

# Technology Support on the Leading Edge

The background of the page is a dynamic, abstract graphic composed of numerous curved lines in various colors including blue, yellow, red, teal, grey, orange, purple, and pink. These lines sweep across the page, creating a sense of motion and forward momentum, which visually reinforces the 'Leading Edge' theme of the report.

## | Editorial Note

In order to fulfill our responsibility to explain to stakeholders and to inform the wider society of our activities towards the realization of a sustainable society, from fiscal 2015 Advantest Group has changed this report's name from "CSR Report" to "Sustainability Report."

The 2016 Sustainability Report includes information for disclosure items based on the GRI's G4 Sustainability Reporting Guidelines, with the information disclosed collated in a forward-looking manner.

### ■ Changes in report

- 2000: Environmental Report
- 2006: Social and Environmental Report
- 2007: CSR Report
- 2015: Sustainability Report

## Scope of Report and Period Covered

This report covers activities pursued by Advantest and its major affiliates in Japan and overseas throughout fiscal 2015 (April 1, 2015 to March 31, 2016).

\* Some activities before and after fiscal 2015 are also featured in the report, with the aim of facilitating reader understanding.

## Release date / Reporting cycle

October 2016 (Annually)

## Guidelines Referenced

- Global Reporting Initiative's Sustainability Reporting Guidelines Ver. 4.0.
- Ministry of the Environment, "Environmental Reporting Guidelines 2012"

## Contact Information

- For CSR related inquiries  
 CSR & Environmental Affairs Promotion Center,  
 CSR & Environmental Affairs Promotion Office
- Send comments by Email to: [csrsuishin@jp.advantest.com](mailto:csrsuishin@jp.advantest.com)
  - Send comments by Fax to: +81-276-84-1156

## | Contents

<b>Editorial note / Contents</b>	... 1
<b>CEO Message</b>	... 2
<b>Materiality for the Advantest Group</b>	... 3
<b>Economy</b>	
Management Approach	... 6
Economic Impact	... 7
Procurement Practices	... 8
<b>Environment</b>	
Management Approach	... 10
Environmental Management	... 11
Environmental Action Plan	... 14
Environmental Communication / Environmental Contribution Activities	... 17
Global Warming Prevention	... 18
Green Products	... 21
Environmental Risk and Chemical Substance Management	... 23
Recycling Resources	... 25
Product Recycling	... 27
Initiatives with Business Partners	... 28
Biodiversity	... 29
Environmental Accounting Results	... 30
Environmental Related Data	... 32
Statement on the EU-RoHS Directive	... 36
<b>Society</b>	
Management Approach	... 37
Employment and Diversity	... 39
Supporting Diverse Working Styles	... 43
Human Resources Development, Fair Evaluation and Treatment	... 45
Occupational Health and Safety	... 49
Respecting and Protecting Human Rights	... 51
Membership of Civil Society	... 52
Product Liability	... 54
<b>About the Advantest Group</b>	... 57
<b>Governance</b>	
Corporate Governance	... 61
Risk Management	... 63
CSR at Advantest	... 66
<b>Ethics and Integrity</b>	
The ADVANTEST Way & Code of Conduct	... 67
Compliance	... 68
Intellectual Property Protection	... 69
<b>Communication with Stakeholders</b>	... 70
<b>GRI Guideline</b>	... 72

## CEO Message

Sustainability Report 2016

**We Guarantee the Future  
Contributing to a better future with testing and measurement technology**

Since the foundation of our company in 1954, Advantest has made testing and measurement technology the cornerstone of our business. These technologies, representing our core competence, form the basis of our contributions to safety and security as we continue to set ourselves new challenges.

Today, the world is entering an era of dramatic change. The problems we face today are growing larger in scope and also more complex, and there are no easy solutions. Various different issues – including Brexit, the Chinese economic slowdown, the growing global refugee problem, frequent terrorist attacks, the risk of major natural disasters, the trend towards smaller families, etc. – are becoming entangled with and compounding one another.

Advantest is responding to the new needs emerging as a result of these global trends by developing new testing and measurement technologies that can make a positive contribution towards the sustainable development of society.

The 2015 United Nations Climate Change Conference (COP 21), which was held in Paris in November – December 2015, produced the Paris Agreement, which represents a historic turning point and a new start for global climate change policy. The adoption by the U.N. of Sustainable Development Goals (SDGs) also reflects growing worldwide concern regarding the need to create a sustainable society. The code of conduct of the Electronic Industry Citizenship Coalition (EICC), an electronics industry CSR alliance of which Advantest is a member, requires participating firms to ensure that workers enjoy a safe working environment, that workers are treated with respect, and that responsibility is taken for the impact that our manufacturing processes have on the environment.

To achieve sustainable growth against this background, Advantest has worked to create new added value and to build a robust corporate structure. In fiscal 2015, in line with our goal of enhancing the supervisory role of our board of directors and strengthening our corporate governance system, Advantest formally made the change (in June 2015) to become a company with an audit and supervisory committee. Additionally, in December 2015 Advantest published details of the implementation status for each of the principles embodied in our Corporate Governance Code.

Looking ahead to the future, Advantest will set clear evaluation criteria and implement medium- and long-term improvement activities with respect to the need to ensure sustainable sales performance, build up compliance systems, reduce negative environmental impacts, combat corrupt practices, and other key issues.

In the future, Advantest will continue striving to accurately predict major world events and material developments, and to create real value as a company. “We Guarantee the Future” is our mission; we are committed to furthering the development of measurement and testing technology that can help to guarantee a better future for the planet. Working in close collaboration with our stakeholders, we will hone our testing and measurement technologies to contribute to a sustainable, better society.

Thank you for your support.

Shinichiro Kuroe  
Representative Director, President & CEO

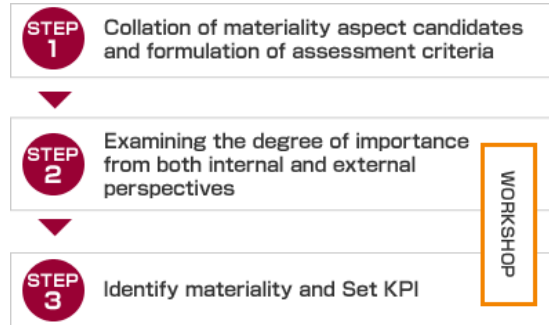
**Materiality for the Advantest Group**

Sustainability Report 2016

**Our Approach to Materiality**

At Advantest, we believe that it is vitally important to first identify the impacts that our company’s operations have on society and the problems that society expects us to help solve, as a basis for clarifying the key issues that we need to address in our CSR activities, so that we can then go on to implement effective management based on specific key performance indicators (KPIs).

To this end, in FY2015 we used a three-step process with reference to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, to identify what constitutes materiality for the Advantest Group.



**The Process of Identifying Materiality**

**Step 1: Collation of materiality aspect candidates and formulation of assessment criteria**

A total of 50 materiality aspect candidates were identified on the basis of the 46 aspects listed in the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, the requirements of the EICC® \*, industry standards such as SASB\*, and information obtained from CSR surveys submitted to customers. Assessment criteria were then formulated so as to be able to rank the materiality aspect candidates in priority order, taking into account the need to maintain consistency with respect to boundaries and business risk.

\* EICC®: Electronic Industry Citizenship Coalition / Electronic Industry Code of Conduct

\* SASB: Sustainability Accounting Standards Board (U.S.A.)

**Step 2: Examining the degree of importance from both internal and external perspectives**

A Materiality Identification Project Team was established (with Team members that included CSR Working Group members, representatives of relevant departments and responsible directors), and three Workshops were held. Materiality was examined in terms of both the level of importance as viewed by stakeholders, and the degree of importance to the Advantest Group.

**Step 3: Identify materiality and set KPI**

The identified materiality items were submitted to the Managing Executive Officers Committee for approval.

Following the approval of the materiality items by the Managing Executive Officers Committee, the Materiality Identification Project Team discussed the key performance indicators (KPIs). KPIs were set with 1 – 2 indicators per materiality aspect.

**Identified Materiality Aspects and Corresponding KPIs Aspects**

Category	Identified materiality aspect	Related G4 indicator	KPI
Economy	Economic performance	G4-EC1	Sales and operating income margin
	Intellectual property rights protection	-	Percentage of employees who have undergone e-learning training relating to intellectual property rights protection
Environment	Energy	G4-EN3	Rate of improvement in per-unit energy consumption
	Emissions into the atmosphere	G4-EN15	Greenhouse gas emissions (Scope 1 and Scope 2)
	Discharged water and waste	G4-EN23	Waste recycling rate
	Hazardous substances	-	Percentage of suppliers covered by hazardous substance surveys
	Products and services	G4-EN27	Percentage of products meeting own green products criteria
	Compliance	G4-EN29	Number of environmental non-compliance
	Supplier environmental assessment	G4-EN32	Percentage of new suppliers that were screened using environmental impact criteria
Society	Conflict minerals	-	Continuing efforts to use materials where the risk that said minerals have been produced using conflict minerals is low, by asking business partners to ensure transparency in regard to the sources of materials and components, etc., and by working together with industry organizations and business partners to investigate information relating to conflict minerals (i.e. mineral processing firm information).
	Employment	G4-LA3	Percentage of employees returning to work after taking childbirth and/or childcare leave
	Occupational health and safety	G4-LA6	Occupational accident rate in Japan
	Training and education	G4-LA9	Average number of hours of training per employee per year
	Diversity and equal opportunity	G4-LA12	Female employees as percentage of total workforce
	Supplier labor practices assessment	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria
	Non-discrimination	G4-HR3	Number of complaints submitted to the helpline that are properly resolved
	Supplier human rights assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria
	Anti-corruption	G4-SO5	Number of confirmed incidents of improper behavior
	Compliance with anti-monopoly legislation	G4-SO7	Number of incidents relating to relevant legislation
	Compliance	G4-SO8	Number of non-compliance instances relating to social issues
	Supplier assessment for impact on society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society
	Customer health and safety	G4-PR2	Number of non-compliance of own safety standards
Customer privacy	G4-PR8	Number of complaints relating to information security	
Compliance	G4-PR9	Number of non-compliance relating to products/services	

## A Message from Advantest's Director of CSR

Advantest's stakeholders want the company to achieve an appropriate balance between contributing to society-wide sustainability and generating profits to enhance corporate value. The common starting point for our business activities and our CSR activities is the long-term vision of using our test and measurement technologies to help address many of the problems that affect contemporary society. Working from this starting point, we strive to fulfill our social responsibility in every aspect of our corporate activities, including our supply chain.

In fiscal 2015, we established a Materiality Identification Project Team with members that include CSR Working Group members, representatives of relevant departments, and executive directors. After working to determine society's precise expectations of the Advantest Group, and discussing which items the Group should focus on, the team drew up a list of 24 specified key materiality aspects. This initiative has become the starting point for a new approach to business development that takes into account both the complexity of our supply chain and Advantest's responsibilities with respect to it. The initiative has also conducted a follow-up survey to verify whether or not any "3TG" (tungsten, titanium, tin and gold) conflict minerals\* are used as materials in the manufacturing of semiconductors used in computers, smartphones and other precision instruments and electrical devices.

In fiscal 2016, Advantest set targets for fiscal 2018 with regard to the specified key materiality items, and also formulated key performance indicators (KPIs) to serve as benchmarks for related activities; these have provided the basis for substantive, concrete measures. To achieve our goals, we are currently implementing CSR activities at business locations throughout the world, coordinated from bases in 18 countries in North America, Europe, Asia, and elsewhere.

\*Conflict minerals: This refers to the "3TG" (tin, tantalum, tungsten, and gold) minerals as well as the ores from which they are derived, i.e. cassiterite, columbite-tantalite (coltan), wolframite, and gold. The Democratic Republic of the Congo (which has seen almost unceasing conflict in recent years) and neighboring countries are important locations for the mining of these minerals; the mining and trading of conflict minerals has come to be seen as playing a significant role in providing funding for armed groups and leading to human rights violations, labor rights violations, etc.



Tsukui Koichi (Director and Managing Executive Officer)

## Management Approach

Sustainability Report 2016

### Basic Stance

Through our business activities, we create various kinds of economic value, both directly and indirectly.

This value is distributed to a variety of shareholders, including shareholders, employees, etc., and has an extensive social impact. Reflecting this, key materiality aspects have been identified in the economic dimension, and Advantest is implementing measures based on these identified materiality aspects, including measures aimed at fostering effective protection of intellectual property rights, etc.

### Identified Materiality Aspects and KPIs, and Targets for FY2018

Materiality Aspect	KPI	FY2018 Target
Economic Performance	Sales and operating income margin	No specific target was set for economic performance for FY2018; evaluation will be based on the latest business results forecasts  See <a href="#">Financial Result/Presentation</a>
Intellectual Property Protection	Percentage of employees who have undergone e-learning training relating to intellectual property protection	100%

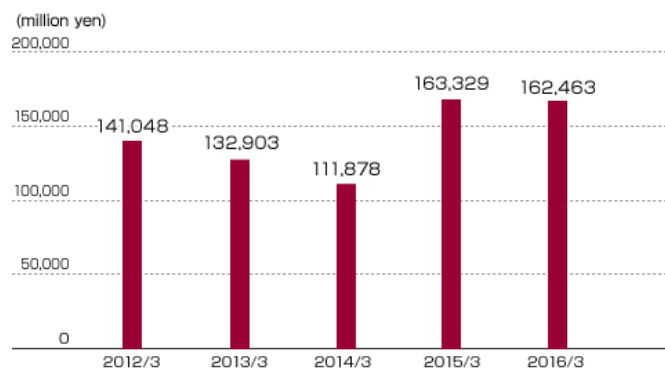
For more detailed information about measures relating to the protection of intellectual property, see "[Ethics and Integrity](#)".

## Economic Impact

Sustainability Report 2016

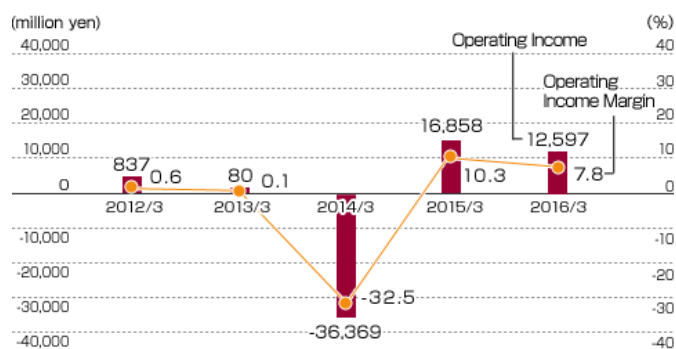
### Economic Performance

Change in Net Sale



\*Financial data are presented in accordance with International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015 and the data before then are presented based on US GAAP.

Change in Operating Income/Operating Income Margin



\*Financial data are presented in accordance with International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015 and the data before then are presented based on US GAAP.

For more detailed information, see the ["IR Library"](#) section on the Advantest website.

### Financial Support Received from the Government

In FY2015, the Company did not receive any financial support (including tax breaks or subsidies) from the Japanese government or from local government authorities.



## Procurement Practices

Sustainability Report 2016

### Advantest Procurement Policy

The Advantest Group's CSR Policy pledges respect for our suppliers, places value on open communication with our suppliers, and emphasizes the maintenance of fair business relationships in accordance with relevant laws and regulations. We are also committed to sharing values and building collaborative relationships with our suppliers, toward our goal of achieving mutual growth.

▶ [Advantest Procurement Policy](#)

### Organization to Promote Fair Trade (CSR Procurement)

In order to promote and manage fair trade we have established a department whose role is to check the purchasing department and we implement a once-yearly audit by Audit and Supervisory Committee to ensure that there are no problems and that normal trade practices are being followed. Also, every year we implement an internal control audit using an external organization and we were able to confirm again in fiscal 2015 that there were no problems. Moreover, for outstanding orders, in addition to checking the status at the end of each month to ensure that there are no acceptance inspection omissions, for orders where the acceptance inspection is taking a long time we report the reason for this and the expected completion date to the Audit and Supervisory Committee.

