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Strengthening Global Governance, the Cornerstone of Growth in the Anritsu Group



Director, Executive Vice President, Chief Corporate Officer
Akifumi Kubota

Looking Back on the GLP2023 Mid-Term Business Plan

The Anritsu Group has identified “maintaining management transparency” as a materiality issue in the area of governance. For GLP2023, we worked towards the goals of “promoting the diversity of the Board of Directors” and “establishing an internal control system at overseas subsidiaries.” In terms of “promoting the diversity of the Board of Directors,” the target of “50% or more outside directors” was achieved. In terms of “establishing an internal control system at overseas subsidiaries,” the target of “all overseas subsidiaries (30 companies) meeting the criteria of the Control Self Assessment (CSA)” was achieved in all categories by 90% of all subsidiaries.

In the evaluation of the effectiveness of the Board of Directors in FY2023, the internal and external directors were evaluated as engaging in free and open discussions from an independent standpoint, and the deliberation process was evaluated as highly transparent. On the other hand, many people expressed the opinion that “we should focus our discussions on medium- to long-term management issues.” This “intensive discussion of management issues” has been set as a goal for the GLP2026 Mid-Term Business Plan. Time will be set aside for intensive discussions at board meetings on the six management issues identified in the assessment of effectiveness. With regard to our other goal of “Promoting the diversity of the Board of Directors: 20% or

greater ratio of female directors,” the Nominating Committee will take up this issue as a priority and continue to discuss how to achieve this goal as soon as possible.

Fraud Prevention Initiatives

In 2023, a series of corporate scandals occurred in Japan. The Anritsu Group is working on three approaches to prevent fraud: Improved awareness, improved knowledge, and effective operation of the internal reporting system. In terms of “improved awareness,” we hold regular training sessions such as Corporate Ethics Promotion Month. When a high-risk case occurs, we hold a management strategy meeting to discuss the situation and confirm progress, from investigating the truth to deciding on future responses. In terms of “improved knowledge,” each department is equipped with a system that enables them to keep up to date with the latest information on laws and regulations relevant to their work, and to report on the results of their risk assessments and countermeasures to the executive officer in charge. In terms of “effective operation of the internal reporting system,” we are making improvements to the reporting and consultation service (hotline) and conducting monitoring through corporate ethics surveys. When a report is received, we thoroughly protect the person who submitted the

report and promptly confirm the facts. If the facts are confirmed as reported, we take corrective action. In the internal reporting system, the number of reports from overseas is low compared to the ratio of the number of employees in Japan and overseas. We will investigate the effectiveness of the system and make improvements as necessary.

Improving Global Governance

The Anritsu Group is expanding its business with the aim of becoming a company with annual sales of 200 billion yen by FY2030. Strengthening global governance is an important issue. We will provide training regarding the risk of bribery, strengthen measures to prevent misconduct, and strengthen compliance promotion systems at overseas group companies in countries with high country risk. With an eye to expanding into new business areas, we will also begin to develop our management structure and train our staff, with a view to M&A at overseas companies.

The Anritsu Group will continue to emphasize dialogue with stakeholders and conduct honest organizational management in response to changes over time and the demands of society. We will do our utmost to ensure that the Anritsu Group continues to grow as a company that contributes to solving social issues and is trusted by everyone.

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Corporate Governance

Basic Concept

The Anritsu Group considers it a top management priority to respond flexibly and speedily to changes in the business environment, to enhance its competitiveness as a global company, and to continuously improve its corporate value. To achieve this, we strive to create an environment and structure in which corporate governance functions effectively. We are working to strengthen corporate governance from the following perspectives.

- (1) Improvement of management transparency
- (2) Appropriate and timely disclosure of information
- (3) Strengthened supervision of management
- (4) Development of human resources for management

