3. Sustainable Development Goals (SDGs)

Goals and initiatives

GLP2023:KPI

E

Environment

Long-term plans and initiatives to reduce greenhouse gas emissions

- Greenhouse gases (Scope 1+2): 23% reduction compared to FY2015
- Greenhouse gases (Scope 3): 13% reduction compared to FY2018
...**30% reduction by FY2030**

Increase in the share of in-house renewable power generation (PGRE 30)

- In-house power generation ratio: 13% or more (compared to FY2018 power consumption) ... **To be increased to around 30% by 2030**

S

Social

Promoting diversity management

- Advancement of women: A proportion of women in senior management positions of 15% or more
- Advancement of the elderly: Employment until the age of 70 and the establishment of a new compensation packages
- Promote employment of physically challenged people: Achieve the legally mandated employment rate of 2.3% through job development

Promoting global CSR procurement

- Strengthening of supply chain due diligence: A cumulative total of 10 or more companies, over 3 years
- Developing awareness on CSR procurement to suppliers at least twice per year, and provide training at least once each year

G

Governance

Improving global governance

- Promoting the diversity of the Board of Directors, outside director ratio 50% or more

Promoting the establishment of an internal control system at overseas subsidiaries

- All overseas subsidiaries meet the criteria of Control Self-Assessment (CSA)



2. Environmental Initiatives

2-1. Environmental and climate change initiatives

Basic Policy

Recognizing measures for climate change as one of the most critical issues in environmental management, the Anritsu Group focuses on reducing CO₂ emissions throughout its value chain and offering products and solutions that helps mitigating damages associated with natural disasters.

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

On June 30, 2021, Anritsu endorsed the TCFD's recommendations.

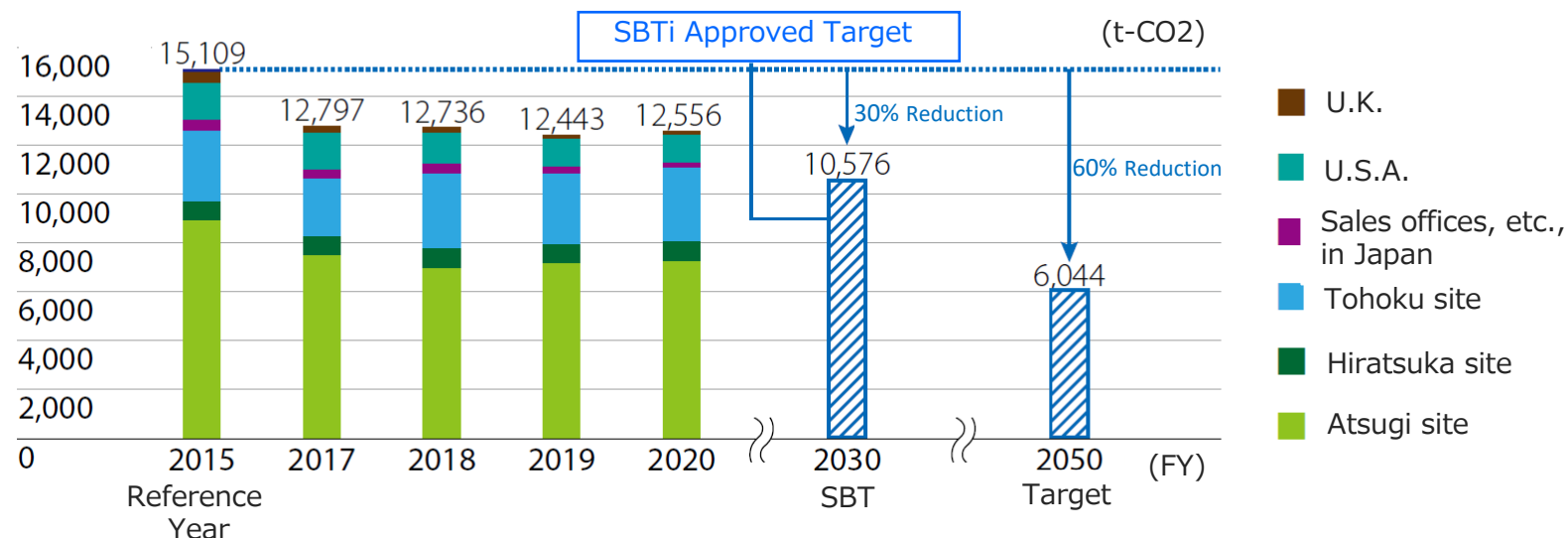
Formulation of SBT :



In December 2019, the Science Based Targets initiative (SBTi) approved the Anritsu Group's greenhouse gas emissions reduction targets as science-based targets under the 2°C scenario. 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 .