### Education for Practicing Fair Trade

Since fiscal 2010, we have held seminars on a subcontractors law, participation in which is not restricted to purchasing department staff. In fiscal 2015, four of these seminars were held. In the future, we will continue to educate our employees in order to realize the principles of fair trade.



A scene from the subcontractors law seminar

### Social Responsibility in the Supply Chain

#### Implementation of questionnaire survey

We carry out a business partner questionnaire on CSR annually, and every quarter we evaluate our business partners on QCD\*. We feed the results back to the business partners to create a relationship where they can develop together with us.

In order to fulfill our social responsibilities across our supply chain, including all of our business partners, we placed our "Advantest Procurement Policy" and "Advantest CSR Procurement Guidebook" on our website and we request that our business partners respect all related laws and social norms.

So that we can monitor the current situation effectively, we carry out an annual questionnaire survey targeting the suppliers that play the most important role in our procurement operations. For fiscal 2015 we carried out the questionnaire in March 2016 and obtained answers from each company regarding their approach to human rights, labor problems, health and safety, environmental conservation, fair trade, and intellectual property protection. The return rate for completed questionnaires was 100%. We were able to confirm that each company had established an overall policy and Code of Conduct for societal responsibility. We will conduct another questionnaire in fiscal 2016 and confirm our business partners' response to our purchasing policy.

\* QCD: abbreviation of Quality, Cost, Delivery

▶ [About Advantest Procurement Policy](#)

▶ [Advantest CSR Procurement Guidebook](#) (PDF: 136KB)

#### Set up of inquiry and reporting window

During trade with our business partners, in the event that one of our employees infringes, or is suspected to infringe, on our Code of Conduct, a trade contract or a relevant law, we request that this is reported to the [Contact Window](#) on our website. In fiscal 2015 we did not receive any complaints. The reporter and their company would not be penalized in any way for reporting. Following an investigation, in the case that a problem is recognized, the action in question would be stopped and measures would be taken to prevent reoccurrence.

### Response to Conflict Minerals

#### Implement of survey

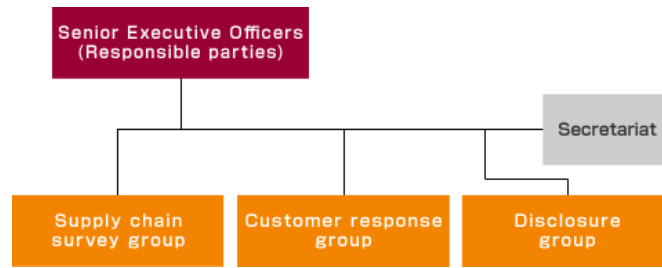
At Advantest, in order to respond to Section 1502 (conflict minerals provisions) of Title XV of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations in the U.S., we are playing an active role together with the industry organization to address the conflict minerals problem.

Since 2013 we have been implementing an annual survey of our business partners regarding use of conflict minerals through a CFSI\* report (conflict mineral reporting template (CMRT)) and releasing the results.

\* CFSI: [Conflict-Free Sourcing Initiative](#)

## Organization to respond to conflict minerals

We have been taking steps to respond to the conflict minerals issue, setting up a conflict minerals working group in 2012 the membership of which comprises senior Executive Officers. The working group includes a supply chain survey group, customer response group, disclosure group, and Secretariat.



## Conflict minerals response survey

Having completed a pre-survey in 2012 and a business partner explanatory meeting to ask for cooperation before the 2013 survey, we surveyed business partners on conflict minerals use and smelters using a CFSI\* report [conflict minerals reporting template (CMRT)] retroactively.

The survey response rate was 96% in 2013, 97% in 2014, and 99% in 2015.

\* CFSI: [Conflict-Free Sourcing Initiative](#)

## Cooperation with industry bodies

In December 2012 we participated in the JEITA\* "Responsible Mineral Procurement Review Committee" and we have been working together with industry organizations to promote conflict-free procurement and spread awareness.

\* JEITA: Japan Electronics and Information Technology Industries Association

## Management Approach

Sustainability Report 2016

### Basic Stance

Recognizing that promoting a harmonious relationship with the Earth is an important management issue, Advantest is contributing to the global environment protection and the realization of a sustainable society in line with the Advantest Group Environmental Policy.

To this end, Advantest is implementing various measures based on identified materiality aspects, including measures that provide a solid foundation for compliance with relevant laws and regulations and for the minimizing of environmental load, etc., as well as working to reduce the amount of energy consumed in Advantest's business activities, developing more environmentally-friendly products, etc.

### Identified Materiality Aspects and KPIs, and Targets for FY2018

Materiality Aspect	KPI	FY2018 Target
Energy	Rate of improvement in per-unit energy consumption	Promoting the efficient utilization of energy, and realizing an annual average improvement of 1% in per-unit energy consumption at Advantest business bases in Japan (equivalent to a 6% reduction compared to fiscal 2012)
Emissions into the Atmosphere	Greenhouse gas emissions (Scope 1 and Scope 2)	Promoting the efficient utilization of energy, and working to reduce the volume of greenhouse gas emissions from Advantest business bases in Japan, with the aim of reducing annual greenhouse gas emissions volume to 18,000t-CO <sub>2</sub> or less within three years.
Discharged Water and Waste	Waste recycling rate	Promoting resource recycling, and maintaining the waste recycling rate at Advantest business bases in Japan at 90% or higher
Hazardous Substances	Percentage of suppliers covered by hazardous harmful substance surveys	100%
Products and Services	Percentage of products meeting own green products criteria	100%
Compliance	Number of environmental non-compliance	Working to prevent serious violations of environmental laws and regulations (Number of serious violations of environmental laws and regulations: None)
Supplier Environmental Assessment	Percentage of new suppliers that were screened using environmental impact criteria	100%

### Looking Ahead to the Future

The identified materiality aspects relating to the environment are being incorporated into the department objectives in Advantest's Business Plan, and into the environmental objectives set for the company's environmental management; Advantest will continue its efforts to implement ongoing efforts in this regard.

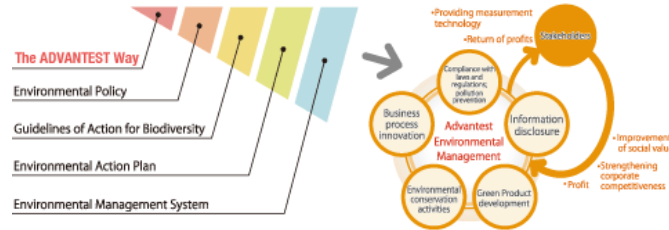
## Environmental Management

Sustainability Report 2016

### Basic Policy

Through its business activities, the Advantest Group contributes to the sustainable development of society.

Building on its basic stance of "Caring for our planet," Advantest strives to be an enterprise that deserves society's trust, and all Advantest employees participate actively in environmental protection activities.



### Advantest Group Environmental Policy

#### 1. Promoting Environmental Management

By maintaining our environmental management system, we promote global environmental conservation efforts that achieve a balance between business activities and environmental concerns.

#### 2. Reduction of Customers' Environmental Burden

We promote energy conservation, improved recyclability, and the elimination of hazardous substances to provide environmentally-friendly products and services that contribute to our customers' reduction of their environmental burdens, giving consideration to the life cycle of our products: from materials procurement to waste disposal.

#### 3. Better Workplace Procedures

We constantly strive to reevaluate and reform work procedures to help preserve the environment.

#### 4. Conservation of Biodiversity

By being alert to the impact of our business activities on biodiversity, we strive for the conservation of biodiversity and the sustainable use of biological resources.

#### 5. Complying with Environmental Laws and Regulations and Preventing Pollution

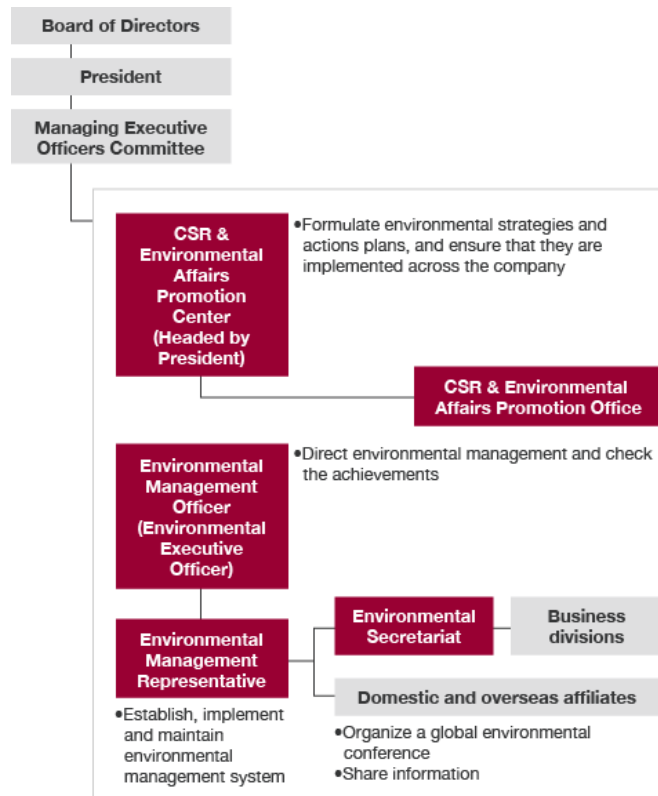
Upholding all environmental laws and regulations and voluntary standards, we protect nature and shield our neighbors from environmental pollution and health hazards.

Updated 1st April 2015

### Framework to Promote Environmental Management

The Advantest Group is building a framework to better promote our global environmental initiatives.

#### Framework to promote environmental management



## Acquisition of ISO14001 Certification

The Advantest Group has acquired integrated ISO14001 certification for its offices, as well as its research, development, and production facilities in Japan. In addition, the Group has acquired ISO14001 certification for its environmental management system, which is based on relevant laws and regulations in each country where it operates. Under the uniform standards provided by ISO14001, we are promoting initiatives to reduce energy use, hold down waste generation, develop and provide environmentally friendly products (green products), and reduce the environmental impact of our business activities.

Starting from fiscal 2015, we have been promoting measures to facilitate the transition to ISO14001:2015 at all business locations, and we plan to complete this process by 2018.

### Acquisition of ISO14001 certification



As of March 31, 2016

Company	(Base)	Certification acquired
ADVANTEST CORPORATION		Aug. 2000 (Integrated certification)
	Head Office	(Nov. 2009)
	Advantest Laboratories Ltd./Sendai Factory	(Feb. 2000)
	Gunma R&D Center	(Apr. 2002)
	Saitama R&D Center	(Oct. 2003)
	Kitakyushu R&D Center	(Mar. 2003)
	Gunma Factory	(Apr. 1998)
Advantest America, Inc.		Oct. 2008
	San Jose, U.S.A.	
Advantest Europe GmbH		Apr.2008
	Munich, Germany	
	Amerang, Germany	
	Boeblingen, Germany	
Advantest (Singapore) Pte. Ltd.		June 2008
Advantest (M) Sdn. Bhd. (Penang - Malaysia)		Sept. 2008
Advantest Korea Co., Ltd.		July 2008
Advantest Taiwan Inc.		Dec. 2006
Advantest (China) Co., Ltd.		May 2008
	Advantest (Suzhou) Co., Ltd.	
	Advantest Technology (Shanghai) Co., Ltd.	

As the preparatory stage for the transition to ISO14001:2015, starting from fiscal 2015 all business bases have been gradually shifting their ISO registration to Bureau Veritas.



Bureau Veritas certification (copy)

## Implementation of Internal Environmental Audits

At Advantest Group we have always implemented regular internal environmental audits on environmental burden reduction activities at each business location in order to confirm internal and external compliance with the operation of the environmental management system (EMS). The regular internal environmental audit that we implemented in fiscal 2015 found no serious defects in regard to the implementation of the EMS. The number of issues noted also fell by half compared to the previous year. In the future we will continue to make ongoing efforts to improve our environmental management system, and will focus on improving our environmental performance.

## Basic Policy on Environmental Education

In order to promote environmental protection, each and every employee needs to always feel that the environment is a problem close to their heart, be thinking about what they can and should do both at work and in the home, and transform these ideas into action. Based on this policy, Advantest is implementing environmental education aimed at developing awareness of the environment and the ability to think and take action appropriately.

### Overview of Environmental Education Program

- Training for new employees
- Education for internal environmental auditors
- Education on chemical substances
- Seeking proposals on environmental VE
- Activities to protect forests

Implementation of general environmental education in fiscal 2015

	Target employees	Number of participants	Participation ratio (%)
Japan	2,685	2,685	100
Overseas	2,065	2,022	97.9
Overall	4,750	4,707	99.1

### Introduction of e-learning

At Advantest, we have introduced an e-learning education system. We have been able to create a system that is both time- and location-independent, allows repetition of learning, and enables more efficient management of e-learning status and results.

In fiscal 2015's ISO14001 general training, we implemented e-learning both in Japan and overseas.



e-learning system screenshot

## Environmental Action Plan

Sustainability Report 2016

### Environmental Action Plan

At Advantest Group we are clarifying the important challenges that we should tackle with our environmental activities and we have formulated an "Environmental Action Plan." With the three key points that are promotion of environmental management, providing green products and, reform of business processes, we are promoting responsible efforts to help realize a recycling society and low-carbon society.

### 7th Advantest Environmental Action Plan

Due to factors such as the expansion of our overseas production operations, the environmental impact of Advantest's overseas production bases has been growing. Advantest recognizes the importance of promoting environmental measures that take the company's overseas production bases into account. The 7th Advantest Environmental Action Plan continues to address the issues targeted by the 6th Advantest Environmental Action Plan, while endeavoring to set targets that incorporate overseas business bases. More specifically, the Plan sets targets relating to the promotion of global environmental education, raising the recycling rate at overseas production bases, and promoting the ongoing use of renewable energy, etc.

#### Key Issues:

- Promotion of environmental management:** In line with the trend towards the development of a low-carbon society, Advantest is implementing responsible measures in the area of environmental management.
- Providing green products:** In both our core business and our tester peripherals business, Advantest is contributing, through the company's products, towards reducing customers' environmental burden.
- Reform of business processes:** Advantest is promoting measures to make business processes and the utilization of energy more efficient.

Scope (as of March 31, 2016)

- Measures applicable to: All companies within the Advantest Group  
Six business bases within Japan (including affiliates)  
Seven overseas business bases (AAI, AEG, ASP, ATK, ATC, ATI and AMY)
- Period covered: Fiscal 2015 – Fiscal 2017 (three years)

Important Challenges	The relationship to environmental policy	Action items	Action items (target details)	Results Achieved in Fiscal 2015
<b>Promotion of environmental management</b>				
Promotion of environmental management		1) Transition to revised ISO14001.	By FY2017 year-end complete transition to ISO14001: 2015 standard.	Implementation of the collection of information relating to the revised standard
		2) Promote global environmental education.	Carry out e-learning once a year.	Environmental education is implemented both in Japan and overseas using e-learning. Percentage of employees undergoing e-learning: 99.1%
		3) Promote environmental contribution activities, educational contribution activities.	Promote environmental, social contribution activities and education support activities.	[Within Japan] 10 projects implemented (the main activities are listed below) <ul style="list-style-type: none"> <li>Implementation of special science classes for local elementary schools, with a total of 84 schoolchildren participating</li> <li>Implementation of the 22nd Science Workshop at the Gunma R&amp;D Center, with a total of 79 children participating</li> <li>Implementation of nature observation events, with a total of 83 children from local schools participating</li> </ul> [Overseas] 12 projects implemented (the main activities are listed below) <ul style="list-style-type: none"> <li>Implementation of bicycle commuting and charity activities (Germany)</li> <li>Implementation of "green" events and energy-saving events (U.S.A.)</li> <li>Environmental photography and painting competition (China)</li> </ul>
Conservation of biodiversity		1) Promotion of forest conservation activities	At each site, carry out forest conservation activities.	A group of 23 Advantest employees volunteered to undertake thinning-out work at the "Kusatsu Therapy Forest".
		2) Biotope development and utilization	Foster and utilize biotope. (Nature observation events targeting neighborhood elementary schools, protection of endangered plants)	The Gunma R&D Center is implementing five biotope-related activities.