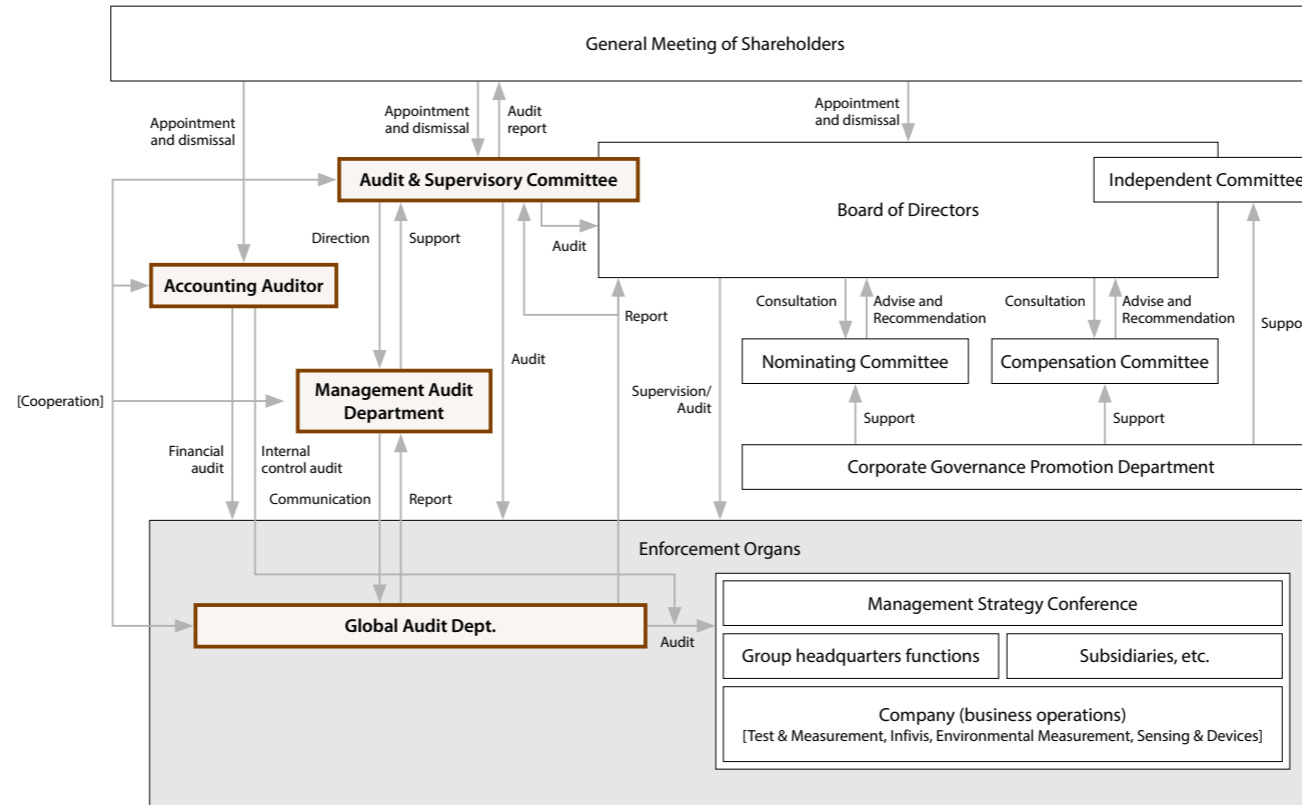
System

An overview of the corporate governance structure of the Anritsu Group is as follows.

- In order to strengthen the auditing and supervisory functions, we have adopted a corporate structure that includes an Audit Committee.
- To ensure transparency and accountability, a Nominating Committee and a Compensation Committee have been established.
- The Anritsu Group is a highly specialized manufacturing company, and business execution requires on-site sensibility and speed. We have introduced an executive officer system as a management system that allows senior management to make prompt decisions, execute business operations, and exercise precise management skills.

WEB [Anritsu Corporation Basic Policy on Corporate Governance](#)

Structure of Corporate Governance



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Board of Directors

Anritsu separates the functions of the Board of Directors for decision-making and supervision from those of the Executive Officers for conducting business. Meetings of the Board of Directors are held to make resolutions on matters stipulated by the Companies Act and the Articles of Incorporation, as well as important matters concerning Anritsu and its group companies, and to supervise the status of the execution of duties.

Audit & Supervisory Committee

The Audit Committee audits the execution of duties by directors, the effectiveness of internal control systems, business performance, and financial conditions.

Nominating Committee

The Nominating Committee supplements the role of the Board of Directors in the appointment, selection, dismissal, and removal of directors and executive officers, and is responsible for improving the appropriateness and transparency of the appointment, selection, dismissal, and removal of directors and executive officers.

Compensation Committee

The Compensation Committee supplements the role of the Board of Directors in determining the compensation of directors and executive officers, and is responsible for improving the fairness, appropriateness, and transparency of compensation.

Independent Committee

The Independent Committee is composed solely of outside directors. The chairperson of the Independent Committee is selected by outside directors from among themselves. The chairperson is responsible for summarizing the opinions of the outside directors and communicating and coordinating with management.

Management Strategy Conference

Important matters related to conducting business are deliberated and decided at the Management Strategy Conference, which is chaired by the Group CEO and made up of executive directors and executive officers.

Evaluating the Effectiveness of the Board of Directors

An assessment of the effectiveness of the Board of Directors is brought up at the December, January, February, and March meetings of the Board of Directors each year. In December, we review the status of initiatives implemented to improve issues identified in the previous fiscal year's evaluation, and discuss the evaluation policy for the current fiscal year. Evaluations based on the new evaluation policy begin in January. In February, responses are analyzed and deliberations are held, including the consolidation of supplementary opinions. In March, the issues identified based on the evaluation results are shared, and a resolution is made regarding the initiatives that should be implemented for improvement going forward. As a Board of Directors, we link this series of evaluation efforts to effective management oversight.

Furthermore, as a quarterly initiative, the "free discussion" held after meetings of the Board of Directors includes the participation of all directors, vice presidents, executive officers, and the heads of business divisions. Active discussions are held on medium- to long-term management issues related to each of the businesses in the Anritsu Group.

WEB *Integrated Report*

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Risk Management

Policy

With the globalization of society, risks surrounding companies are becoming more diverse. The Anritsu Group recognizes that strengthening risk management is an extremely important management issue in order to continue its business and fulfill its responsibilities to society.

Based on this idea, we have developed the Anritsu Group Risk Management Policy.

WEB Risk Management Policy

System

The Anritsu Group has established Basic Risk Management Regulations and classified major risks associated with business activities into seven categories: business risk, risk of legal violations, environmental risk, product and service quality risk, export and import control risk, information security risk, and infectious disease and disaster risk.