CO2 Emissions and Reduction Targets in Scope 1 and Scope 2 (Market-Based)



2-2. Anritsu Climate Change Action PGRE 30

PGRE 30: 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.

(Anritsu Group's unique initiative)

FY2020: Solar power generation facility was put into operation at the California plant in the U.S. from October

After 2021: Considering expansion of solar power generation facility at the Koriyama plant, Fukushima Prefecture

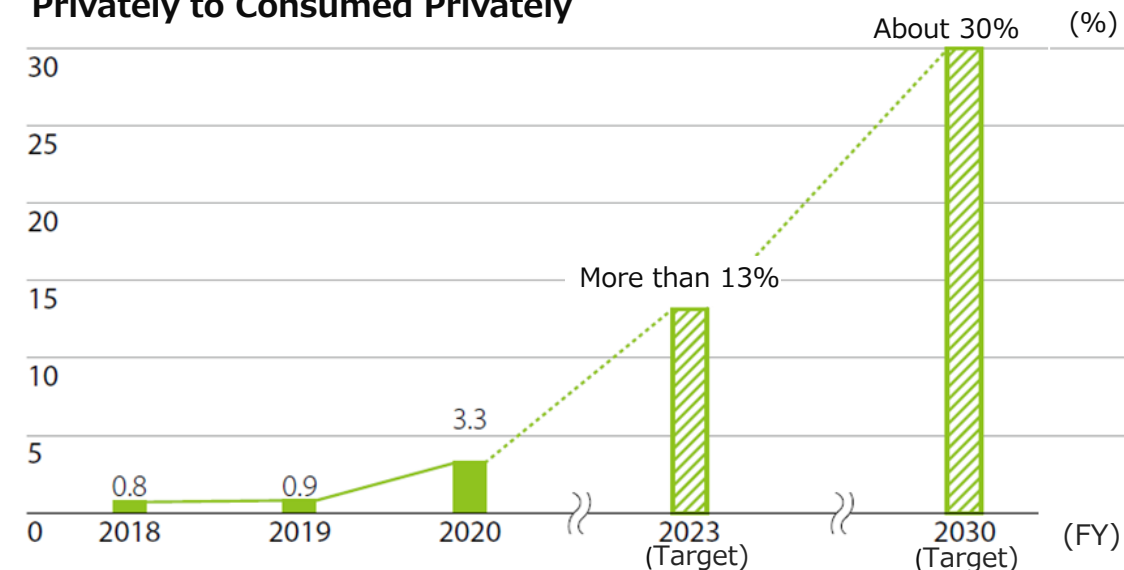


* The "PGRE" in "PGRE 30," Anritsu's climate change mitigation initiative, stands for "Private Generation of Renewable Energy," and the "30" represents the achievement period of around 2030 and the target ratio of an in-house power generation roughly 30%.

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





3. Social and Employee Engagement/Well-being Initiatives

3-1. Promoting Work Style Reform and Diversity

Work Style Reform

Anritsu considers well balanced Life and Work, the adequately positioned Work when we place the Life of individuals first at the center of how they spend a day. In that sense we use the term Life-and-Work-balance rather than commonly used term Work-and-Life-balance. The Anritsu Group focuses on enabling its employees to improve productivity by encouraging them to pursue a fulfilling personal life as well as an equally fulfilling professional life. In fiscal year 2020 Anritsu introduced “The 6th action plan for next generation development support” to promote the understanding of employees towards reduction of total work hours and improvement of work styles. (see the table on the right). In fiscal year 2021, we will continue to improve working conditions as the part of our work style reform.