Compliance with environmental laws and regulations, prevention of pollution	Promoting resource recycling	Improve waste recycling rate. (*Target values have been adjusted in line with changes in recycling methods for general waste)		
	1) Maintain and management Japanese bases recycling rate Maintain recycling rate of 99% or more of the Japanese bases.	Maintain and management recycling rate of 90% or more of the Japanese bases.	Recycling rate for facilities in Japan: 95%	
	2) Improve overseas bases recycling rate	Aim for recycling rate of 65% or more. (Measures: reconfirmation of recycling criteria, review of treatment methods)	Recycling rate for overseas facilities: 60%	
	Promotion of measures against global warming (climate change)			
	1) Promotion of efficient use of energy	Achieve an annual average improvement of 1% in per-unit energy consumption at Advantest business bases in Japan. Compared to the reference year FY2012, 5% or more reduction in FY2017 (Aim for 7.73% or more by FY2020)	Implement of more efficient utilization of air conditioning units and of switching off equipment when not required, etc. Rate of improvement in per-unit energy consumption 4.3% reduction compared to FY 2012	
	2) Use of renewable energy	Promote the purchase of green power and introduction of solar power in overseas bases.	At AAI and ATK, management is focused on maintaining the current energy use performance. AAI: 12,000 MWh per year ATK: 1,325 MWh per year	
<b>Providing green products</b>				
Reduce customers' environmental burden	1) improvement of energy-saving performance of new products	Reduce power consumption per unit of performance in new products by 20-50%.	<ul style="list-style-type: none"> <li>● Advantest's T5833 Memory Test System realizes a 67% reduction in electric power consumption (compared to the T5385)</li> <li>● Advantest's B6700 Test Burn-in System realizes a 49% reduction in electric power consumption (compared to the P3506)</li> </ul> <p>Advantest's SGM104 T2000Sync Module realizes a 30% reduction in electric power consumption (on a unit performance basis, compared to the SGM208+CUT1)</p> <p>Advantest's EVA100 Digital Solution measurement system realizes a 50% reduction in electric power consumption (compared to the T6577)</p> <p>Advantest's M6244 Test Handler is expected to realize a 50% reduction in electric power consumption on a unit performance basis</p> <p>Wafer MVM-SEM: Advantest has developed a system capable of handling both 6-inch and 8-inch wafers on the same device</p> <p>DI products: The amount of dry air consumed for MB condensation prevention has been reduced by 5%, thereby contributing to a reduction in the electric power consumption of the pumps installed in customers' production facilities</p>	
	2) Resource-saving, size reduction, reducing components and materials	Achieve resource-saving in products, size reduction and reduction in components and materials.	<p>DI products: With HIFIX and custom performance boards (PB), there has been a successful evolution from conventional 0.35mm pitch device to 0.3mm pitch device substrate, making it possible to achieve a 27% reduction in device area.</p> <p>DI products: Structural streamlining and the standardization of parts have realized a 30% reduction in materials costs compared to existing products.</p>	
	3) RoHS compliant products, expansion of lead-free mounting products	RoHS compliant in target products, achieve lead-free mounting.	Applicable products defined as including NMR and EVA100.	
	4) alternative to Fluorinert and reduce usage	Establish an alternative cooling technology to Fluorinert and put into practical use.	Having determined that the basic approach will involve intermediate cooling, work on this project is continuing.	
	5) Start-up of new business for reduction of environmental burden	Launch new businesses and products related to the environment, and contribute to society.	Development of new, environmentally-related products: 2 projects	
	6) Increase sales of new products	Replace aging testers with new products, to contribute to electric power saving of customers.	Sales performance: 25 units Electric power saving: 12,150 kWh	
	<b>Reform of business processes</b>			
	Reform of business processes	Promotion of business efficiency improvements and energy-saving	Promote business efficiency improvements and efficiency in energy usage	



		<p>1) Efficiency improvements in production</p>	<p>Reduce production time and cut production electrified time by 30%</p>	<ul style="list-style-type: none"> <li>● With Advantest's T6391 LCD Driver Test System, the number of days during production in which electric power usage is required has been reduced from 16 days to 10 days. The overall amount of electric power used in production has been reduced from 62,352 kWh per unit to 38,970 kWh per unit, a 37.5% reduction (with a total of 89 units shipped)</li> <li>● With Advantest's T5831 Memory Test System, the number of days during production in which electric power usage is required has been reduced from 14 days to 13 days. The overall amount of electric power used in production has been reduced from 60,256 kWh per unit to 55,952 kWh per unit, a 7.1% reduction (with a total of 49 units shipped)</li> </ul>
		<p>2) Energy-saving in building facilities and efficiency improvement</p>	<p>Renovate old equipment to improve efficiency and equalize electricity usage.</p>	<p>While the planned replacement of older equipment could not be implemented this year, by utilizing equipment more efficiently, it was possible to reduce energy consumption by an amount equivalent to 350 kl of crude oil (compared to FY 2014).</p>
		<p>3) Improve the operational efficiency of product development and production</p>	<p>Conduct information sharing in a production environment that is integrated from the early stage of development, and build a Global PLM that can be expected to improve efficiency globally for a variety of product development and production businesses.</p>	<p>The PLM package has already been selected, and the basic design state will begin in FY 2016.</p>
		<p>4) Reduction of in-house CO<sub>2</sub> emissions due to reduction in time required for MB design, manufacturing and servicing</p>	<p>Streamline MB development and design to reduce CO<sub>2</sub> emissions by 30%.</p>	<p>DI products: Making the MB development and design process more efficient has reduced the development period by 10 days, providing a reduction in carbon dioxide emissions equivalent to 240 kg.</p>

## Environmental Communication / Environmental Contribution Activities

Sustainability Report 2016

### Basic Stance on Environmental Information Disclosure

Our business activities have a range of impacts on the environment.

In order for us to achieve responsible, continuous development, it is important that we share environmental information with stakeholders and reflect this in our environmental management.

At Advantest Group, we disclose information about our environmental burden and activities through reports, our website, exhibitions etc. We are also working to foster communication with local communities, for example through the holding of environmental contribution activities.

#### Environmental complaints

	FY 2013	FY 2014	FY 2015
Complaints from stakeholders	0	0	0
Serious violations of environmental laws	0	0	0

\* Japan

### Environmental Information Disclosure Results

- ▶ [Publication of the company's Sustainability Report \(CSR Report\)](#)

### Environmental Contribution Activities

We endeavor to foster communication with a variety of stakeholders through environmental contribution activities.

- ▶ Holding of a nature observation event at the Gunma R&D Center's Biotope
- ▶ Conservation activity to protect Japanese red pine trees at the Advantest Laboratories Ltd.
- ▶ Participation in the "Kusatsu Therapy Forest" project to help safeguard areas of state-owned forest
- ▶ Tropical rainforest conservation activity in Malaysia (Borneo)
- ▶ Cleanup activities in the vicinity of Advantest business bases

## Global Warming Prevention

Sustainability Report 2016

### Basic Policy

The Advantest Group regard the prevention of global warming as an important corporate mission, and make efforts to reduce greenhouse gas emission by providing green products and reforming of our business processes. We are also promoting medium- to long-term energy-saving measures corresponding to the Act on the Rational Use of Energy (Energy Conservation Law) and related regulations.

### Advantest's Achievements in Relation to Carbon Dioxide Emissions in fiscal 2015

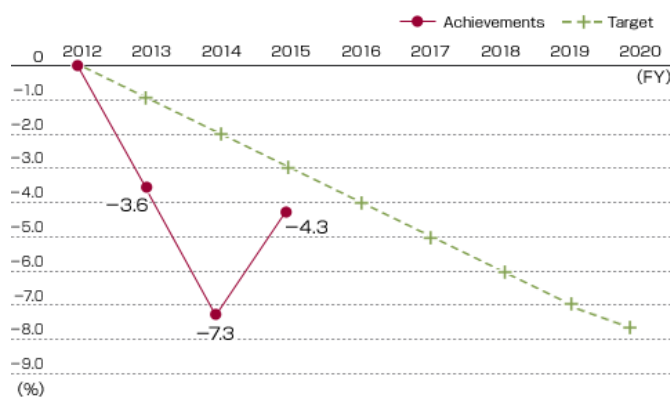
Advantest is working to simultaneously achieve both energy-savings and cost reduction through more efficient production and elimination of waste. In our buildings, we are optimizing air-conditioning and other systems and replacing superannuated equipment with more efficient models, as well as implementing appropriate lighting levels and switching to LED illumination.

Advantest's total annual electric power consumption in fiscal 2015 was approximately 2,600 MWh lower than in fiscal 2014. The main factors behind this decrease were as follows: Mergers and closures of business bases led to an annual decrease of around 1,280 MWh; reductions in the amount of electric power used in production activities led to an annual decrease of around 960 MWh; reductions in the amount of overtime worked, efforts to make business processes more efficient, etc., led to an annual decrease of around 320 MWh. Shortening of the periods for which air conditioning equipment is in use, and the replacement of existing lighting with LED lights, etc., contributed an additional annual decrease of approximately 40 MWh. As a result, the rate of improvement in per-unit energy consumption\* was approximately -4.3% (compared to fiscal 2012).

In the future, Advantest will continue its efforts to reduce carbon dioxide emissions by adopting a waste-elimination approach and aiming to achieve both energy-savings and cost reductions.

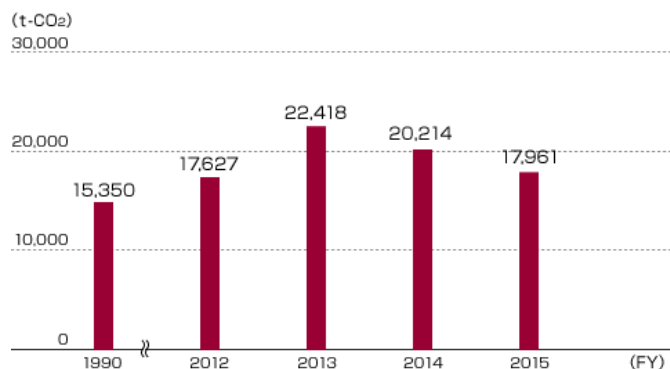
\* Rate of improvement in per-unit energy consumption: Introducing energy saving equipment and promoting the efficient utilization of energy, and realizing an annual average improvement of 1% in per-unit energy consumption at Advantest business bases in Japan (Compared to the reference year fiscal2012, 5% or more reduction in fiscal2017, 7.73% or more by fiscal 2020)

Rate of improvement in per-unit energy consumption



Scope: 10 bases in Japan (including affiliates)

GHG emissions (Scope 1, 2)



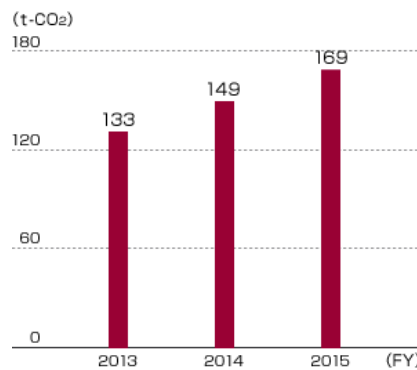
Scope: 10 bases in Japan (including affiliates)

## Carbon Dioxide Emissions Deriving from the Delivery of Products

When delivering its products, Advantest makes use of product packaging and transportation methods that take into account the needs of handling and shock-resistance. Total carbon dioxide emissions deriving from product delivery in fiscal 2015 came to 169 t-CO<sub>2</sub>. The increase in carbon dioxide emission volume was mainly attributable to changes in final destinations for delivery, with increased delivery distance. In the future, Advantest will continue to monitor the data relating to product delivery, and will calculate the related carbon dioxide emissions and strive for improvement in this area.

<b>Important measures implemented</b>	<p>Due to the fact that Advantest's products are precision machinery that cannot be transported in ordinary cargo containers and cannot be transported together with other products, Advantest is implementing the following measures:</p> <ul style="list-style-type: none"> <li>▶ Optimizing of product packaging (cost reduction and packaging size reduction)</li> <li>▶ Providing training in safe driving and energy-saving driving</li> <li>▶ Strict enforcement of the requirement that delivery drivers must not allow their engines to idle unnecessarily when stopped for more than a few seconds</li> <li>▶ Shifting over to the use of hybrid vehicles and vehicles with low fuel consumption</li> </ul>
---------------------------------------	---

**Changes in carbon dioxide emissions attributable to product delivery**



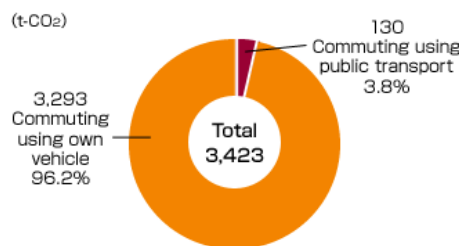
The totals given include: Carbon dioxide emissions deriving from the delivery of products within Japan  
Delivery to locations specified by customers (such as factories, airports and port facilities, etc.) using special trucks

## Carbon Dioxide Emissions Deriving from Commuting

Of the approximately 2,500 Advantest employees (including employees of affiliate companies) in Japan, 85% commute to work using their own vehicles. In fiscal 2015, the total annual carbon dioxide emissions deriving from employees' commuting was 3,423 t-CO<sub>2</sub>.

Advantest will continue to implement measures to discourage drivers from allowing the engine to idle unnecessarily while stopped, through the use of driving safety classes etc.

**Breakdown of carbon dioxide emissions deriving from employee commuting**



Activity volume: Employee expenditure on commuting (broken down by means of transport); distance commuted using employee's own vehicle

Basic units: Derived from the "Emissions Unit Database (Ver. 2.1) for the Calculation of Greenhouse Gas Emissions etc. by Organizations Through the Supply Chain" compiled by the Ministry of the Environment (MOE) and the Ministry of Economy, Trade and Industry (METI).

## Measuring Relating to the Use of "Green" Power at Overseas Business Locations

### Purchasing "Green" Electric Power Generated Using Wind Power

Advantest America, Inc. (AAI) has made a serious commitment to the utilization of renewable energy. To reduce the impact that AAI's use of electric power has on the environment, wind power generation is used to provide electric power equivalent to 100% of that used by AAI's facilities.



Registration certificate

**Installation of Large-Scale Photovoltaic Panels**

Advantest Korea Co., Ltd. (ATK) is promoting a wide range of environmental activities.

At ATK's Cheonan factory, photovoltaic panels have been installed on the roof, with an annual generating capacity of approximately 1,325 MWh; these solar panels contribute to a reduction in carbon dioxide emissions. ATK is also implementing various other measures, including careful sorting of waste and a "No Food Left on Plates Activity" aimed at reducing the amount of food waste generated by ATK's employee cafeterias, by encouraging employees not to leave any leftovers food on their plates.



Photovoltaic panels

## Green Products

Sustainability Report 2016

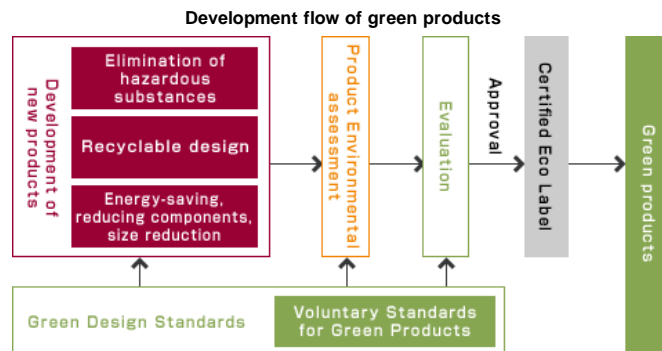
### Basic Stance

Contributing to the sustainable development of society and conducting environmentally-friendly business operations are essential issues that need to be addressed in modern business management. The Advantest Group works to develop products from the perspective of environmental conservation while prioritizing high precision and high quality, and certifies as green products those products that are environmentally-friendly in terms of the three key aspects of energy and resource saving, improving recyclability, and elimination of hazardous substances. There is demand in society for the supply of green products because they provide both a reduction in the environmental footprint and an improvement in economic value. The Advantest Group is developing green products in response to these demands and based on the belief that these products will be beneficial for its customers.