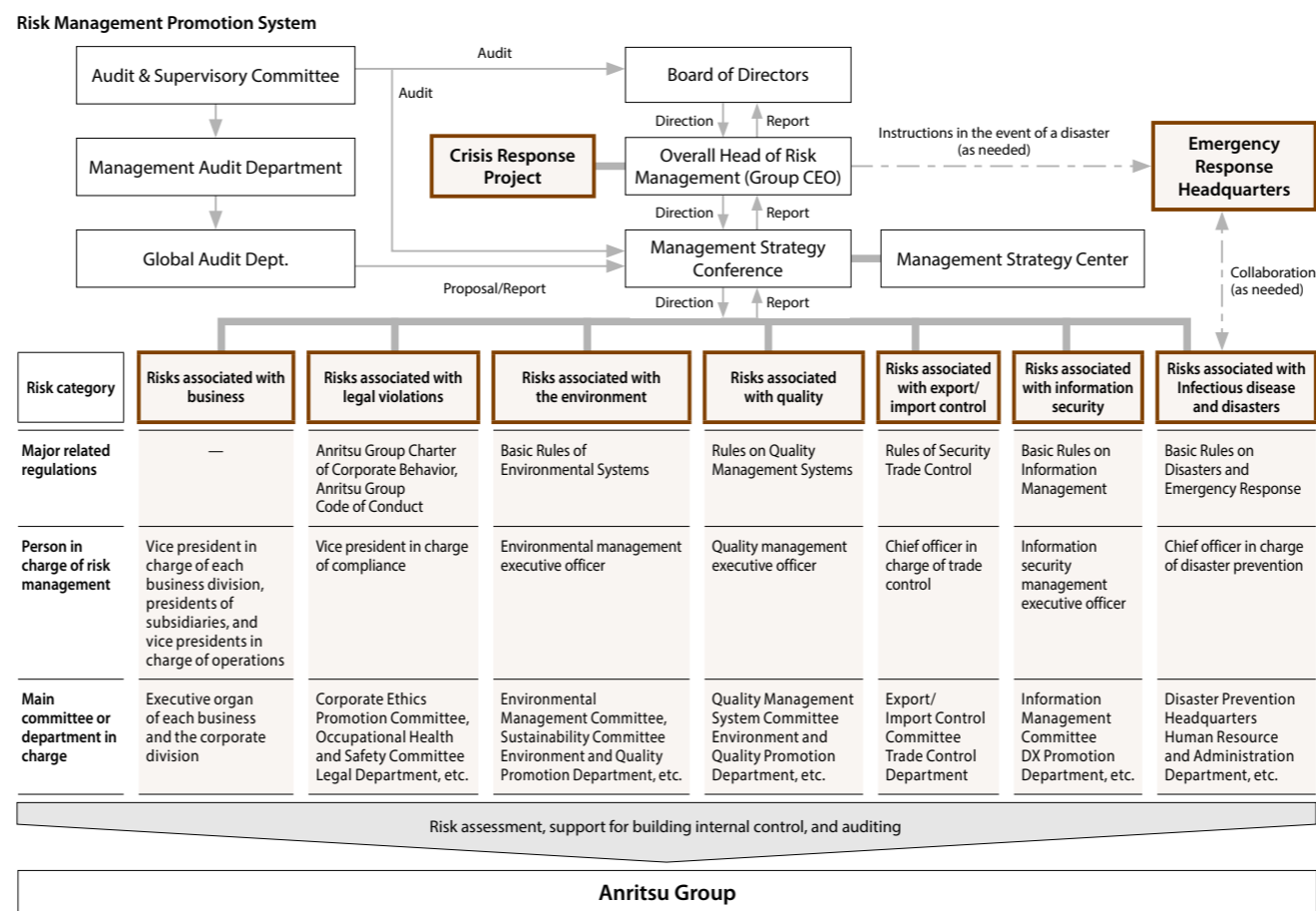
These risk management activities are overseen by the Board of Directors, while the executive officer in charge of the relevant categories, under the supervision of the Group CEO, is responsible for risk management. The person responsible for risk management directs the relevant departments to carry out committee activities. These committees conduct risk assessments, support the establishment of internal controls, and conduct audits. The person responsible for risk management reports the results of these activities to the Management Strategy Conference, which deliberates and evaluates them. Then, the Group CEO or the person

responsible for risk management reports the results of these deliberations to the Board of Directors as necessary. Risk management for overseas groups is supported by the persons responsible for risk management in their respective areas.

Within the risk management promotion system, for example, the risk associated with legal violations is mainly investigated and analyzed for the risks related to the following laws and regulations. An activity plan is formulated each

fiscal year and the results of these activities are reviewed in order to make improvements.

Major Laws and Regulations: Labor laws, health and safety laws, subcontracting laws, anti-monopoly laws, premiums and representation laws, financial instruments and exchange laws, laws related to intellectual property, company laws, laws related to anti-bribery, laws related to human rights (such as modern slavery laws)



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Risks Related to Business Activities

Risk category	Risks associated with business	Risks associated with legal violations	Risks associated with the environment	Risks associated with quality	Risks associated with export/import control	Risks associated with information security	Risks associated with Infectious disease and disasters
Background of risk	<ul style="list-style-type: none"> Unexpected changes in the external environment or rapid changes in the market or business environment Economic trends in overseas countries and changes in international affairs Sudden exchange rate fluctuations Prolonged inventory and defects Insufficient human resources, insufficient training of human resources 	<ul style="list-style-type: none"> Violation of laws and regulations Behavior contrary to social needs 	<ul style="list-style-type: none"> Further strengthening of environmental regulations Environmental liability arising from past conduct Environmental pollution caused by natural disasters 	<ul style="list-style-type: none"> Unforeseeable occurrence of serious quality defects Situations leading to product liability 	<ul style="list-style-type: none"> Tighter restrictions on domestic and foreign exports due to the U.S.-China conflict and the Russia issue Leakage of sensitive technical information due to increased international mobility of human resources 	<ul style="list-style-type: none"> Information security incidents caused by cyber attacks Information leakage due to inadequate controls 	<ul style="list-style-type: none"> Outbreak of large-scale infectious disease Natural disasters such as earthquakes and typhoons Outbreak of fire, war, terrorism, or riots
Impact	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial condition and operating results 	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial condition and operating results due to legal penalties, lawsuits, social sanctions, or brand damage 	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial position and operating results due to increased costs of legal compliance and environmental measures 	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial position and operating results due to loss of public trust, lawsuits, social sanctions, brand damage, and compensation and countermeasure costs 	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial position and operating results due to loss of public trust, lawsuits, social sanctions, brand damage, or loss of business opportunities 	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial condition and operating results due to loss of public trust, lawsuits, social sanctions, or brand damage 	<ul style="list-style-type: none"> Adverse effects on the Anritsu Group's financial condition and operating results due to supply chain disruptions, plant shutdowns at Anritsu and its customers' and suppliers' plants, and political and economic instability
Anritsu Group response	<ul style="list-style-type: none"> Respond to a wide variety of business risks, led by the Risk Management Officer in charge 	<ul style="list-style-type: none"> Ensure that all employees are familiar with the Anritsu Group Code of Conduct Strengthen compliance promotion activities Establish a global corporate ethics promotion system Establish various committees to deal with various laws and regulations 	<ul style="list-style-type: none"> Develop and provide environmentally conscious products Reduce CO₂ emissions through energy conservation in offices and factories Reduce waste by promoting the 3Rs Set voluntary management standards that are stricter than laws and ordinances 	<ul style="list-style-type: none"> The Quality Management System Committee and PL Committee maintain, improve, and assure product quality and operate the quality management system. Establish a system for handling product accidents Examine product accident prevention systems and initiatives to prevent recurrence 	<ul style="list-style-type: none"> Develop a global import/export management system Continue strengthening export control processes, including the provision of technology 	<ul style="list-style-type: none"> Reinforce the information security management system Conduct information security training Establish a strong and uniform security system on a global basis 	<ul style="list-style-type: none"> Establish a crisis task force to gather information and take necessary actions Create BCP and elaborate on response procedures

Activities and Achievements

Risk Management Training

The Risk Management Promotion Department holds "Risk Management Training" for newly appointed managers in the domestic group. After learning specific risk management methods during training, participants will apply the techniques they have learned to their actual work, and then attend follow-up training six months later.