The 6th action plan for next generation development support
(April 1, 2020 to March 31, 2024)

Objectives	Measures	Actions
Improve working conditions toward workstyle reform	Review and improve the workplace environment so employees have a better life-work balance	From April 2020: considering and designing a flexible system that offers workstyle options (such as telework)
Draw up, consider and implement a plan for revising and reinforcing childcare systems	Cultivate a workplace culture in which employees feel free to take days-off or leave for a better life-work balance	From April 2020: promoting a workplace culture that is more supportive of men taking childcare leave

Promotion of Diversity

Anritsu listed 3 targets in GLP2023 as the part of diversity promotion plans. Especially for promotion of women advancement and improvement of the ratio of female managers, we have been able to make some achievements. The ratio of women participants for leadership training increased to 27% in FY2020 from 12% of 2016 by introducing self-application rather than traditional department application. Other measures, such as the training program aimed at supporting the advancement of women’s careers, also proved to be successful, leading to the appointment of two female managers in fiscal year 2020 and two more in fiscal year 2021 (14% of all newly appointed managers in both years).

Ratio of Female Managers

(number of female managers / number of all managers) (%)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Japan	1.3	1.3	1.0	1.1	1.8	2.3
Americas	22.7	24.7	23.0	20.2	18.3	17.9
EMEA	17.0	19.7	22.1	23.5	21.6	24.2
Asia and others	18.2	21.7	21.6	24.1	23.4	24.0
On a global consolidated basis	9.6	10.2	9.9	10.5	10.4	10.8

3-2. Supply Chain Management

Mid-Term Goals until the End of Fiscal year 2023

- ▶ Conducting a CSR procurement survey with at least ten suppliers in 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 knowledges
- ▶ Raising the ratio of Anritsu-certified green suppliers and providing non-green suppliers with environmental education to cultivate an eco-friendly supply chain

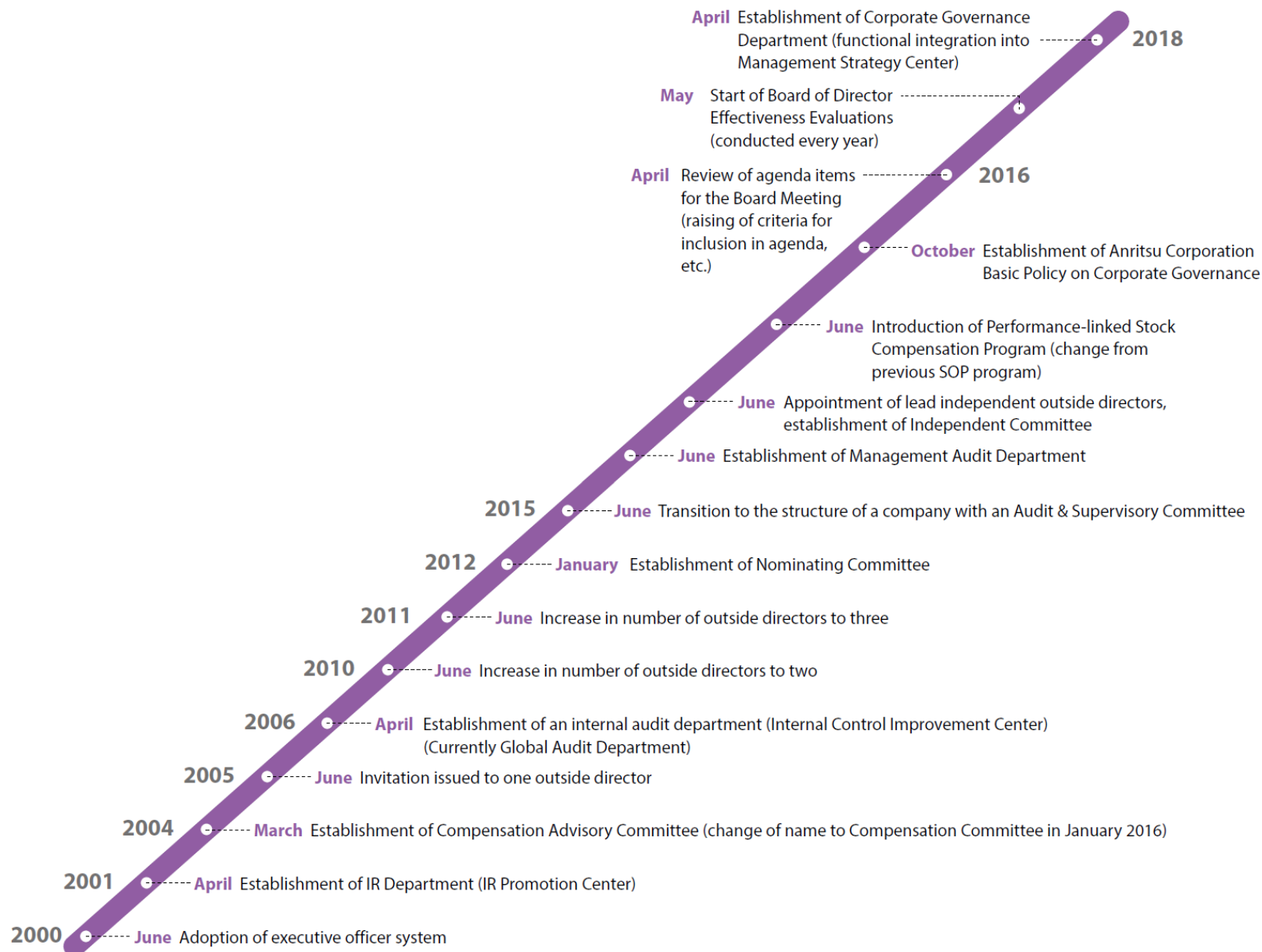
In fiscal year 2010, we formulated the Anritsu CSR Procurement Guideline, which complies with the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). Before starting business or during policy briefings with suppliers, we ask them to learn about and exercise initiative for our CSR procurement policies and submit a letter of consent. We also conduct surveys with suppliers to confirm their stance on CSR. The survey consists of questions about human rights, labor issues, occupational health and safety, fair trade, ethics, product quality and safety, and information security.