### Development Flow of Green Products

At the Advantest Group, all new products undergo a product environmental assessment.

During the product environmental assessment, products are assessed from various aspects, including energy-saving, reducing components, size reduction, recyclable design, and elimination of hazardous substances. Products that meet the Voluntary Standards for Green Products defined by Advantest are certified as green products and are awarded with an Eco Label (type II).



### Advantest Group Eco Label

The Advantest Group Eco Label features an original three-color design representing energy and resource saving, recyclable design, and elimination of hazardous substances through green procurement.

#### Energy and Resource Saving

##### Voluntary Standards

- Energy saving design
- Reducing component design
- Size reduction design



#### Recyclable Design

##### Voluntary Standards

- Design with recyclable plastic materials
- Design for ease of disassembly
- Release of information on disposal

#### Elimination of hazardous substances (Green Procurement)

##### Voluntary Standards

- Improved rates of green procurement
- Elimination of banned substances

### Energy and Resource Saving

We aim to reduce the environmental impact of our products through product designs with energy savings, reducing components, and size reduction.

### Recyclable Design

In recyclable design, we release information on parts that will require special attention during disposal, and we seek to use recyclable materials for plastic parts designed in-house. Moreover, we make sure that products are easy to dismantle with standard tools, and we use rechargeable batteries displaying a recycling symbol.

### Elimination of Hazardous Substances (Green Procurement)

To eliminate hazardous substances from our products, we have established Group standards on banned substances based on the IEC 62474 standard, and we conduct surveys of hazardous substances contained in parts and materials used in our products.

## Green Products Certified during fiscal 2015

We supplied the following products, which were certified as green products in fiscal 2015.

- T5833 Memory Test System
- T5833ES Memory Test System
- T5830ES Memory Test System
- EVA100 Digital Solution Measurement System
- HA1000 Die-level Handler
- R4751A FL Module
- R4763A RF Module
- WEL5100 Photo-acoustic Microscope

Reduction rates of fiscal 2015 green products - Examples

New Product model	Versus previous product	Energy efficiency improvement (%)	Reduction in components rate (%)	Reduction in size rate (%)
T5833	T5385	67	73	64
T5830ES	T5385ES	73	83	81

Note: The reduction rates given above are the values resulting from the performance conversion.

## Introducing One of Advantest's Green Products

### T5833 Memory Test System

DRAM, NAND flash memory and multi-chip package (MCP) devices, which support high speed and high capacity, are widely used in mobile products, the diffusion of which is expected to continue to grow in the future. Advantest's T5833 is a multi-function memory test system which can be used for both wafer testing and package testing of these kinds of high-speed, high-capacity devices.

The T5833 can be used for simultaneous testing of up to 2,048 devices in wafer testing, and up to 512 devices in package testing, thereby contributing to reduced testing costs. The T5833 uses flexible CPU architecture control, which facilitates optimization of the device testing process when dealing with multiple CPUs, making a significant contribution towards reducing the time required for testing and enhancing throughput. Providing industry-leading performance and low cost of test (COT), the T5833 helps customers to maximize the return on their investment.

By comparison with its predecessor the T5385, the T5833 provides a defect analysis speed that is approximately twice as fast, electric power consumption (compared to performance) that is 67% better, and a 64% reduction in size. The T5833 test module supports Advantest's AS platform shared architecture, making it possible to upgrade the product when necessary; in this way, the T5833 can continue to provide a solution to customers' needs as those needs expand in the future.



T5833 Memory Test System



## Environmental Risk and Chemical Substance Management

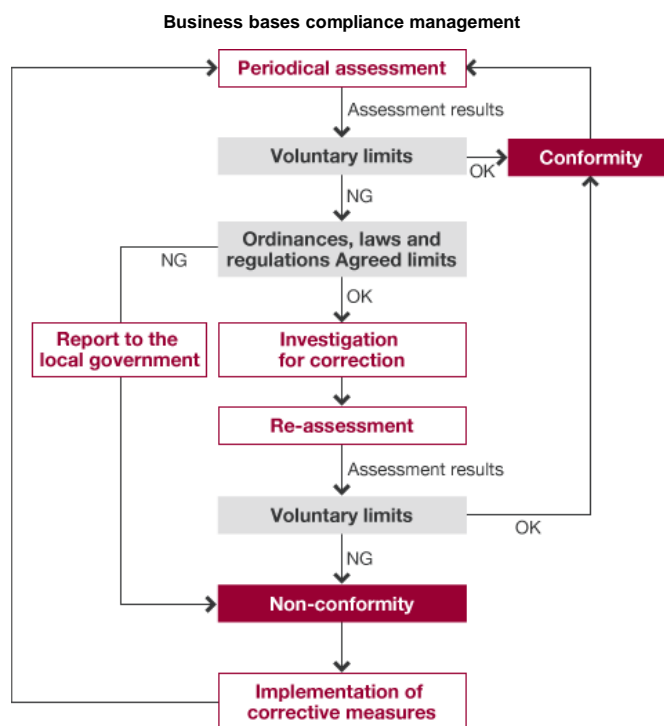
Sustainability Report 2016

### Basic Policy for Environmental Risk Management

The Advantest Group sets voluntary standards more stringent than prevailing environmental laws and regulations, and implements such standards in the course of operating equipment that could potentially impact the environment, and in monitoring and assessing those operations.

Furthermore, to ensure that we can respond without hesitation should an environment-related incident occur, we have forged rules for addressing such risks, stipulated in documented operating procedures and chemical substance emergency-response procedures and other such guidelines, and have put management systems in place related to those rules.

Moreover, our employees and contractors handling particularly high risk operations regularly take part in specialized training and emergency drills, which are conducted to ensure that they are able to act swiftly in the event of an emergency.



### Basic Policy for Chemical Substance Management

We are working to ensure safety management and compliance with laws and regulations in the use and storage of chemical substances used at Advantest Group business locations.

To this end, we have adopted a chemical substance management system. This system facilitates chemical substance registration, safety reviews, input/output control, and the calculation of data required by relevant laws and regulations, as well as making the material safety data sheets (MSDS) that are necessary for the safe handling of chemical substances available for inspection at any time.

In addition, in order to realize strengthened risk management and chemicals substance management, we are constructing a safety training system, and are conducting audits and providing guidance through the corporate chemical management division to ensure the safety of stored chemical substances, so as to further enhance our safety control system.

Furthermore, we plan to build up our global management system as we strive to achieve the same level of risk management overseas as in Japan.

### Improving Chemical Substance Management: “Aiming for More Precise Management”

At Advantest Group, we manage the chemical substances that we use by container through our chemical substance management system. Depending on the chemical substances management level specified under the PRTR Law, the Poisonous and Deleterious Substances Control Law, the Occupational Safety and Health Act and other laws and regulations, we establish a classification system of management ranks and set the management method according to each rank, with the aim of having a flexible system.

#### Adopt the high-precision management methods in line with the different level of risk posed by different chemical substances

We implement training in chemical substance handling for Advantest Group employees, ensuring that employees understand how to handle particular types of chemical substances and are aware of the key points to note regarding their use.

Management procedures are simplified for chemical substances that are less hazardous, and autonomous management is implemented with respect to commercially-available sprays, adhesives, etc.



Strict chemical controls



Controls applied to each and every container

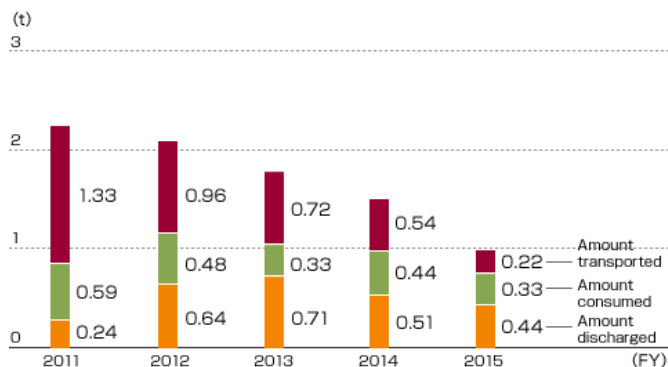


### Chemical substance control ranks

Rank	Conditions for application	Locked storage	Dispensary control	Inventory checks
4	Chemical substance is extremely toxic or has a profound social impact; registration with national or other government is necessary. Examples: narcotics, stimulants, etc.	Yes	Yes	As required by law
3	Chemical substance is highly toxic; any loss must be reported. Examples: poisons, deleterious substances, etc.	Yes	Yes	Monthly
2	Chemical substance is inflammable, corrosive, or poisonous with prolonged exposure. Examples: organic solvents, acids, alkalis, etc.	Yes	Yes	Twice annually
1	Chemical substance is not very harmful, but due to the large amounts used, control is necessary. Examples: solder paste, Fluorinert, etc.	No	Yes	Twice annually
0	Chemical substance is not very harmful and does not warrant special control. Examples: some adhesives, grease, lubricants, paint, lead-free solder, wire solder, bar solder, sprays (spray oil, cooling spray), etc.	No	No	No

In line with this management approach, proper after-use treatment will be followed, such as making a request to a waste treatment company.

### PRTR Data



### Implementation of General and Specialist Chemical Substance e-learning Education

We carry out general chemical substance education for employees, with the aim of making participants aware of the possibility of accidents or environmental pollution through mishandling even of everyday chemicals, and ensuring that they understand ways of reducing these risks. For employees who use chemical substances every day, we conduct a more practical specialist education every year through e-learning, from the perspective of awareness of dangers and safe handling.

In this program we explain things simply, using examples of accidents, regarding chemical substances regulated under the main laws such as poisons, deleterious substances, organic solvents, specific chemical substances, hazardous materials covered by the Fire Services Act, etc.

In fiscal 2015 we conducted general education for all new employees and specialist training for 566 employees who handle chemical substances.

#### <Content>

- The danger of chemical substances (effects on the human body)
- The importance of safety training for chemical handlers
- The importance of wearing personal protective equipment (gloves, goggles, masks, etc.)
- Points to be observed according to the requirements of the law  
Special medical diagnosis, selection of a work leader, environmental measurement, inspection of ventilation equipment, notification of designated hazardous materials specified under the Fire Services Act, etc.



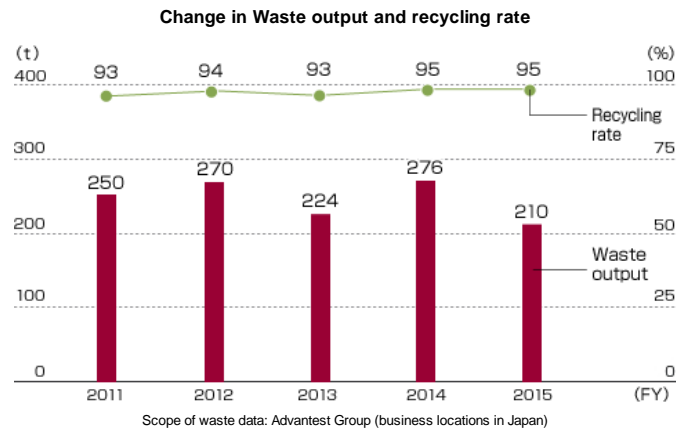
Materials used in training on chemical substances

## Recycling Resources

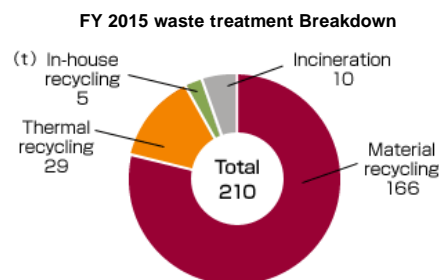
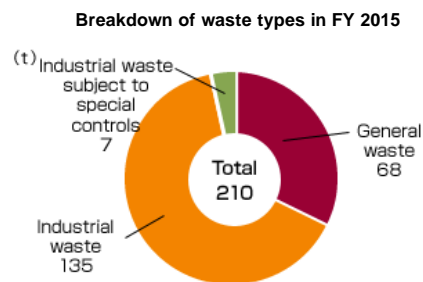
Sustainability Report 2016

### Basic Policy

The Advantest Group pursues operations encompassing the “3(three) Rs” (reduce, reuse, and recycle) with the aim of realizing a recycling society. In addition, the Group is building up its parts-separation initiatives that were initially launched in fiscal 2009, pursuing efforts to recover valuable materials from waste in a manner that fully complies with all relevant laws and regulations, and conducting proper management and disposal of waste generated in the course of business operations.



\*Modified recycling rate  
The calculation method used has been modified retroactively in line with the changes in recycling methods for general waste.



### Memoranda of Understanding (MOUs) Entered into with Waste Disposal Service Providers Stipulating Exclusion of Antisocial Forces

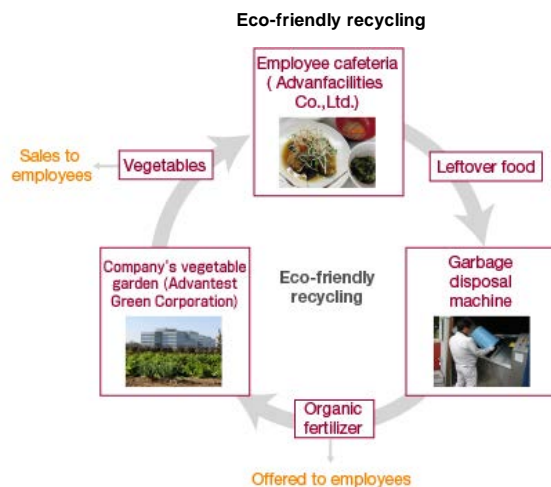
Companies have been imposing written obligations stipulating that contractual relationships may be terminated if the counterparty is found to be an anti-social organization. This is premised on ordinances established by the Tokyo Metropolitan Government and other municipalities calling for the elimination of crime syndicates

Moreover, the Japan Business Federation (Keidanren), in calling on companies to overhaul their corporate behavior, is recommending that they conclude such written agreements as one means of ridding society of anti-social forces.

In accordance with ordinances calling for the exclusion of criminal elements and in line with recommendations of Keidanren in that regard, the Advantest Group's compliance initiatives entail concluding Memoranda of Understanding with all waste disposal service providers involved in our business dealings, stipulating that contractual relations may be terminated if it is discovered that a business partner acts as an anti-social organization.

## Eco-friendly Recycling in Employee Cafeteria

We recycle the leftover food generated by the Advantest Gunma R&D Center's employee cafeteria. The leftovers are processed into compost. Some of the compost is then used to fertilize an onsite vegetable garden, and some is distributed to employees at no cost. Produce from the garden is used in meal preparation at the cafeteria. Also, used cooking oil goes to a recycling business, where it is processed into biodiesel fuel for reuse.