Based on the risk management training for overseas employees conducted in FY2022, we plan to gradually implement training for overseas group companies from FY2024.

Global Risk Management

The Anritsu Group has established guidelines outlining the minimum requirements that all overseas group companies must comply with in their management. The requirements cover a wide range of areas, from familiarization with company philosophy and codes of conduct to internal controls,

compliance, respect for human rights, promotion of diversity, personnel management, and information security.

Each overseas group company conducts a self-assessment based on these guidelines every year. Anritsu's Risk Management Promotion Department evaluates the management level of each company based on the results of these assessments and provides feedback to overseas group companies on priority issues to be addressed. Self-evaluation began in FY2020, and the number of evaluation items was increased in stages until all items in the guidelines are evaluated beginning in FY2022.

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Internal Control

Policy

Inappropriate accounting and compliance violations by companies have become social problems, and companies are required to strengthen their internal controls. The Anritsu Group develops and ensures the operation of the system based on the “Basic Policy for Establishing Internal Control System,” which was resolved by the Board of Directors with the main objectives of ensuring the reliability of financial reporting and improving and enhancing the compliance system. In order to respond to changes in the nature of our business and the increasing complexity and diversity of the business environment, we will continually review our internal control system to ensure its effectiveness.

WEB *Basic Policy for Establishing Internal Control System*

System

The Anritsu Group has established enforcement organs for each risk category as shown in the diagram of the risk management promotion structure. Each enforcement organ deliberates on various measures, develops and operates internal control systems across domestic and overseas group companies, and promotes activities to ensure their effectiveness. Activities are reported by each enforcement organ to the Management Strategy Conference and, when necessary, to the Board of Directors.

The Anritsu Audit Committee, Management Audit Department, Internal Audit Department, and the internal

audit departments of group companies conduct audits that lead to the evaluation of the activities of each committee and internal control system, and make recommendations to the relevant organizations.

P.71 *Risk Management Promotion System*

WEB *Basic Views on Internal Control System and the Progress of System Development*

Activities and Achievements

● Assessing the Effectiveness of Internal Controls

The effectiveness of internal controls is assessed by the Anritsu Audit Committee, Management Audit Department, Internal Audit Department, and the internal audit departments of each group company, which take the lead in conducting management interviews, data analysis, and on-site inspections for departments and group companies.

In FY2023, the Audit Committee and the Management Audit Department conducted 12 audits and the Internal Audit Department conducted 7 audits to confirm the effectiveness of the group's internal controls in Japan and abroad.

Deficiencies were detected in areas related to financial reporting, but appropriate remedial actions have been taken. With regard to compliance, we focused on verifying the effectiveness of processes that have undergone changes in the control environment as a result of reorganization and IT system updates.

The Internal Audit Department is working to further improve audit quality, including by having its audit quality evaluated by an external specialist organization in fiscal 2023.

● Strengthening the Internal Control of Group Companies

Anritsu manages the internal control of group companies by establishing regulations on matters that require prior approval and/or must be reported. We have established guidelines outlining the minimum requirements for the management of each group company, and require all overseas subsidiaries to conduct Control Self-Assessments (CSA) to ascertain the status of their activities based on these guidelines.


GLP2023, our mid-term management plan, aimed to have all of our 30 overseas subsidiaries meet CSA standards by FY2023.


- The results of the evaluation are as follows.
 - Companies that meet the criteria in all items: 90% (Number of items:157)


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The Anritsu Group conducts a corporate ethics survey that includes questions about harassment, and we use the results to understand the current situation. Harassment is reported several times every year, and we are strengthening our efforts to eradicate this problem.

Issues and Measures Regarding the Eradication of Harassment

The department in charge of compliance is focusing on the following issues:

- Unifying the awareness of employees about what kind of words and actions constitute harassment
- Creating an environment where people will intervene and correct behavior when harassment occurs

The following measures were implemented during Corporate Ethics Promotion Month in October 2023.

► **Establishment of “Harassment Prevention Guidelines”**

Guidelines were established that include definitions of harassment, specific examples, prevention measures, responses to reports and consultations, and penalties for violations.

► **Lecture on the prevention of harassment**

A lecture was held by a lawyer, and about 1,000 employees participated. The content and results of a variety of harassment-related lawsuits that have occurred in the real world were discussed.



Scenes from the lecture

► **Educational activities**

Each department discussed the following and reported to the Vice President in charge of compliance.

- (1) Current situation at work
- (2) Improvements and future measures to prevent harassment
- (3) Opinions and insights based on lectures and guidelines

The “Harassment Prevention Guidelines” clearly state the following.

- Harassment targets, scope of application, and definitions
- Specific examples of harassing speech and behavior
- Supervisors and managers who are aware of harassment are obliged to report it to the company and take action, and if they neglect the problem or respond inappropriately, they may themselves become subject to disciplinary action.
- Procedure from consultation to treatment
- Confidentiality and the prohibition of disadvantageous treatment should be defined during consultations

FY2023 Results and Future Initiatives

As a result of these initiatives, employees suggested that we introduce a system where we can point out issues among our colleagues, such as through 360-degree evaluations. Some employees realized that some of their actions in the past might have been harassment. In FY2023, the number of calls to the hotline increased. We think this is because there is a better understanding of harassment among employees and it has become easier to talk about.

