

# Internal Control

## Social issues as a background

There appears no end of late to corporate scandals involving improper accounting and compliance violations, and companies amid such an environment are being called upon to further strengthen measures aimed at preventing these kinds of incidents. Once such a scandal occurs, there is a very real risk of a company losing the trust of its stakeholders, making the continued conduct of its business very difficult. Anritsu believes it is important to establish rules and clear business processes, to abide by them faithfully, and to build and strengthen its operating systems so as to prevent any such improper conduct.

## Policy

The Anritsu Group's internal control system is intended to raise the effectiveness and efficiency of Group management, ensure the validity of financial reporting and establish legal compliance. We are continuously improving and reinforcing the system to respond to the changing business content of the Anritsu Group and growing complexity and diversity of the business environment. This has enabled us to practice sound management activities sustained by a viable internal control system and strive to enhance corporate value.

### Details (WEB)

Basic Policy for Establishing Internal Control System

Arrangement of internal control system and risk management system

## Structure

In the Anritsu Group, the Internal Control Committee, which deals with the validity of financial reporting, and the Corporate Ethics Promotion Committee, which oversees compliance and related committees for information management, promoting fair trade, export/import control, and environmental management, undertake the necessary deliberations, establish and operate internal control systems by implementing cross-Group information sharing and educational programs, and conduct activities to ensure viability. On a global basis, the Anritsu Group has established a Global Internal Control Committee consisting of members of the internal control and promotion divisions in Europe, Asia, the United States, and Japan. This committee shares the current status of the response to risks inherent in the business activities and management issues in each region. They also support the incorporation of internal control procedures for all business processes and are conducting activities to develop an effective and efficient internal control system. Furthermore, the Internal Audit Department of Anritsu Corporation and the other Group companies, directors elected as Audit & Supervisory Committee Members, and the Management Audit Department conduct audits as part of their responsibility to evaluate the activities of these committees and the internal control system and to offer recommendations to related organizations.

## Activities / Achievements

With regard to activities related to the evaluation of internal controls conducted in fiscal 2018, and in the area of financial reporting, the Internal Audit Department of Anritsu Corporation and other Group companies evaluated the effectiveness of internal controls related to financial reporting. Appropriate improvements were implemented against potential risks identified during the evaluation process. In areas other than financial reporting, Anritsu Corporation's internal audit division evaluated the effectiveness of internal controls related to compliance, such as information management and export controls. During the audit, emphasis was placed on verifying processes that had been revised in their control environment due to organizational reform and IT system upgrades.

With regard to Group companies outside Japan, in addition to audits conducted by audit officers in each region, our directors in their capacity as Auditors elected as Audit & Supervisory Committee Members, along with staff from the Management Audit Department and the Internal Audit Department, visited each company to evaluate the effectiveness of internal controls. In fiscal 2018, Anritsu conducted audits on some of Group companies in Asia and Europe in relation to their status on business execution, financial reporting, and compliance.