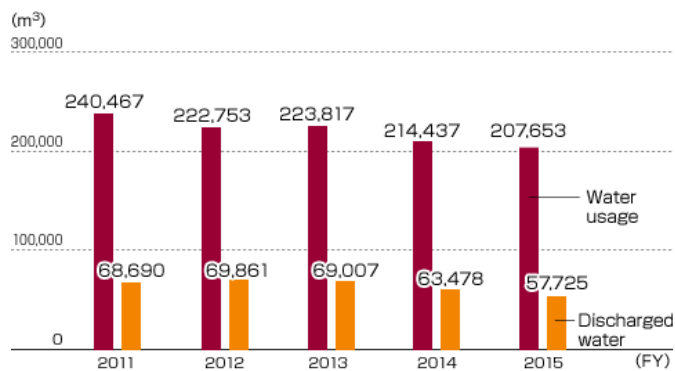
## Effective Use of Water Resources

Advantest's main water resource use applications are the operation of air conditioners, kitchen use, toilet cleaning, and drinking. At our main bases we use water for industrial use efficiently. In addition to using this water for cleaning the toilets, we also use it with roof-mounted sprinklers to improve cooling in the summer. (It should be noted that approximately 90% of the discharged water produced by Advantest Group is classed as domestic sewage; currently, domestic sewage cannot be recycled)

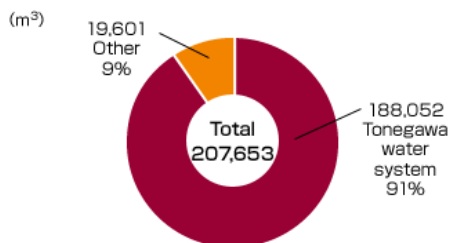
Advantest's development and manufacturing sites in Japan are located in Gunma Prefecture and Saitama Prefecture and use water resources from the Tonegawa River. In order to protect the Tonegawa River's water resources we carry out forest protection activities in the Kusatsu-machi National forest in Gunma Prefecture, the source of the river.

Of course, every member of our staff takes care not to waste water, and strives to make effective use of water resources.

Trend in water usage/discharged water



Amount of Tonegawa River water system usage



## Product Recycling

Sustainability Report 2016

### Basic Stance

It is the Advantest Group's basic policy to take active steps to ensure that the products we sell are reused and recycled after they are retired, and to buy back products that are not expected to be reused so that the resources can be recycled.

### Recycling policy

1. Realize 100% collection of recyclables through manual disassembly.
2. Make clear to whom recycling is to be commissioned, and secure traceability.
3. Promote the conservation of the global environment in collaboration with customers.
4. Properly dispose of harmful substances (Hazardous substances: mercury relay, ion type smoke sensor, internal cooling water, Fluorinert)

### Fiscal 2015 Results

During fiscal 2015, the Group recycled 7 retired products for a total of 65 tons of recycled resources, achieving 98% collection of recyclables. In addition, the Group has established recycling traceability for each discarded product. This was made possible through the cooperation of customers, intermediaries, and waste disposal businesses across the country. We will further improve work efficiency, reduce the burden on customers, and encourage environmental preservation.

#### Product Recycling Flow



## Initiatives with Business Partners

Sustainability Report 2016

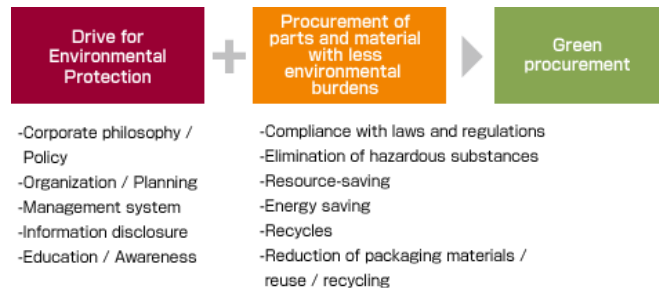
### Green Procurement / Initiatives Related to Regulations for Chemical Substances Contained in Products

At Advantest we are striving to eliminate hazardous substances across our manufacturing activities including suppliers of components and assembly and processing partner companies, and wish to connect this to the development of green products. We engage in communication with our business partners, and formulated the Advantest Green Procurement Guidelines in fiscal 2002 to facilitate this process. We operate according to these guidelines in order to give consideration to the environmental aspects in addition to quality, cost, and delivery throughout the whole process of production, including the purchasing of the components and materials that are used for our products. In fiscal 2015 we explained the Guidelines to all business partners, including new accounts, and requested their cooperation.

We have created a database from the environmental information we received from our suppliers, and are utilizing it to promote eco-friendly product manufacturing, along with the implementation of product environmental assessments.

▶ [Advantest Green Procurement Guidelines](#) (PDF: 169KB)

#### The Principles of the Green Procurement



### Component Registration in Green Procurement

Regarding component registration, we are conducting environmental research of the procured components, with the cooperation of our suppliers. We investigate the components to find out if they contain chemical substances that can burden the environment, and promote green procurement initiatives to reduce environmental impact.

### Banned and Restricted Substances

Advantest specifies the chemical substances that are prohibited from inclusion in our products or otherwise subject to restriction based on the IEC 62474\* standard.

\*IEC62474: Material Declaration for Products of and for the Electro technical Industry  
(See <http://std.iec.ch/iec62474>)

### Survey of Suppliers on Hazardous Substances

Starting with the RoHS Directive, there have recently been additions and revisions of electrical and electronic regulations. On 1st October 2014, Advantest, in line with the revised IEC62474, revised its questionnaire on hazardous substances and informed our business partners.

## Biodiversity

Sustainability Report 2016

### The Advantest Group's Guidelines of Action for Biodiversity

To show our gratitude for the gift of nature that is endowed by biodiversity, and to recognize the significance of biodiversity in underpinning the prosperity and the wellness of our society, the Advantest Group will carry out initiatives in conserving biodiversity and in contributing to the sustainable use of biological resources.

**1. Understanding Environmental Impact**

We identify, evaluate and share information on any aspects that may have a significant impact on biodiversity in the entire lifecycle of our business activities.

**2. Understanding Biodiversity**

We increase awareness and understanding of biodiversity among all employees so that they are able to engage in activities that give consideration to biodiversity in their business activities and daily lives.

**3. Reduction of Environmental Impact**

By seeking highly effective measures, and by carrying them out continuously, we reduce the impact of our business activities on biodiversity.

**4. Cooperation with Stakeholders**

We cooperate with a variety of stakeholders such as the government, educational organizations, NPOs, local residents and our business partners to promote activities related to the conservation of biodiversity.

### Biotope

Reflecting our commitment to living in harmony with nature, in 2001 Advantest established a biotope eco-park in Gunma R&D Center, with the aim of helping to recreate the original, natural landscape of the Kanto Plain, a landscape that is being lost to development; this biotope is the largest of its kind established by any private-sector company in Japan.

Advantest's biotope provides a venue in which Advantest employees can learn about the importance of protecting the global environment; the biotope is also used as a means of fostering communication with local residents.

\* Biotope: "Biotope" is an English loanword deriving from the German word "biotope" (life) and "topos" (place).

▶ [Advantest's biotope](#)



### Hold Nature Observation Events in the Biotope

Since 2005, Advantest has been holding nature observation events for elementary schools located near its sites, using the biotope as a venue for communicating with surrounding communities. Participants in these events learn what kinds of plants and animals live in the biotope by conducting a search. They also fish for crayfish to reduce the number of introduced species such as American crayfish, which encourages them to consider the importance of biodiversity. Every year, about 150 children and teachers/guardians from three neighboring schools take part in our nature observation event. We plan to continue this activity, making it a centerpiece of cooperation with the community.



### Conservation Activity to Protect Japanese Red Pine Trees at the Advantest Laboratories

Within the grounds of the Advantest Laboratories Ltd. facility (in Sendai City, Japan), there are approximately 80 naturally-growing Japanese red pine trees, which are about 100 years old and grow to a height of around 30 meters. This Japanese red pine grove was designated a Protected Forest by Sendai City Government in 2007. To help ensure the maintenance of a rich natural environment, Advantest is working to conserve these Japanese red pine trees and the creatures that live in and around them.



### "Kusatsu Therapy Forest" Forest Conservation Activity

Every year since 2007, Advantest has been implementing the "Kusatsu Therapy Forest" State-owned Forest Conservation Activity in Gunma Prefecture. Besides providing an opportunity to strengthen Advantest employees' awareness of the importance of environmental activities, this activity also contributes to preventing forests from becoming degraded, conserving water resources, and enhancing forests' ability to sequester carbon dioxide.



### Tropical Rainforest Conservation Activity in Malaysia (Borneo)

To mark the 50th anniversary of the company's founding, in 2005 – 2008 Advantest implemented a Dipterocarp hardwood tree reforestation activity aimed at helping to regenerate tropical rain forest. Since 2009, Advantest has continued to assist with maintenance management, including surveys of plant growth status, undergrowth control, etc. in collaboration with the Sabah Forestry Development Authority (SAFODA) of Sabah State (Malaysia).



## Environmental Accounting Results

Sustainability Report 2016

### Japan

Scope: 10 domestic bases (including affiliated companies) Period: April 2015 to March 2016

Unit: ¥1,000

Category	Major activities	Capital investment		Costs		
		FY2014	FY2015	FY2014	FY2015	
Environmental conservation costs	1) Business area costs					
	(1) Pollution prevention costs	Installation, repair, environmental assessment, and maintenance of pollution, prevention facilities	4,000	0	44,126	28,016
	(2) Global environmental conservation costs	Installation of energy-saving equipment and facilities	4,677	2,443	2,997	9,261
	(3) Resource recycling costs	Disposal and recycling of waste; construction of water supply facilities	0	0	27,379	10,584
	2) Upstream / downstream costs	Green procurement and purchasing; introduction and development of recycled packaging materials	0	0	0	0
	3) Administrative costs	Operation of Environmental Management System; management of the biotope; disclosure of environmental information	0	0	97,796	97,662
	4) R&D costs	R&D of environmentally friendly products and production technologies	0	0	1,795	3,340
	5) Social activity costs	Tree-planting in the surrounding areas	0	0	4,190	3,862
	6) Environmental remediation costs	Environmental remediation; penalties or litigations concerning environmental conservation	0	0	0	0
<b>Total</b>		<b>8,677</b>	<b>2,443</b>	<b>178,283</b>	<b>152,725</b>	

Category	Major activities	FY2014	FY2015	
Environmental conservation benefits	<b>1) Economic benefits</b>	<b>Benefit amount</b>		
	(1) Energy cost savings benefits	Installation of energy-saving equipment and facilities; implementation of energy-saving measures	1,402	736
	(2) Revenue from sale of recycled materials	Sale of recovered metals, etc.	47,291	11,318
	(3) Waste disposal cost savings benefits due to reduced waste volumes	Reduction benefits of wastewater disposal costs through the use of discharged water treatment facilities, etc.	55,129	5,277
	(4) Publicity benefits from media coverage	Coverage by newspapers	678	2,333
	<b>Total</b>		<b>104,500</b>	<b>19,664</b>
	<b>2) Physical benefits</b>		<b>Volume reduced /effectively used</b>	
	(1) Power consumption reduction benefits	Power consumption reduction through installation of energy-efficient equipment and facilities and adjustment of operation	<b>Equipment:</b> 31.1 (MWh)	<b>Equipment:</b> 40.9 (MWh)
			<b>Operation:</b> 39.0 (MWh)	<b>Operation:</b> 0 (MWh)
			<b>Total:</b> 70.1 (MWh)	<b>Total:</b> 40.9 (MWh)
(2) Energy consumption reduction benefits	Energy consumption reduction through installation of energy-saving equipment and facilities and adjustment of operation	<b>Equipment:</b> 112.0 (GJ)	<b>Equipment:</b> 147.2 (GJ)	
		<b>Operation:</b> 140.4 (GJ)	<b>Operation:</b> 0 (GJ)	
		<b>Total:</b> 252.4 (GJ)	<b>Total:</b> 147.2 (GJ)	

## Overseas

Scope: Overseas affiliates 9 companies Period: April 2015 to March 2016

Unit: ¥1,000

Category		Major activities	Costs
			FY2015
Environmental conservation costs	Global environmental conservation costs	Installation of energy-saving equipment and facilities; improvement of facilities	5,402
	Resource recycling costs	Waste disposal costs, etc	9,230
	Administrative costs	Operating environmental management system utilization; environment-related seminars	3,789
	Social activity costs	Clean-up activities in the surrounding areas; donations to civil society organizations	2,393
	<b>Total</b>		

Category		Major activities	FY2015
Environmental conservation benefits	<b>1) Economic benefits</b>		<b>Benefit amount</b>
	(1) Power cost reduction benefits	Power cost reduction through installation of energy-saving equipment and facilities	1,604
	(2) Revenue from sale of recycled materials	Sale of recovered metals, etc.	105
	<b>2) Physical benefits</b>		<b>Volume reduced</b>
	(1) Power consumption reduction benefits	Power consumption reduction through installation of energy-saving equipment and facilities	1,070 (MWh)
(2) CO <sub>2</sub> emissions reduction benefits	CO <sub>2</sub> emissions reduction through installation of energy-saving equipment and facilities	411 (t-CO <sub>2</sub> )	

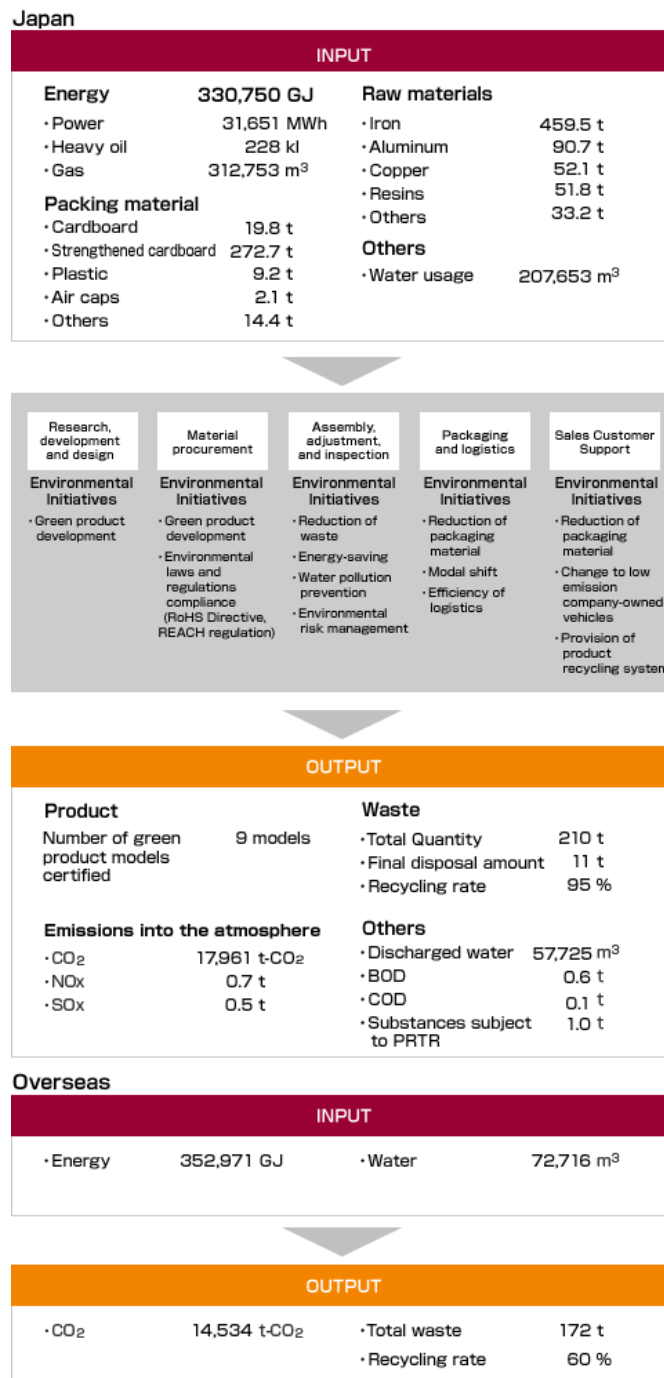


## Environmental Related Data

Sustainability Report 2016

Advantest keeps tabs of the company's annual environmental load, using such numerical data to pinpoint areas where our operations are impacting the environment so that we can introduce measures and policies to reduce our environmental load.