In FY2024, we will check the results of the initiatives taken in FY2023. We also want to implement group training by level and raise awareness of the hotline. During the training sessions, we aim to raise awareness among those who think that harassment is irrelevant to them. By raising awareness of

the hotline, we aim to improve the reliability of the assistance system and to create a system where people can seek advice without hesitation when they need it.

P.76 Number of Hotline Calls

Initiatives for preventing harassment

Outside Director, Lawyer
Nozomi Ueda



The harassment prevention activities implemented by the Anritsu Group are reported to the Board of Directors. I sensed a sincere corporate culture from the company's ambitious efforts to eradicate the problem. Employees are trying to make changes, and say that they want to learn more about this issue on a regular basis. Harassment in the workplace is becoming an even more complex issue. What constitutes harassment and how should it be dealt with? We need training that allows employees to share their concerns and strengthen their horizontal connections. I would like to see the hotline system made more transparent, with the introduction of things like a survey system and case studies. I would also like to see the environment improved so that anyone can feel confident to consult with their supervisor.

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Policy

In order to remain an ethical corporate group, the Anritsu Group requires all employees working for the Anritsu Group to comply with laws and regulations in all their activities and to adapt their behavior to social demands.

The Anritsu Group states the importance of compliance in its Sustainability Policy, our philosophy of corporate conduct in the Anritsu Group Charter of Corporate Behavior, and our guidelines for employee behavior based on the Charter of Corporate Behavior in the Anritsu Group Code of Conduct.

To ensure that we conduct our business fairly and honestly in all countries and regions in which we operate, we have established the Anritsu Group Anti-Bribery Policy.

These policies specify anti-corruption matters such as prohibition of bribery, prohibition of insider trading, prohibition of money laundering, and blocking of relationships with antisocial forces, as well as compliance with various laws and regulations such as antitrust laws and export/import laws.

For suppliers, our Basic Rules for Procurement stipulate compliance with laws and regulations, consideration for human rights and labor, and implementation of ethical activities.

WEB Sustainability Policy

WEB Anritsu Group Charter of Corporate Behavior

WEB Anritsu Group Code of Conduct

WEB Anritsu Group Anti-Bribery Policy

System

The promotion of compliance in the Anritsu Group is spearheaded by the Group CEO, who chairs the Corporate Strategy Meeting, under the supervision of the Board of Directors. The Corporate Ethics Promotion Committee, chaired by the vice president in charge of compliance and with the participation of representatives from domestic group companies, oversees compliance promotion activities under the Management Strategy Conference. The Corporate Ethics Promotion Committee and its secretariat, the Legal Department, have established a global promotion system in cooperation with the compliance managers of each overseas group company. The Legal Department, together with related committees for legal compliance, requests each overseas

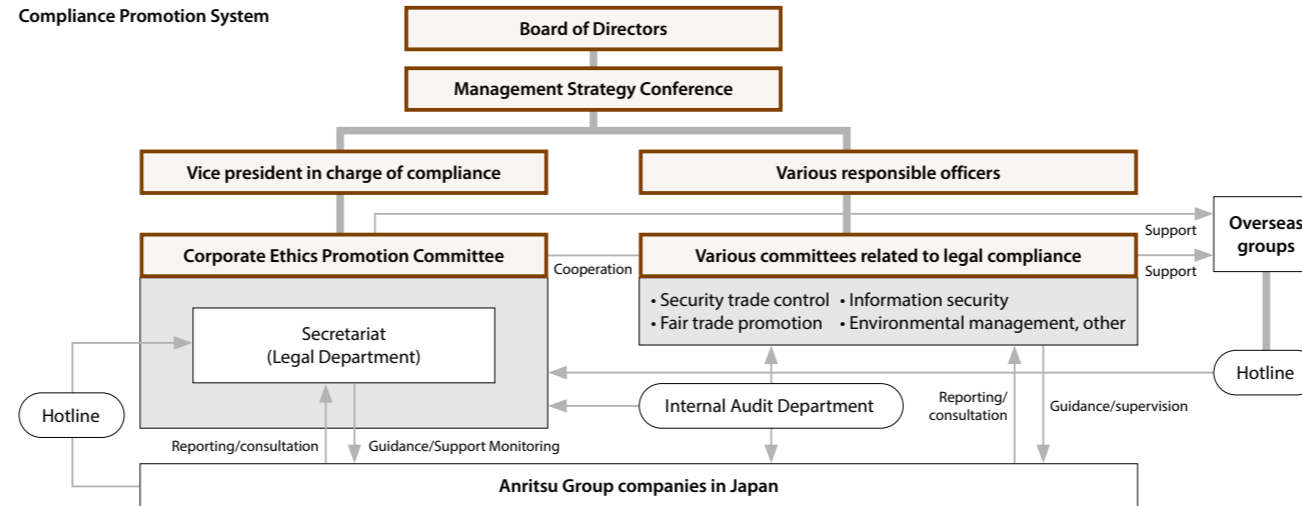
group company to comply with ethical laws and regulations based on the laws, culture, and customs of each country and region, and provides necessary operational support.

The vice president in charge of compliance regularly reports the results of these activities to the Management Strategy Conference and the Board of Directors.

The Internal Audit Department audits at least once per year whether the compliance promotion system is functioning properly and makes recommendations and requests improvements as necessary.

The Board of Directors will oversee the revision or abolishment of the Anritsu Group Anti-Bribery Policy, as well as any instances of violations or measures that are not in accordance with the Group Policy.

Compliance Promotion System



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Key Issues

We have established priority issues based on the results of responses to the Corporate Ethics Questionnaire, revised laws and regulations, and comparisons with other companies' risk recognition levels.

Key Compliance Issues

Key Issues	Results for FY2023
Continue to achieve zero serious compliance violations	There were no violations of laws and regulations, significant noncompliance, or associated fines or sanctions.
Create a workplace environment where there is no harassment or constraints	There were five cases identified as harassment. Corrective measures are being implemented for these cases.
Thorough management of overtime work	Thorough control is achieved by making the amount of time computers are accessed visible, improving operational efficiency, and balancing load.
Prevention of bribery and corruption overseas	No violations related to bribery were identified, and there were no fines or administrative penalties.

