

Governance

Internal Control

Stance on Social Issues

There appears no end of late to corporate scandals involving improper accounting and compliance violations. 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. In the midst of this environment, companies are being called on to conduct transparent and fair decision-making in activities such as ensuring financial solidity and legal compliance, aimed at preventing these kinds of incidents.

The Anritsu Group believes it is important to establish rules and clear business processes, abide by them faithfully, and build and strengthen its operating systems on a global basis.

Policy

The Anritsu Group's internal control system is intended to ensure the validity of financial reporting and establish and enhance its compliance system. 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 an effective internal control system and strive to enhance corporate value.

WEB Basic Policy for Establishing Internal Control System

Structure

In the Domestic Anritsu Group, the Internal Control Committee deals with the validity of financial reporting, and the Corporate Ethics Promotion Committee and related committees for information management, promoting fair trade, export and import control, and environmental management with a focus on compliance. All the committees undertake the necessary deliberations, establish and operate internal control systems by implementing information sharing and educational programs across the Group, and conduct activities to ensure effectiveness. On a global basis, the Group has established a Global Internal Control Committee consisting of members of the internal control and promotion departments in the Americas, Europe, Asia, 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 each committee and the internal control system and to offer recommendations to related organizations.

WEB Arrangement of the internal control system and risk management system

Activities and Achievements

In the area of financial reporting, the Internal Audit Department of Anritsu Corporation and other Group companies evaluated the effectiveness of internal controls. Appropriate improvements were implemented against potential risks identified during the evaluation process in fiscal 2020. With regard to compliance, Anritsu Corporation's Internal Audit Department verified the effectiveness of internal controls, placing emphasis 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, and 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 Internal Audit Department, visited each company to evaluate the effectiveness of internal controls. In fiscal 2020, Anritsu conducted audits on some of the areas in Asia and Europe in relation to their status on business execution, financial reporting, and compliance and verified effectiveness. In fiscal 2023, we will work to ensure that all Group companies outside Japan meet the criteria for Control Self Assessment (CSA).