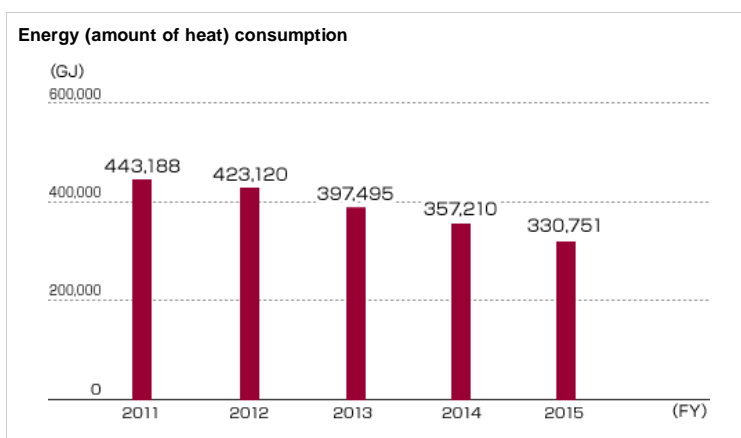
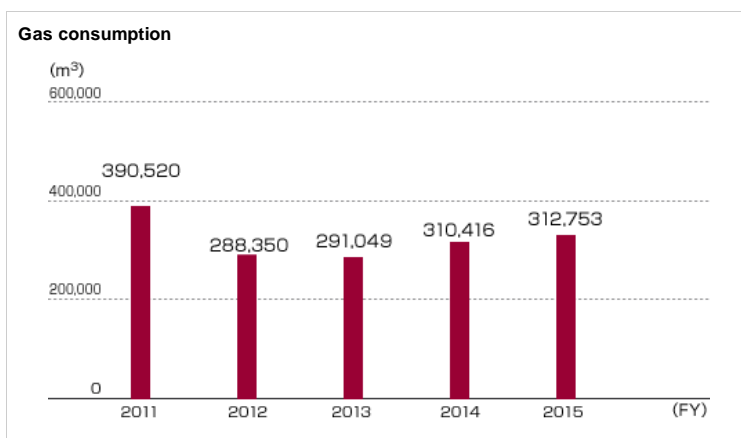
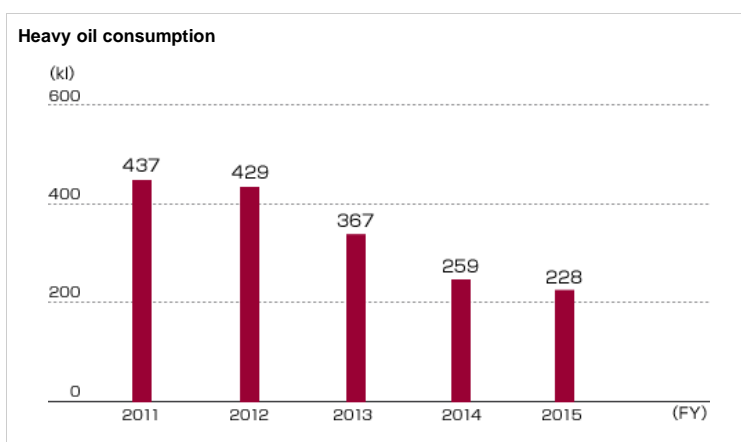
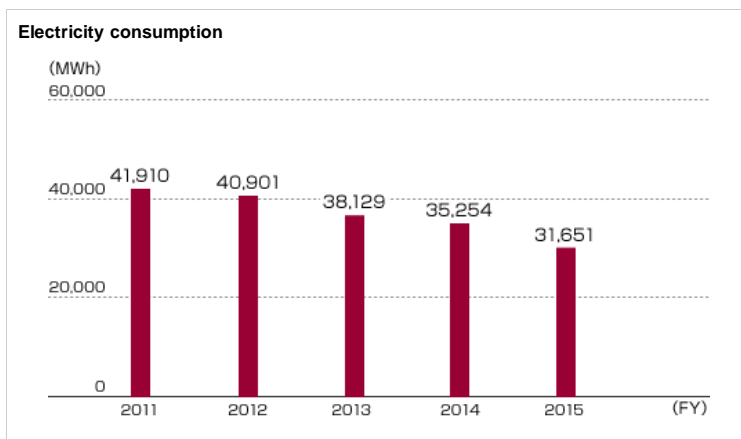
### Material Flow (FY 2015)

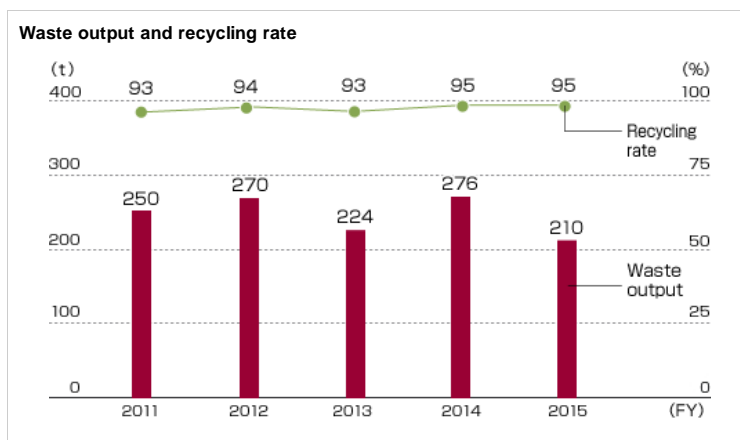
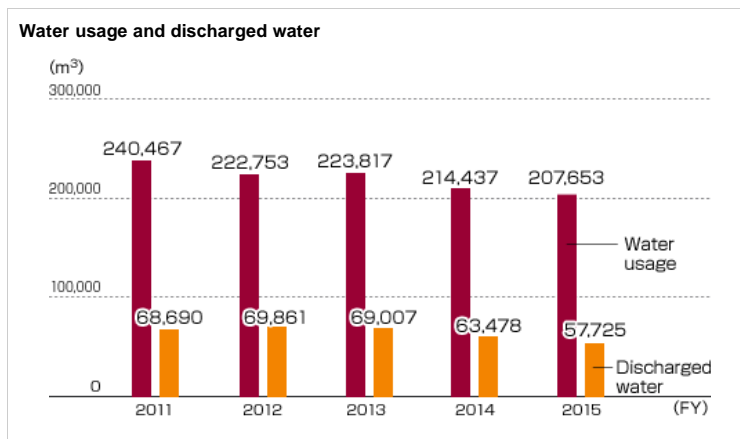
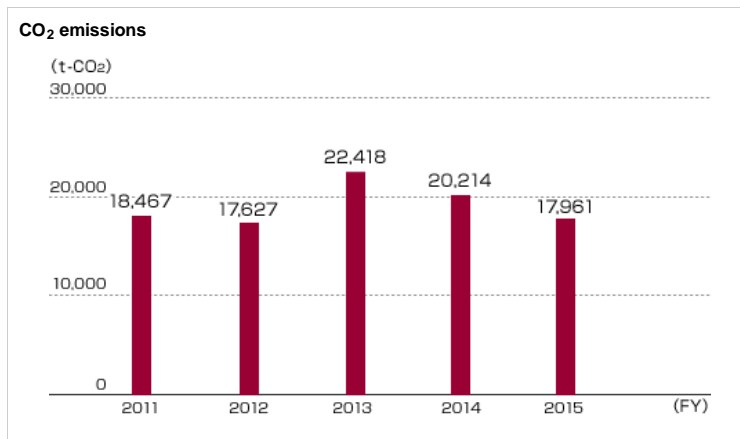


## Environmental Burden Data

### Japan

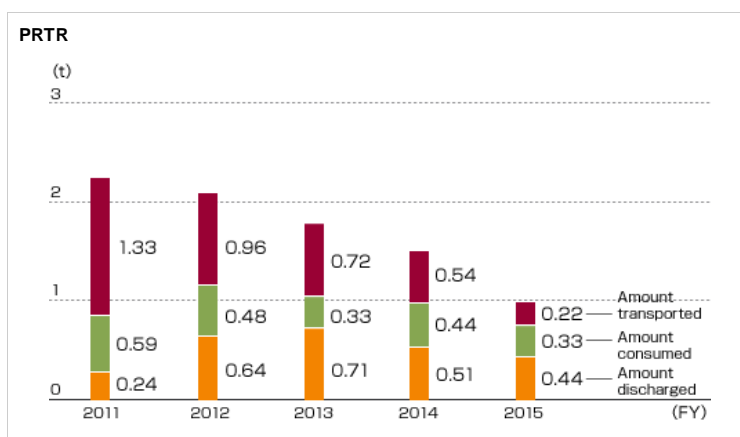
Scope: 10 domestic bases (including affiliated companies)





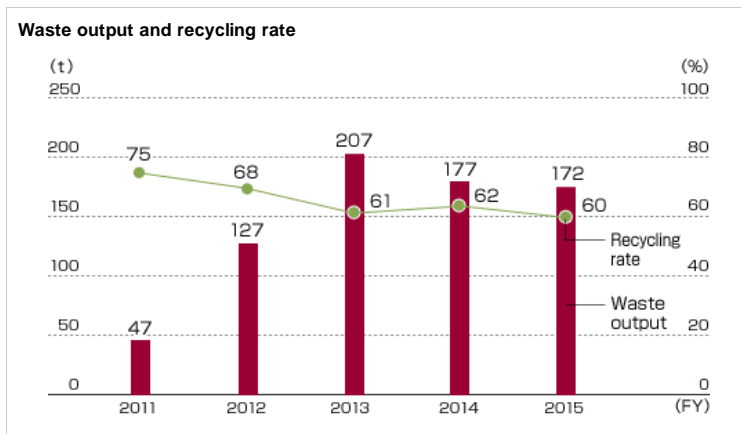
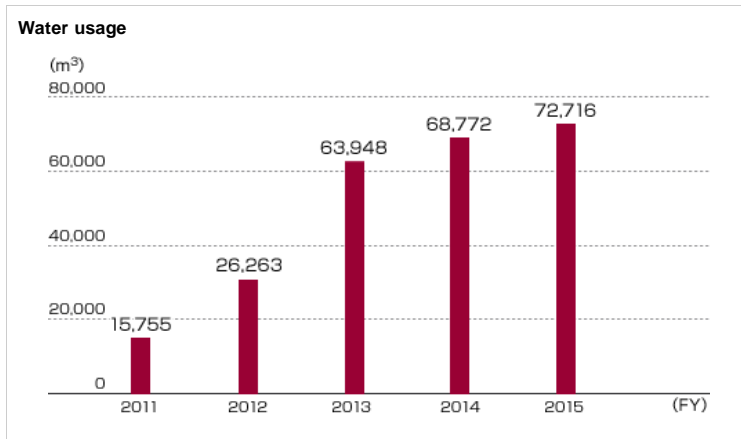
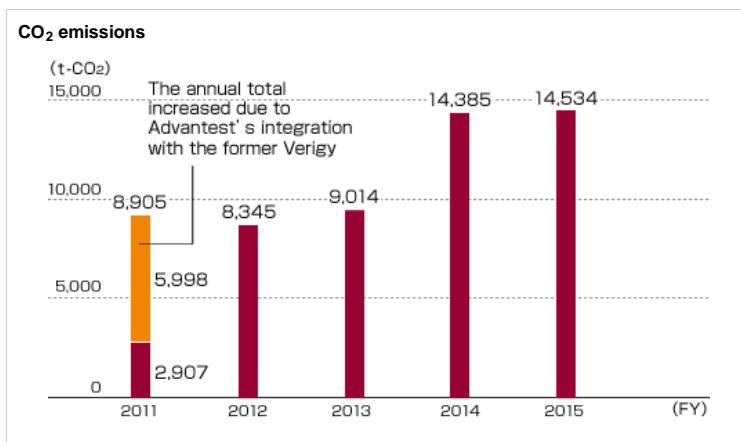
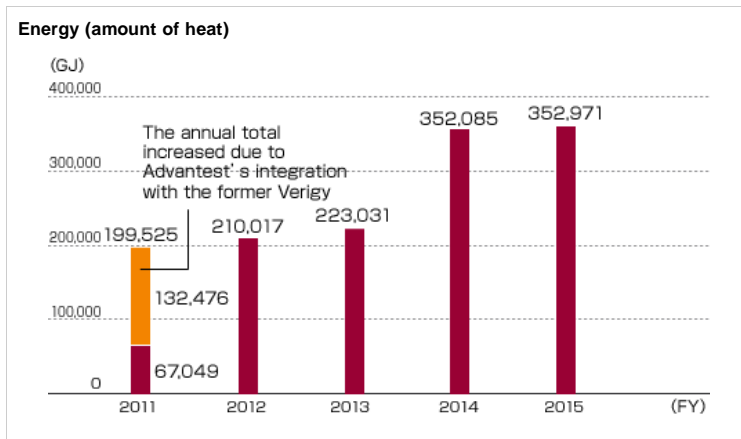
\*Modified recycling rate

The calculation method used has been modified retroactively in line with the changes in recycling methods for general waste.



## Overseas

Scope: 9 overseas bases (including affiliated companies)



## Statement on the EU-RoHS Directive

Sustainability Report 2016

In complying with environmental laws and regulations, the Advantest Group is working toward eliminating the use of hazardous materials while also pursuing environmental conservation efforts that entail reducing consumption of energy and resources. More specifically, we have been working with our suppliers since September 2003 on initiatives to investigate and eliminate the use of restricted hazardous materials.

We are in compliance with the European RoHS Directive\*.

Advantest's semiconductor testers and handlers are classified as Large-Scale Stationary Industrial Tools (LSSIT) under the EU-RoHS directive, and as such are exempt from the directive's provisions. Nevertheless, on the basis of our commitment to environmental conservation, we continue working toward further elimination of hazardous substances from these product lines.

\* Certain exemptions aside, the European Union Directive 2011/65/EU on the restriction of the use of certain hazardous substances (RoHS) in electrical and electronic equipment and respective revisions currently restrict the use of six substances in such products:

- Lead (Pb)
- Hexavalent chromium (Cr VI)
- Mercury (Hg)
- Polybrominated biphenyl (PBB)
- Cadmium (Cd)
- Polybrominated diphenyl ether (PBDE)

## Management Approach

Sustainability Report 2016

### Basic Stance

As a member of civil society, Advantest is supported by a wide range of stakeholders, including customers, shareholders, suppliers, employees, the local communities in the vicinity of the company's business locations, etc. Advantest bears social responsibility towards all of these stakeholders.

Recognizing this responsibility, we implement various measures based on identified materiality aspects relating to occupational health and safety, compliance, etc.

### Identified Materiality Aspects and KPIs, and Targets for FY2018

Materiality Aspect	KPI	FY2018 Target
Conflict minerals	Continuing efforts to use materials where the risk that said minerals have been produced using conflict minerals is low, by asking business partners to ensure transparency in regard to the sources of materials and components, etc., and by working together with industry organizations and business partners to investigate information relating to conflict minerals (i.e. mineral processing firm information).	Continuing efforts to use materials where the risk that said minerals have been produced using conflict minerals is low, by asking business partners to ensure transparency in regard to the sources of materials and components, etc., and by working together with industry organizations and business partners to investigate information relating to conflict minerals (i.e. mineral processing firm information).
Employment	Percentage of employees returning to work after taking childbirth and/or childcare leave	100%
Occupational health and safety	Occupational accident rate in Japan (frequency rate)	0.0
Training and education	Average number of hours of training per employee per year	With the aim of cultivating the basic capabilities of younger employees, every year we strive to expand our training provision to reflect both the special characteristics of new employees and the company's business strategy.
Diversity and equal opportunity	Female employees as percentage of total workforce	We aim to boost the recruitment of female employees and increase the share of female managers.
Supplier labor practices assessment	Percentage of new suppliers that were screened using labor practices criteria.	100%
Non-discrimination	Number of complaints submitted to the helpline that are properly resolved	All cases resolved.
Supplier human rights assessment	Percentage of new suppliers that were screened using human rights criteria	100%
Anti-corruption	Number of confirmed incidents of improper behavior	0
Compliance with anti-monopoly legislation	Number of incidents in relation to relevant legislation	0
Compliance	Number of non-compliance instances relating to social issues	0
Supplier assessment for impact on society	Percentage of new suppliers that were screened using social impact criteria	100%
Customer health and safety	Number of non-compliance of own safety standards	0
Customer privacy	Number of complaints relating to information security	0
Compliance	Number of non-compliance relating to products/services	0

**Looking Ahead to the Future**

In fiscal 2015, Advantest identified materiality aspects, KPI items, and set KPI's targets, in line with the framework recommended in the Global Reporting Initiative's Sustainability Reporting Guidelines Ver. 4.0.