Activities and Achievements

● Reporting and Consultation (Hotline)

The Anritsu Group has established an insider reporting and consultation service for compliance violations, including overall anti-corruption, in accordance with the Basic Rules on Ethics and Legal Compliance and the Internal Reporting Rules. The company accepts complaints by phone, e-mail, and in person, and operates two lines of communication: internal and external (by legal counsel and outside professional organizations). We also have a "Workplace Hotline" that employees can use to report problems in English. The target group includes directors and employees (regular, contract, part-time, and temporary employees), and retirees (within

one year of resignation). Reporting and consultation can be handled anonymously.

Regarding reports and consultations received through the hotline, the facts are confirmed through interviews with the whistleblower and related parties. The investigation method is scrutinized under the supervision of the Corporate Ethics Promotion Committee chairperson, and the department in charge of the hotline cooperates with the relevant departments to take the appropriate action. Depending on the nature of the report or consultation, the department in charge of consultation will report the problem to the vice president in charge of compliance and the Group CEO, who will take corrective actions such as improvement activities. All information received will be treated confidentially and the informant/consulter will not be identified. Any retaliation against the informant/consulter or anyone else involved will result in severe penalties.

External consultation and reporting for overseas groups has been established in the Americas since 2016 and in Europe, Asia, and other Anritsu Group locations since 2020. We have established an operational structure for all regions where we conduct business activities.

The status of the operation of the Hotlines in Japan and overseas is regularly reported to the Management Strategy Conference and the Board of Directors through the Corporate Ethics Promotion Committee, and any necessary instructions are provided.

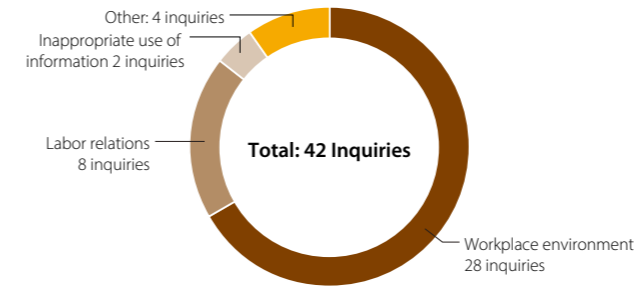
For external stakeholders such as customers, suppliers, shareholders, investors, and local residents, we accept reports and consultations through the Contact page on our website.

Number of Hotline Calls (Units: Cases)

	FY2019	FY2020	FY2021	FY2022	FY2023
External point of contact: Workplace Hotline	20	8	18	15	23
Internal point of contact "Hotline"	7	7	4	9	19

WEB External Point of Contact

Number of Hotline Inquiries by Category (FY2023)



● Compliance Promotion Activities

Training and Awareness Activities

In order to raise the awareness of each and every employee regarding compliance and to conduct a comprehensive review of their own actions and workplace conditions, every year the domestic group designates a "Corporate Ethics Promotion Week" in April and holds "Corporate Ethics Promotion Month" in October. At these times, we conduct various training and educational activities for all employees (regular, contract, part-time, and temporary employees). The details for FY2023 are as follows.

April: Corporate Ethics Promotion Week

- Test and submission of statement regarding the Anritsu Group Code of Conduct (all employees in Japan and overseas)
- Contract inventory
- Dissemination of information regarding reporting and consultation
- Compliance training for new employees
- Compliance training for new managers

October: Corporate Ethics Promotion Month

- Establishment of "Harassment Prevention Guidelines"
- Lecture on the prevention of harassment
- Corporate ethics surveys (monitoring)
- Departmental awareness-raising activities using the Harassment Prevention Guidelines
- E-learning (subcontracting law, information security, trademark and copyright, product safety, SDGs, etc.)

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Distribution of “Guidelines and Insights for All Members of the Anritsu Group”

Anritsu distributes “Guidelines and Insights for All Members of the Anritsu Group,” which summarizes the company philosophy, company vision, company policy, sustainability policy, Anritsu Group Charter of Corporate Behavior, and Anritsu Group Code of Conduct, to all employees in Japan to ensure that all employees are aware of compliance.

Corporate Ethics Survey

Each year, the Domestic Group conducts a corporate ethics survey to monitor various issues related to the conduct of business.

Two types of surveys will be conducted at the same time: one for Domestic Group employees, and one for temporary employees and suppliers to get an outside perspective on the behavior of Anritsu Group employees. From the results, the Corporate Ethics Promotion Committee identifies actions to solve problems or prevent problems from occurring, as well as key issues to address in the future.

Number of Corporate Ethics Investigations Handled (Units: Investigations)

	FY2019	FY2020	FY2021	FY2022	FY2023
Corporate Ethics Survey Responses to free writing	13	5	7	6	6

Raising Awareness through Case Studies

The Domestic Group regularly publishes case studies to improve awareness and understanding of compliance. As part of our compliance promotion activities, we provide tools that can be used in discussions at departmental and organizational meetings to raise awareness of compliance and laws and regulations. We have introduced 224 case studies through February 2024.

Compliance Self-Assessment

The Anritsu Group conducts self-assessments of compliance and takes appropriate action when problems are identified. There were no fines or administrative penalties for violations in FY2023.

● Anti-Bribery

Promotion of Anti-Bribery Activities

The Legal Department is in charge of anti-bribery activities, and has established the Anritsu Group Anti-Bribery Policy to ensure that all Anritsu Group employees, both in Japan and overseas, are fully aware of the policy. The supervising department provides e-learning and training on anti-bribery activities for domestic and international managers and sales staff, as well as guidance, support, direction, and training for relevant departments within the company. The Anritsu Group Anti-Bribery and Corruption Rules, which are based on the Anritsu Group Anti-Bribery Policy and include specific procedures in accordance with international standards, have been established and are being disseminated to employees of overseas group companies. This rule focuses on “prior approval regarding gifts, etc.” and “due diligence when entering into new contracts with agents and other third parties.” In FY2023, the Legal Global Committee will review and revise the details for “prior approval regarding gifts, etc.”