In fiscal year 2019, we visited two secondary suppliers in China and Taiwan for onsite factory audits and confirmed that neither presented serious risks associated with human rights, labor, or safety. None of our suppliers has been found to be in compliance according to our CSR surveys and onsite inspections that have been conducted to date. In fiscal year 2020, when an onsite factory audit could not be conducted due to the influence of COVID-19, we used the time to develop an online auditing method. In fiscal year 2021, we plan to conduct online factory audits at two suppliers in Japan and four in Asia.



4. Corporate Governance

4-1. Initiatives to strengthen Corporate Governance



August 2021

Filed an application for selection of the Prime Market in TSE New Market Segments

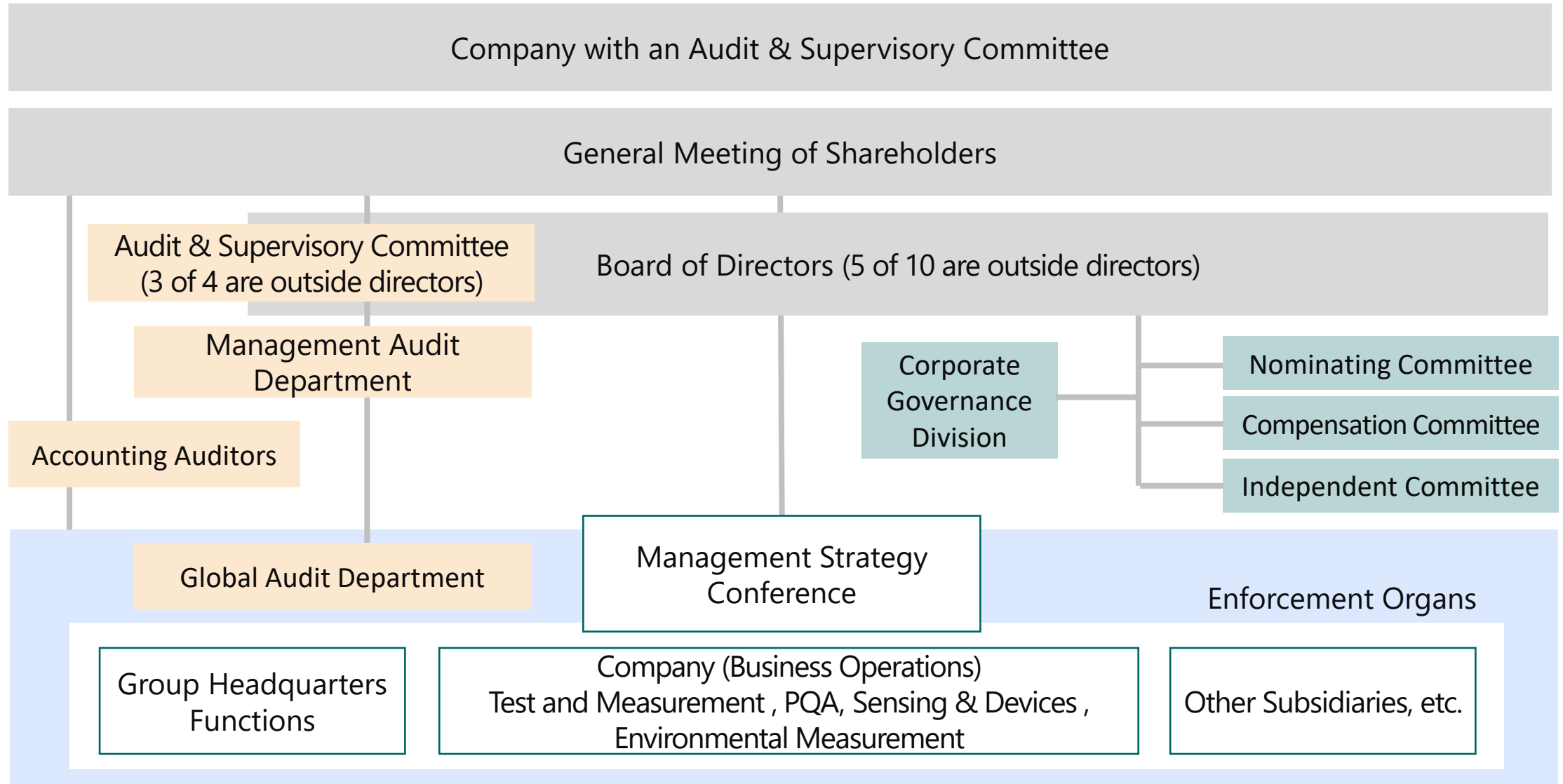
June 2021

An outside director as the member of Audit & Supervisory Committee joined to make total number of director 4 (of 3 are outside directors)
Half of board of directors are outside directors (5 of 10 are outside directors)

February 2021

The evaluation of effectiveness of Audit & Supervisory Committee commenced (will be carried out annually)





4-2. Corporate Governance Structure



4-3. Composition of Directors and Committees

-To enhance our competitiveness and continuously improve our corporate value-
Increased the number of outside directors by one from June 2021 so that the ratio of outside directors has been brought to 50%.

Composition of the Advisory Committees (after 24th June 2021)

	Audit & Supervisory Committee	Nominating Committee	Compensation Committee	Independent Committee
Composition	   	      	      	    

 Director  Outside Director  Chairperson

Meetings Held for the Board of Directors and its Advisory Committees (FY2020)

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
AS	AS	AS	AS	C	AS	AS	I	BD	AS	C	AS
FD		AS	FD			FD		AS	FD	N	N
								C			I
								N			

BD Board of Directors AS Audit & Supervisory Committee C Compensation Committee N Nominating Committee I Independent Committee FD Free Discussion

4-4. System of Officer Compensation

The current scheme for officer compensation, etc. sets business performance-linked compensation to the equivalent of 50% of the basic compensation, as a structural feature to motivate officers in sharing a profit orientation with shareholders and in engaging in management from an awareness of performance and stock price from a medium- to long-term perspective. However, it limits directors who do not engage in execution of business (including outside directors) to fixed compensation only.