Building on this foundation, in fiscal 2016 we will be implementing the PDCA cycle and promoting activities aimed at ensuring that our targets will be met.

## Employment and Diversity

Sustainability Report 2016

### Human Resources Basic Philosophy

We treat our employees — each one an important asset — with respect and fairness. We also support our employees' diverse lifestyles and individual development, and we are committed to having them grow along with the Company. To protect these valuable assets and increase their value, we drafted our Human Resources Basic Philosophy in September 2000. This document supports proactive human resource development with consideration for fairness and soundness.

### Advantest's Human Resources Basic Philosophy

At Advantest, we consider our employees to be indispensable business assets. We have established the following philosophy that underpins our personnel-related policies, and we are constantly working towards the realization of this philosophy.

#### 1. Focusing on results

We promote a human resources system that values and emphasizes fair treatment of employees who exhibit a can-do spirit with which they overcome challenges and achieve outstanding results.

#### 2. Taking into consideration the needs of fairness and soundness

We take constant care to ensure that all of our policies and systems are objective, fair, and sound, so that we can achieve the biggest and best results with our employees as a result.

#### 3. Pro-actively supporting human resources development

We actively support personnel that strive for self-development through persistent hard work in order to acquire advanced specialist knowledge and a broader education.

### Diversity and Equal Opportunity

#### Diversity Management

Advantest accepts the diversity of its workforce and strives to create a workplace where every employee can achieve their potential and participate to the fullest. As stipulated in the Advantest Code of Conduct, we respect human rights and are determined to eliminate discrimination on the basis of race, creed, gender, nationality, religion, or physical disabilities.

#### Status of Employment

The Advantest Group pledges in its basic policy to respect the human rights of every employee and eliminate all forms of discrimination on the grounds of race, creed, gender, nationality, religion, physical disability, etc. Moreover, we are eliminating discrimination from recruitment and employee compensation practices, and striving to hire, cultivate, and promote personnel who will shine on the global stage.

The changes in the number of Advantest Group employees have been as follows.



#### Employee gender and female employees' share of job categories

	Male	Female	Total	Female employees as % of total
<b>Total</b>	3,853	785	4,638	16.9%
<b>Managers</b>	1,056	65	1,121	5.8%
<b>General employees</b>	2,797	720	3,517	20.5%

\*Scope of data: Japan and overseas - all employees (Consolidated)

\*As of March 31, 2016



### Employee age breakdown

	20~29	30~39	40~49	50~59	60~69
<b>Total</b>	203	421	981	599	3
<b>Male</b>	142	349	861	554	3
<b>Female</b>	61	72	120	45	0

\*Scope of data: Advantest Corporation (non-consolidated), regular employees only

\*As of March 31, 2016

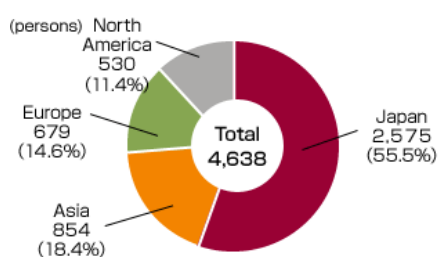
### Employee breakdown by employment category

	Male	Female
<b>Total</b>	1,952	318
<b>Regular employees sub-total</b>	1,909	298
<b>Non-regular employees sub-total</b>	43	20
<b>Contract and temporary staff</b>	32	12
<b>Agency workers</b>	11	8

\*Scope of data: Advantest Corporation (non-consolidated)

\*As of March 31, 2016

### Number and percentage of employee breakdown by region



\*Scope of data: Japan and overseas - all employees

\*As of March 31, 2016

### Number and Percentage of employee breakdown by region

	Japan	Asia	Europe	North America
<b>Total</b>	546	217	166	192
<b>Of which, number and percentage recruited locally and promoted</b>	546 100%	203 93%	162 97%	176 91%

\*Scope of data: Japan and overseas - all employees

\*As of March 31, 2016

\*Managerial staff is defined as staff at Grade 7 or higher on the company's 10-grade scale.

### New graduates hired

	FY2014	FY2015	FY2016
<b>Total</b>	42	22	7
<b>Male</b>	34	17	7
<b>Female</b>	8	5	0

\*Scope of data: Advantest Corporation (non-consolidated)

Number of turnover employees

	FY2013	FY2014	FY2015
<b>Number of Turnover Employees</b>	102	89	49
<b>Turnover rate</b>	4.7%	3.9%	2.1%

\*Scope of data: Advantest Corporation (non-consolidated)

## Recruitment and Use of Global Human Resources

Advantest's business has become more global in recent years, and we aim to secure personnel who understand other cultures, have high-level communication skills, and can see business through on the global stage. As the business environment becomes more borderless, it is increasingly necessary to use personnel exchanges with overseas affiliates to promote globalism in our human resources development and corporate structure.

We are putting more effort into hiring foreign students both overseas and in Japan in order to secure employees who can fulfill missions on the global stage. We continue to conduct personnel exchanges with overseas affiliates as a way of giving employees business experience in a global environment. Through everyday business and training in both organizations, technology and know-how are shared, allowing each employee to learn more advanced technology plus adaptive skills for a diverse business environment.

The human resources exchanges with overseas affiliates are implemented frequently at each division regardless of the type of job. Under this program, which is specifically designed to promote interaction among personnel in Japan and abroad, employees participate in the exchange either on a short-term or long-term basis.

These activities have enabled us to recruit a large number of foreign students studying in Japan. We now plan to extend the global reach of our recruitment activities going forward, through participation in events aimed at students studying overseas, etc. Although new employee training is generally geared toward new graduates who join the company in April, we are modifying this to allow all new graduates to take part in the training irrespective of when they start work.

As of March 2016, Advantest Corporation (non-consolidated), counted employees from 10 countries in its workforce, and six of the Company's 24 executive officers were non-Japanese. We will continue to provide equal opportunities to all promising individuals regardless of nationality while underscoring the need to develop global personnel and global organizations through borderless promotion and personnel exchange.

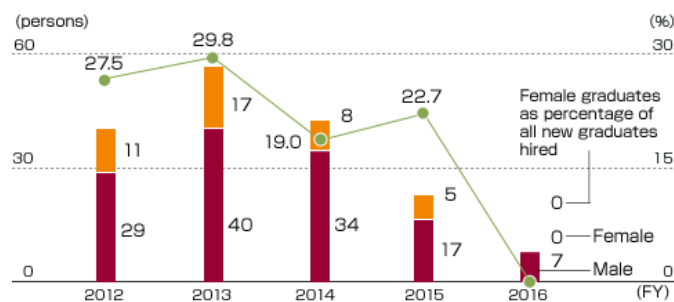
## Promotion and Utilization of Female Employees

We believe in always accepting diverse values and that there is a need to continue to promote change in the corporate culture to encourage active participation regardless of gender, age and nationality. However, as of March 2016 only 13.5% of overall employees and 1.8% of management are women and so expanding the employment of women is a key challenge for use. With the coming into effect of the Act Concerning Promotion of Women's Career Activities, recognizing the importance of ensuring that employees do not work excessively long overtime hours, Advantest is implementing an action plan aimed at: (1) Bringing the number of people who work excessively long overtime hours (defined as working over 80 hours a week) over the course of a year down to zero; (2) Keeping monthly overtime hours within 30 hours.

At Advantest we hire mainly engineering students where there is a high ratio of men to women, and women were not motivated to take the entrance exam through our conventional recruitment activities. Given this situation we focused on demonstrating the benefits of our company to female engineers and strengthening our appeal to women. We make a special effort to use young female employees during laboratory visits and business facility tours, thereby reducing the distance between us and the female applicants, and we emphasize the activities of female employees in our website and hiring brochure. In addition, at employment events, we explain our systems and career plans for women and describe how Advantest's female employees play an active role in the company.

Despite these efforts, we were not able to recruit a new female employee partly because we had lowered the number of new hiring in fiscal 2016. Advantest will continue to focus our efforts to increase the ratio of female employees in the future.

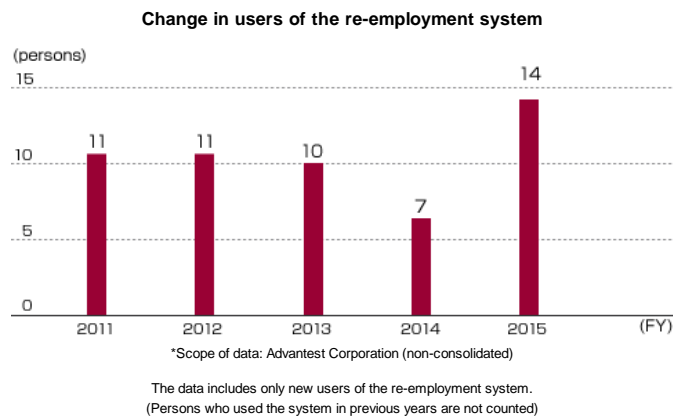
Number of new graduates hired



\*Scope of data: Advantest Corporation (non-consolidated)

## Active Use of Older Employees

Since April 2006, when the age at which national pensions are awarded was raised, it has been mandatory to take steps toward employing older workers up to the age of 65. Accompanying this change, Advantest has revised its re-employment system for older individuals and is responding flexibly to older persons' desire for employment. Our re-employment activities entail deciding on the employment packages and job postings most suitable for actively taking advantage of the skills and know-how possessed by older adults.

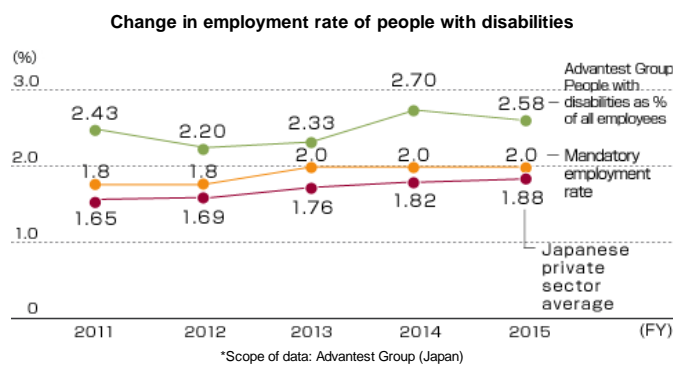


## Employment of People with Disabilities

Advantest Green Corporation (AGC) was established in September 2004 as a special subsidiary of Advantest for the purpose of promoting the employment of people with disabilities. Since then, AGC has been striving to offer job opportunities for, and continuous employment of, people with disabilities under the slogan, "Support employee independence and achieve social growth in partnership with the local community."

We provide AGC employees with a pleasant working environment in operations such as landscaping, cleaning, reception duties, selling bread, deliveries, and the management of dormitories. Advantest also actively takes part in various activities in partnership with local communities and relevant organizations to create workplaces where all employees, regardless of their disability status, can work comfortably.

To expand employment opportunities for the disabled, we are taking steps to make the workplace environment more conducive to their needs by, for example, standardizing work procedures, introducing equipment replenishment systems, and taking other initiatives to streamline tasks. We are also considering moves into new job categories, bringing vocational trainees on board, holding on-site workshops, and otherwise pursuing initiatives that will carry over to new employment.



## Supporting Diverse Working Styles

Sustainability Report 2016

### Ensuring a Good Work-Life Balance

Advantest supports its employees in their pursuit of a good work-life balance based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children. We believe that the work-life balance concept will help make the company a comfortable place to work for all employees, and will ultimately contribute to increasing our corporate value. We are therefore taking measures to reduce overtime hours and create a work environment that facilitates a good work-life balance, allowing our employees to actively pursue outside interests and become well-rounded individuals.

### Arranging a Balanced Support System for Work and Family

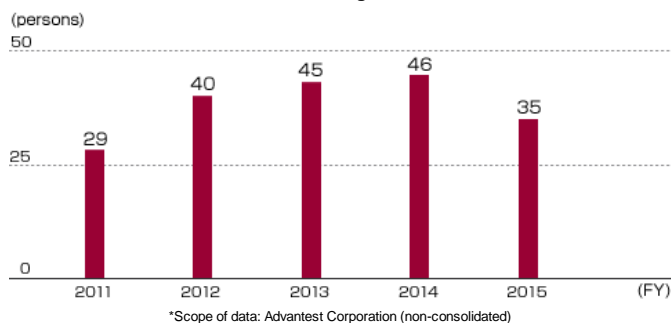
Advantest has implemented a variety of measures so that all employees, while maximizing their potential, can balance work and family (also partially includes non-regular employees).

Pregnant employees can receive 100% compensation during pregnancy visits and pregnancy complications leave (introduced in April 2007) and employees who work while caring for children can take up to approximately 2 years of childcare leave (introduced in April 2001). Also, employees with children up to the 3rd grade can choose shorter working hours.

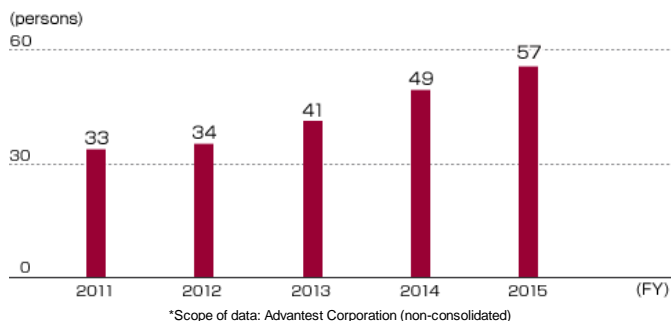
It should be noted that re-employment following childcare leave was 100.0% in fiscal 2015.

We plan to complete standardized facilities for work-life balance, publicize the system and continue to make improvements while confirming the status of usage.

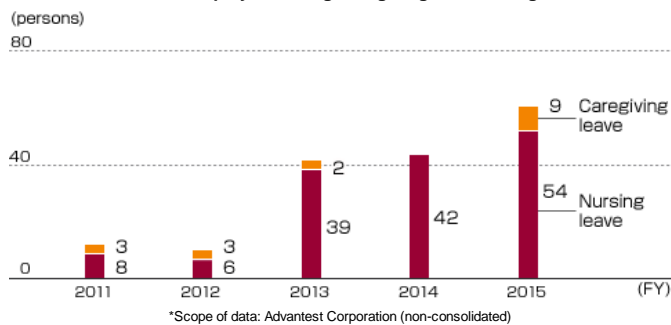
Number of staff using childcare leave



Number of employees using childcare shorter working hours



Number of employees using caregiving and nursing leave



In 2007, we placed the Work-Life Balance Support Guide on the company intranet to spread awareness of the various programs that Advantest provides and encourage take-up. The guide also offers information on related services provided by local governments.



The Work-Life Balance Support Guide on the internet

## Reducing Overtime Hours

The most important issue regarding work-life balance is the reduction of overtime hours. To address this issue, we set the goals specified below and then focused on increasing operational efficiency, encouraging a change in employee mindsets, and making the most of available work arrangements such as flextime and shift work.