The plans and results of these activities are reported to the Board of Directors and the Management Strategy Conference.

WEB [Anritsu Group Anti-Bribery Policy](#)

● Other Major Achievements

Enhancement of Group Governance

In order to further enhance group governance in the Anritsu Group, we have established regulations on matters that require approval or reporting by the parent company regarding the

operations of domestic and overseas group companies, as well as the procedures for such approval and reporting. We began implementing these regulations in April 2022. This ensures that business operations are conducted in accordance with unified reporting and decision-making rules within the group, leading to improved group management adequacy and a stronger internal control system.

Promoting Fairness in Business Activities

The domestic group has established the Fair Trade Promotion Committee for Sales Activities, which conducts training activities and formulates countermeasures to ensure compliance with the Antimonopoly Act and related laws and regulations. One of our activities is to conduct an annual internal audit of all sales departments. The Internal Audit Department conducts interviews based on self-checks of audited departments, verification of evidence, and suggestions for improvement. The Legal Department conducts internal audits regarding risks such as bid rigging for sales departments that participate in public bidding. E-learning on fair trade is provided to the sales department and other departments upon request.

The FY2023 audit did not identify any events or issues that would violate antitrust laws or related regulations. There were no legal actions taken by the Japan Fair Trade Commission regarding antitrust or other issues.

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Protection of Personal Information

In recent years, there has been a movement in many countries to strengthen the protection of personal information and to legislate the appropriate handling of personal information. In response to the enforcement in April 2022 of the revised Act on the Protection of Personal Information, the Anritsu Group has revised its Privacy Policy and Personal Information Protection Regulations to ensure the thorough management of the personal information of customers, employees, and other stakeholders. The company has also obtained TRUSTe certification from TrustArc, a third-party certification organization in the United States.

The Anritsu Group is taking measures to comply with the EU General Data Protection Regulations (GDPR), which came into force in 2018.

In FY2023, we submitted notification to the Chinese government to comply with the transfer of personal information outside of China under China's Personal Information Protection Law, and we were approved.

WEB [Anritsu Group Privacy Policy](#)

WEB [Anritsu Web Privacy Statement](#)

Social Media Policy

The Anritsu Group formulated and implemented the Anritsu Group Social Media Policy to ensure the appropriate use of various services, including compliance with laws and regulations and ensuring the accuracy of information transmitted, based on respect for the freedom of individual expression. In addition to the basic policy, we have also established guidelines for the operation of the official Anritsu Group accounts.

WEB [Anritsu Group Social Media Policy](#)

Tax Compliance

Basic Tax Policy

The Anritsu Group stipulates the following provisions in the Anritsu Group Code of Conduct, which also applies to overseas group companies, and has adopted the same stance in regard to tax-related operations.

- Perform proper accounting in accordance with relevant laws and company regulations in the course of operations
- Accurately prepare and properly save all the various records of finance and accounting, and do not perform improper accounting or any other acts that would cause damage to the company
- Comply with the tax laws of each country and pay appropriate taxes

When conducting commercial transactions, we comply with the tax laws of each country and in accordance with the spirit of the law, utilizing available tax incentives, tax reductions, and tax exemptions. We do not engage in tax planning unrelated to our commercial transactions.

The Anritsu Group complies with all applicable tax-related laws and regulations in the countries and jurisdictions in which it operates. We do not intentionally avoid tax through the use of tax havens or tax savings based on interpretations that deviate from the spirit of the law. For foreign related transactions, the company calculates arm's length pricing based on the OECD Transfer Pricing Guidelines, and prepares transfer pricing documentation in accordance with the laws and regulations of each country. The Anritsu Group strives to ensure that it has a reasonable tax burden by taking advantage of preferential tax treatment within the scope of normal business activities. We also strive to reduce tax uncertainties by consulting tax authorities and tax professionals in advance and disclosing relevant information.

Tax Governance Structure

The Anritsu Group holds the CFO ultimately responsible for establishing and maintaining the Anritsu Group's tax governance, tax risk management, and significant tax issues. When faced with tax issues, we work with the regional headquarters and targeted group companies to address the issues as necessary. Issues deemed to be of high importance are brought to the Board of Directors for deliberation and decision-making to ensure transparency in tax affairs.

The tax management of the entire Anritsu Group is handled by the head office accounting department. A system and environment have been put in place to ensure adequate communication between the relevant head office departments and each group company.

The Board of Directors oversees organizations that execute business, and its coverage includes tax matters. The Audit Committee, which consists of persons with expertise in finance, accounting, and legal matters, is responsible for monitoring the execution of operations related to taxation.

Income Taxes Paid by the Anritsu Group (FY2022) (Units: 100 million yen)

	Amount of income	Amount of income before tax	Amount of taxes paid
Domestic	959	95	37
Overseas	919	28	6
Total	1,878	122	44

* The above amounts are based on the Country-by-Country Report submitted to the tax authorities in Japan and have no direct relation to the consolidated financial statements.

Political Contributions

In accordance with the Political Funds Control Law, the Anritsu Group does not make donations to political parties, other political organizations, or candidates for public office.

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Information Security

Policy

The Anritsu Group recognizes that it has a social responsibility to properly protect the information of all stakeholders in the course of its business activities and that such information is an important asset. Based on this idea, we have established a Basic Policy for Information Management, and we are striving to maintain and improve security.

WEB [Basic Policy for Information Management](#)

System

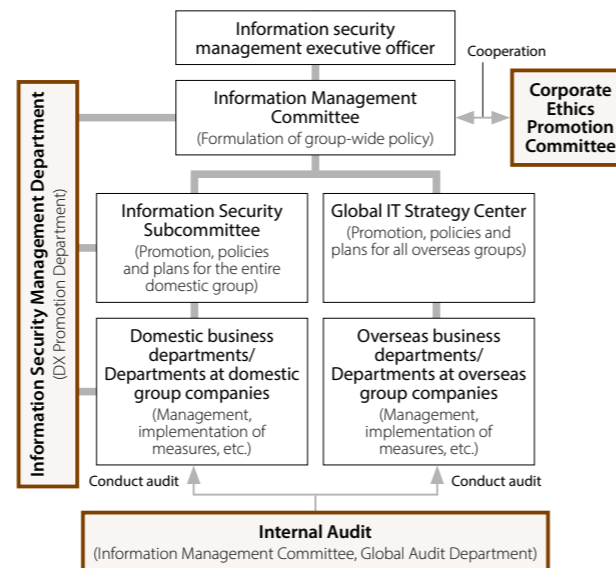
The Anritsu Group has established an information security management executive officer and the Information Management Committee as a system to ensure thorough information management and to prevent information security incidents before they occur.