The performance-linked compensation is composed of monetary compensation (bonus equivalent to 30% of basic compensation) and non-monetary compensation (stock compensation equivalent to 20% of basic compensation) through an incentive plan employing trusts – i.e., it consists of a bonus as short-term performance-linked compensation and stock compensation as medium- to long-term performance-linked compensation.

The Company conducts evaluations in light of factors including the level of distribution of surpluses for the fiscal year under evaluation, degree of achievement of numerical targets involving management metrics, and degree of achievement of management objectives that include non-financial perspectives set in advance.



5. ESG Indices and External Evaluation

5-1. Status of inclusion in ESG indices (1/2)

- Anritsu has been included in the “FTSE Blossom Japan Index”, the “MSCI Japan ESG Select Leaders Index”, the “MSCI Japan Empowering Women Index” and the “S&P/JPX Carbon Efficient Index” of GPIF (Japan Government Pension Investment Fund).

FTSE Blossom Japan Index

The ESG index is designed by FTSE Russell, a group company of London Stock Exchange. The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong environmental, social and governance (ESG) practices.



S&P/JPX Carbon Efficient Index

Based on carbon data provided by Trucost, one of the pioneers of environmental research companies, S&P Dow Jones Indices (U.S.A), a leading independent provider, has been developed the index methodologies. The indices are designed to increase index weights of the companies which have low Carbon to Revenue Footprints (annual greenhouse gas (GHG) emissions divided by annual revenue) and actively disclosure carbon emission information.



MSCI Japan ESG Select Leaders Index

This index of ESG overall type has been developed by MSCI Inc. (U.S.A). Companies which have high ESG rate in the top 700 market capitalization are selected.

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)

This index has been developed by MSCI Inc. (U.S.A). Companies which have excellent gender diversity at their industry in the top 500 market capitalization are selected.

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

5-2. Status of inclusion in ESG indices (2/2)

- In addition, the company has been included in the following ESG indices.

FTSE4Good Index Series

The World ESG index is designed by FTSE Russell, a group company of London Stock Exchange. The FTSE4Good Index Series offers a representation of the leading global companies in terms of environmental, social and governance criteria.



SNAM Sustainability Index

Sompo Japan Nipponkoa Asset Management Co.,Ltd. (Japan) has used this ESG index. "Buna-No-Mori environment investigation" conducted by SOMPO RISK MANAGEMENT and the "Integrex investigation" conducted by Integrex Inc. put into effect, and those two investigations selected the brand.



STOXX Global ESG Leaders Index

The ESG index is developed by STOXX Ltd., a group company of Deutsche Börse Group. The STOXX Global ESG Leaders Index offers a representation of the leading global companies in terms of environmental, social and governance criteria, based on ESG scores provided by Sustainalytics.



5-3. external evaluation

- Our external assessment of ESG (Environmental, Social and Governance) is as follows.

CDP

International non-profitable organization CDP asks the main enterprise of the world to disclose the environmental information and sends a letter of inquiry of environmental research. The answer is analyzed and estimated and elucidates for the investors. Anritsu has got the "B" which means the risk and influence of the climate change was being managed.



The Excellent Award of Climate Change Report as part of the 24th Environmental Communication Awards

The Ministry of the Environment of Japan and Global Environmental Forum are sponsors and commends the enterprise doing excellent communication activity about the environment. "Anritsu Sustainability Report 2020" received the Excellent Award of Climate Change Report as part of the 24th Environmental Communication Awards in the environmental report section.



An Excellent Enterprise of 2021 Health and Productivity Management Award

Anritsu Corporation was certified as an Excellent Enterprise of 2021 Health and Productivity Management, the award co-hosted by Ministry of Economy, Trade and Industry of Japan and Nippon Kenko Kaigi, in the large enterprise category for 5 consecutive years.



Kurumin Mark Certification

Kurumin certification is a system in which the Ministry of Health, Labor and Welfare of Japan certifies companies that are working to support a balance between work and child-rearing. Anritsu is continuously working to improve the environment to support work-life balance, and after 2015 and 2018, it obtained the third certification in 2020 and was given the Kurumin mark with 3 stars.



Kanagawa Support Care Company Certification

This is the certification of companies that have a base in Kanagawa Prefecture that actively supports both work and care for employees.



