

## 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 has established an internal control system with the primary objectives of ensuring the reliability of financial reporting and establishing and enhancing 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.

[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.

[Arrangement of the internal control system and risk management system](#)

## Activities and Achievements

## Evaluating the Effectiveness of Internal Controls

In the area of financial reporting, the Internal Audit Department of

Anritsu Corporation and other Group companies evaluate the effectiveness of internal controls. Appropriate improvements were implemented against potential risks identified during the evaluation process in fiscal 2021. 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 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 2021, these activities resulted in 14 audits conducted by the Audit & Supervisory Committee and the Management Audit Department and 10 audits conducted by the Internal Audit Department, confirming the effectiveness of the Anritsu Group's internal controls both in Japan and overseas.

### Efforts to Strengthen Internal Controls at Group Companies

We have established a set of rules and regulations for Anritsu Group management governing matters that require Group companies both in Japan and overseas to seek prior approval from, or report to, Anritsu Corporation. We have also established guidelines outlining the minimum requirements for managing each Group company to reinforce our global governance system. To assess compliance with these guidelines, all Group companies are required to conduct a Control Self-Assessment (CSA), and our Internal Audit Department reviews the CSA results of each Group company to determine its level of compliance. One of the goals of GLP2023 is to ensure that all our overseas Group companies meet CSA criteria. To achieve this, we are now defining the level required of each company for making incremental improvements, which we intend to complete in fiscal 2022.

## VOICE

### Improving the Level of Internal Controls across the Anritsu Group

Naoko Makino

Manager, Global Audit Department, Anritsu Corporation

Since fiscal 2021, I have been working on management guidelines and CSA\*. I am constantly working to find the most appropriate internal controls that will enable each Anritsu Group company to operate appropriately as a member of the Anritsu Group, taking into account the latest trends in business, laws, accounting standards, social conditions, and other relevant information.

The CSA prepared by the Global Audit Department consists of 216 questions in 14 categories in accordance with the management guidelines, and all overseas subsidiaries required to comply with the guidelines evaluate themselves by answering these questions every year.

As we operate on a global stage, it is extremely important that we address risks specific to each region, comply with local laws and regulations, and abide by laws that extend beyond national borders.

We will continue to make every effort to become a company that provides stakeholders with even greater peace of mind by creating a virtuous cycle through the annual CSA, in which each Anritsu Group company identifies the most appropriate internal controls for its size and type of business and sets goals to improve its own operations, which in turn raises the level of internal controls for the entire Anritsu Group.

\*Control Self-Assessment