The information security management executive officer is appointed by the director in charge of the Information System Management Department, and the Information Management Committee consists of the directors in charge of each business division and group company.

In the domestic group, the Information Security Subcommittee, consisting of representatives from domestic groups, establishes policies, implements measures, provides employee training, and takes countermeasures and shares information when incidents occur. In overseas group companies, the Global IT Strategy Office, whose members are IT managers from regional headquarters, has been established

to strengthen IT controls, including security. A comprehensive audit of the actual status of information management is conducted by the Information Management Committee, and the results are reported to the information security management executive officer.

Information Security System



ISO27001 Certification Status

- Japan: DX Promotion Department
- EMEA: Anritsu A/S Service Assurance Business Unit

Activities and Achievements

Promoting Information Security

Introduction of a New Security System

Security risks in the supply chain are an important issue for companies. In particular, the threat of cyber security has been increasing in recent years, and companies need to

strengthen measures throughout the supply chain. Customers are also demanding improved security, and as part of this, we introduced a multi-factor authentication system within the company in FY2023. This is intended to reduce the risk of phishing scams and other fraud that is becoming increasingly common around the world.

Employee Training

To raise awareness of security, the Anritsu Group conducts security training through e-learning once a year for directors and all employees (regular, contract, part-time, and temporary employees) of Anritsu Group companies in Japan and overseas. We also conduct training with email that simulates an actual attack every two to three months.

BCP Training

In addition to checking the functionality of the backup system, in FY2023 we also conducted BCP training from the perspective of whether or not we could carry out our main business operations using only the activated backup system. We confirmed that the main operations could be carried out using the backup system alone, without any particular problems occurring.

Measures to Prevent Recurrence of Incidents

In FY2023, two incidents of phishing fraud occurred at overseas group companies. In these cases, the criminals stole an individual's account information and then made payments by changing the account information on the invoice to impersonate that individual. We have introduced multi-factor authentication as a measure to prevent recurrence.

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Policy

● Disaster Prevention

The Anritsu Group has laid out its BCM* policy in its Basic Policy on Disaster Response, stipulated in its Basic Rules on Disasters and Emergency Response.

WEB [Basic Policy on Disaster Response](#)

* BCM (Business Continuity Management): Management activities conducted during normal operations, such as formulating, maintaining, and updating business continuity plans (BCPs), securing budgets and resources for continuing business, taking preparatory measures, implementing training before launching initiatives, conducting inspections, and making continuous improvements

System

The Anritsu Group has set up an Emergency Response Headquarters to determine how to respond in the event of a major disaster or the outbreak of an infectious disease such as a COVID-19.

Members of the Emergency Response Headquarters

Title	Members
General manager	President
Deputy general manager	Chief officer in charge of disaster prevention (vice presidents)
Staff	Persons appointed by the general manager (vice presidents overseas, presidents of group companies, etc.)

Activities and Achievements

● Formulation of BCP

At the Anritsu Group, each division and group company has formulated a BCP to ensure employee safety, minimize damage, and restore business activities quickly in the event of a natural disaster, infectious disease, or other unexpected event. In particular, Tohoku Anritsu, an Anritsu Group manufacturing location, has been hit by several large-scale natural disasters, including the Great East Japan Earthquake and river flooding due to torrential rains. Therefore, natural disasters are positioned as a serious risk at this site. Based on this experience, we have developed a flow chart of initial response procedures to clarify what to do after a disaster occurs. Damage predictions and procedures for dealing with risks such as fire, snow damage, and volcanic eruptions have been established and are reviewed as necessary.

● Disaster Preparedness

The Domestic Group is conducting a “re-inspection of earthquake countermeasures” in response to the frequent earthquakes that occur in Japan. We exchange information on crisis management and BCP with our overseas group companies based on the results of surveys conducted in accordance with our management guidelines.

Disaster prevention training simulates an earthquake with an intensity of 5 on the Japanese seismic intensity scale and a resulting fire. We use this training to practice all of our skills, as we conduct initial firefighting activities, quickly set up an emergency response headquarters, confirm the safety of employees, provide first aid to injured employees, and check on personnel at evacuation sites. Employees are provided with a website with information regarding disaster prevention on site, and are also given a survival card that outlines initial actions to take in the event of an earthquake, measures to take

if they are unable to return home, and preparations to make in case of fire or typhoon.

● Supply Chain BCM

Supplier Information Database

The Anritsu Group bases its BCM on the principle of collecting information and preparing in advance. This allows us to make an appropriate initial response if a supplier's business is affected by a sudden risk. In the event of a disaster, information is collected through the media - mainly websites - and is matched with a database of suppliers' manufacturing and warehouse locations to predict the impact. We will then immediately contact suppliers in the affected areas to confirm the extent of damage, and consider what countermeasures to implement in order to minimize risk. We can accelerate BCM by using IT to visualize damage information in conjunction with map information.

BCM Achievements

The Anritsu Group conducted 16 supply chain BCMs in FY2023. We were affected by natural disasters such as earthquakes and typhoons. However, we focused on minimizing the impact by closely communicating with suppliers, making production adjustments, and using substitute parts. We will continue to strengthen our activities for stable procurement.

● Response to Infectious Diseases

Following the downgrading of the status of COVID-19 infections to category 5 in May 2023, we have transitioned to a normal work schedule. In addition, we continue to monitor the situation of infections within the company in order to maintain business continuity and employee safety.

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