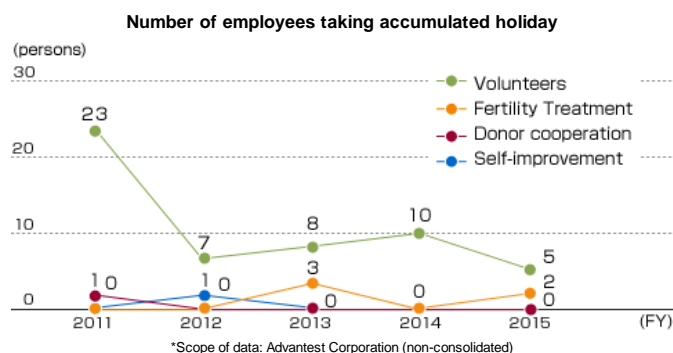
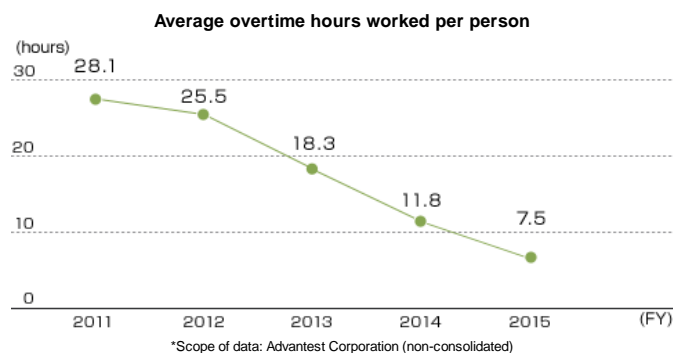
### Our overtime reduction goals are:

1. Number of employees with monthly overtime of 80 hours or more: zero
2. Average monthly overtime hours: 9 or fewer (excluding discretionary labor)

We have also made start and finish times more flexible and introduced half-day leave slots to make it easier for employees with working spouses to adjust their work schedules so that they can better share household chores and responsibilities.

In fiscal 2015, the Company reduced maximum working hours under Japan's "Article 36 Agreement", pledged to deal seriously with overtime reduction for all employees, and reminded supervisors of their responsibility to ensure that employees do not work excessive hours. Since fiscal 2011, we have made announcements via the public address system urging employees to leave the office on time on Wednesday, and we have been notifying the immediate supervisors of employees found to be working excessive overtime (15 or more hours of overtime already clocked by the 15th of the month, or 70 or more hours by the 20th and 25th of the month, or three days of holiday worked already by the 20th and 25th). In the second half of fiscal 2014, we began issuing notices to supervisors when employees clocked four or more hours of overtime by the 10th of the month, or seven or more hours by the 20th of the month, in an effort to further reduce overtime hours.

Although we were able to achieve our goal of fewer than 9 average monthly overtime hours in fiscal 2015 as a result of these initiatives, we were not able to achieve our goal of zero employees working 80 or more monthly overtime hours. The reason was that we had to deal with unexpected problems and meet short lead times. For fiscal 2015 the overtime hours per person was 7.5 hours, representing successful achievement of the target level of less than 9 hours.



## Human Resources Development , Fair Evaluation and Treatment

Sustainability Report 2016

### The Human Resource Development Policy

To enhance corporate value, we need to ensure that employees clearly understand their role and make the effort to develop their capabilities. We expect our employees to show initiative with respect to refining their skills, and at the same time we encourage them to effectively leverage their respective strengths in the global business arena as part of our team.

Moreover, exceptional management ability to harness combined group capabilities plays a crucial role in our turning innovative ideas into products and delivering them to the market.

Our human resources development efforts are based on the three policies outlined in the illustration below, in line with the Human Resource Development Policy established in April 2003.

Focusing on the three policies of developing an adventurous spirit among our workers, providing our workers with a cosmopolitan outlook, and upgrading management skills, we conduct human resources development to produce a professional workforce capable of navigating the global business environment. Through this policy, Advantest actively supports employees who work consistently to refine their skills, acquire greater expertise, and broaden their knowledge.



### Education and Training System and Implementation Status

Advantest has prepared a training program that anyone can participate in, and where a wide range of topics can be learned, from basic knowledge up to the latest technology trends. In addition, to ensure that this training program adapts to the changing environment, we continue to consider further improvements.

With the development of globalization, in order to adapt to the changes in the wider business environment, we worked to develop a human resources education system in line with the above-mentioned human resource development policy. To make this training even more effective, we are forging and implementing new programs, including the expansion of our global training program. New programs will be delivered by specialists to make them more effective, and we will selectively use in-house or external lecturers depending on the program content.

We plan to restructure our education system by factoring in opinions from overseas as well as those from Japan, thus giving it a more global perspective.

In fiscal 2015, approximately half of all Advantest employees received training of some kind, and the average number of training hours per employees was 8 hours. (These figures exclude initial training for new employees )

Program	Objective	Target	Number of times implemented	Lesson time (hours)	Number of trainees
Subordinate Development Training	Enhance management skills	Managers, General employees	1	10.5	25
New Manager Training	Enhance management skills	Managers	1	7	23
Career Development Program	Enhance management skills	General employees	1	15	10
Career Training	Enhance management skills	Managers, General employees	2	15	56
Evaluator Training	Enhance management skills	Managers	1	8	20
Problem-Solving Training	Enhance marketing skills	Managers, General employees	1	15	24

Program	Objective	Target	Number of times implemented	Lesson time (hours)	Number of trainees
TM Method, Problem-Solving Training (Introductory)	Enhance marketing skills	General employees	1	15	21
Technology & Marketing Training	Enhance marketing skills	Managers, General employees	1	15	21
Project Management Training	Enhance marketing skills	Managers, General employees	1	15	24
Global Mindset Training	Enhance communication skills	Managers, General employees	1	15	19
Cross-Cultural Understanding Training	Enhance communication skills	General employees	1	7.5	18
Third-Year Training	Enhance communication skills	Third-year employees	1	15	41
English-language Telephone Skills	Enhance language skills	Managers, General employees	2	10	34
English-language E-mail Skills	Enhance language skills	Managers, General employees	1	7.5	20
English-language Presentation Skills	Enhance language skills	Managers, General employees	1	7.5	20
Approaches to Learning English	Enhance language skills	General employees	16 courses	24 hours each	85
TOEIC IP test	Enhance language skills	General employees	2	2	491
IDEA HACKS! Creative Workshop	Develop ability to generate ideas	General employees	1	7.5	14
New Employee Training	Develop basic skills	New employees	1	6 month	22
Technology Seminar	Acquire knowledge about the latest technologies	Engineers	28	2-15 hour each	316

## Development of Engineers

We place particular emphasis on educating engineers, with the aim of ensuring that our products continue to underpin leading-edge technologies.

We have created a training program accessible to every employee of the Group and covering a wide range of subjects, from basic knowledge to the latest technologies.

In fiscal 2015, around 30 technology seminars were provided, with approximately 320 engineers participating. The program now includes seminars hosted by Advantest's senior engineers. For example, one of the seminars featured a lecture on design quality by an employee in charge of design, thereby shedding light on the basic technologies required to maintain and improve product quality based on the speaker's first-hand experiences. The program acts as a means of imparting not only technical knowledge but also Advantest's "corporate DNA" to successive generations.

## New Employee Education and Training

Advantest's training program for new employees starts with a month-long, combined-group segment covering the basics of working life. After that, the new recruits are put into one of two occupation-specific training regimes, depending on whether they have been hired for engineering or administrative job assignments.

Engineering employees undergo "basic technology training" to learn the basic knowledge required, starting with the basics of design and then the methods for using products, quality assurance, and intellectual property etc., and go on to learn the necessary skills as Advantest engineers through "manufacturing training" (the basis of manufacturing), hardware (electrical, mechanical) and software development "development and practice training" New administrative employees do training in the three fields of sales, production, and management, to get an overview of the Group's business and how the divisions are interrelated.

By having new employees experience various areas of company operations in this way, we are able to ensure that they will clearly understand their own roles, and will recognize the importance of teamwork with other divisions. Our training period for new recruits acts as a key formative phase in their professional development as Advantest employees.

**New employees training**

		April	End of September	
Engineering roles	Combined group training (1 month)	<b>Basic engineering training (2 months)</b> - Device measurement training - Quality assurance training - Intellectual property training - Screw fastening, soldering etc.	<b>Manufacturing training (1.5 months)</b>	<b>Development and practice training (1.5 months)</b>
Administrative roles				

**Fair Evaluation and Treatment**

**The Advantest Resource Management System (ARMS)**

At present, our overseas sales ratio is over 90%, and among our 4,638 employees, more than 40% (2,063) are in overseas affiliated companies, making Advantest a global company. Given this structure, we introduced the Advantest Resource Management System (ARMS), a unified human resources system, in April 2012. ARMS promotes cooperation among multiple bases around the world, as well as smooth personnel exchanges and transfers.

**Global human resource system**



Under ARMS, the unique job classification systems decided on by Group companies in each country have been replaced by a new 10-level job system that is common to all. In this system, job levels 1 to 6 are for general employees, while levels 7 to 10 designate management positions. There are two management paths in this system: one for “people managers”, who manage budgets and deal with staff merit and labor issues, and one for “functional managers”, who tend to business and ensure that operations are carried out properly. Line managers with subordinates are assigned to the first path, and all other specialists are assigned to the second. With these two lines for advancement, we ensure that diverse personnel have opportunities to develop as managers.

We also apply common global rules to our pay scale, including basic pay and bonuses. Previously, for example, bonus payments in each country mainly reflected the performance of Advantest’s subsidiary or affiliate in that country, but under the new system bonus payments reflect the Company’s consolidated earnings. Starting in fiscal 2012, we have applied a new system of evaluating employee performance. No matter where Advantest employees work, they can now be evaluated and rewarded according to a common global system, with every employee receiving an evaluation/cultivation interview at least once a year.

Four years have passed since we introduced our global human resources system, during which time efforts have been made to increase the number of employees seconded from Japan to overseas postings and the number of personnel exchanges with overseas affiliates; this system has contributed to invigorating the organization and improving corporate performance.



### Global job level and title

Job Level	Job Title		Descriptions
1	Entry		Performs routine tasks of a repetitive nature in a...
2	Career		Duties and responsibilities focused on structured and...
3	Associate		Requires specific knowledge of a business function or...
4	Developing		Handles moderately complex assignments and works...
5	Senior		Provides specialist or technical recommendations to...
6	Expert		Requires ability to make tactical judgments that are...
7	(Sr.)Manager	(Sr.)Consulting Manager	Operational team leader or professional/technical advisor...
8	Director	Consulting Director	Sets goals and targets for a department or management team...
9	Sr. Director	Principal	Sets annual plans in accordance with the global or regional strategy...
10	VP (or SVP)	Fellow	Accountable for developing and establishing long-term plans in line with the Advantest Group strategy...

Meanwhile, the new human resources framework offers labor management flexibility in setting up working hours, telecommuting arrangements and other job specifics, so that managers can more aptly address such matters directly in accordance with the laws and regulations of their respective nations and in line with local employment practices.

Starting from fiscal 2014, we have established a global personnel database, which is effectively utilized for project team composition and smooth personnel changes on a global scale. Beginning in fiscal 2015, we began using a new global personnel evaluation system to replace the existing personnel evaluations. In the future, we will be setting up human resource development schemes with a worldwide reach, promoting employee diversity through active efforts to hire and promote employees with differing backgrounds, and taking decisive steps toward forging an employee recruitment strategy that accords with the business strategies of our operations in diverse countries.

In the spirit of establishing ourselves as a truly global company going forward, Advantest will continue to work hard to create a professional business environment where every member of a diverse Advantest Group workforce can make the most of his or her individual capabilities.

### Pension system

Domestically, Advantest employs a point system to determine retirement benefits. We have also introduced a prefunded company pension system with defined benefits. Management of pension assets is entrusted to the Advantest Corporate Pension Fund. Retirement benefits are divided into lump-sum payments, which are paid by the Company, and the pension fund portion, which is paid out according to years of service. In both cases, Advantest shoulders 100% of the cost.

## Occupational Health and Safety

Sustainability Report 2016

### Advantest Group Occupational Health and Safety Policy

Advantest Group recognizes that Health and Safety (H&S) is an important aspect of our business operations. This policy is set forth to ensure the Health and Safety of every Advantest employee.

#### 1. Health and Safety First

We will make H&S the first priority for employees in all Advantest operations, including product development, design, manufacturing, customer service, and others.

#### 2. Compliance with Laws and Regulations

We aim to achieve compliance with legal requirements through good occupational health and safety performance.

#### 3. Regular Review of Health and Safety Compliance

To support this policy, we will provide employees with an annual activity plan which will address every business location's H&S regulations through management support.

#### 4. Education and Training

We will ensure that employees receive appropriate training, and are competent to carry out their designated responsibilities.

#### 5. Disclosure of Occupational Health and Safety

We will communicate this basic policy and other H&S-related information to all employees in the Advantest Group, and work to raise awareness. We will also disclose information outside the company as necessary.

### Promotional System

At Advantest, every year we convene the "Health and Safety Committee Meeting" which decides the health and safety direction and policy for the whole group. The approach to health and safety is based on the main activity themes decided on at this meeting, upon which the health and safety committees at each location set their annual targets and plans. We also regularly hold horizontal health and safety committee secretariat meetings, and strengthen each location's health and safety activities through this sharing of information about relevant activities.

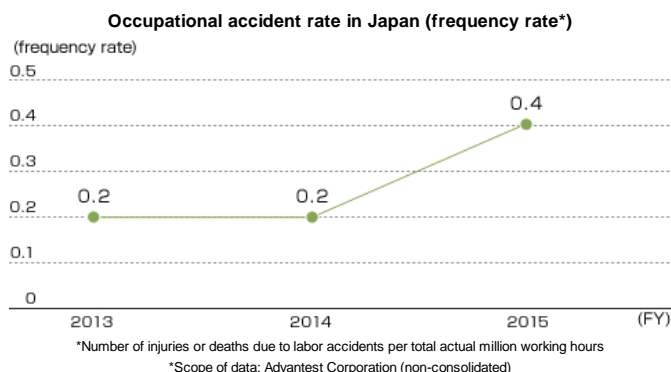
Organization of Health and Safety Management (Japan)



### Implementation of Occupational Health and Safety Activities

In fiscal 2015, we implemented the "Aiming for Zero Serious Accidents Activity" with the aim of enhancing safety. With the company having experienced a series of accidents involving falls, causing the overall accident rate to increase, we implemented health and safety training (targeting employees in Japan), to help employees understand the reasons for accidents involving falls and take measures to prevent such accidents in the future.

In fiscal 2016, we are continuing to implement the "Aiming for Zero Serious Accidents Activity," while also implementing safety enhancement activities focused on preventive safety and avoiding accident reoccurrence. When an accident does occur, the measures that we take to prevent reoccurrence include verifying the steps taken in response and their implementation status, and ensuring that accident case studies are disseminated horizontally throughout the Advantest Group. As part of our efforts to strengthen preventive safety, we are working to ensure that risk assessments are implemented as a standard procedure for both manufacturing operations and chemical substance utilization.



## **Mental Health**

At Advantest we believe that vigorous employees make for a vigorous workplace. Accordingly, our Health Promotion Office supports efforts to ensure both the mental and physical health of our employees, so that we can provide a safe and comfortable workplace environment for them.

In fiscal 2012, we shifted our focus to prevention-oriented wellness and introduced testing of stress levels. By quantifying stress (thus making it visible), we promote stress awareness among all employees, which is useful for self-care. The fiscal 2015 stress diagnosis test, which was accessible through the corporate intranet, drew an 87.5% response rate. The 5% of employees with the highest diagnosed stress levels were invited to attend counseling (and 12% did). With the introduction of an e-learning program, we reinforced self-care (91% participation).

The mental health training focused on managers at workplaces with high health risk; by helping managers to learn methods for tackling potential mental health issues in the workplace, we aimed to create workplaces where people are less likely to develop mental health problems.

Also, in light of the many types of stress that exist, we are establishing rules governing the provision of support for return to work, so that even if employees suffer mental health issues they can be sure that they can take the appropriate leave and eventually return to work.

## **Health Consultations**

At Advantest's Health Management Office, a comprehensive range of health professionals (including occupational health physicians, clinical psychologists, public health nurses, nurses, industrial counselors, etc.) provide counseling services for physical and mental problems of all kinds. Applications for counseling can be submitted easily by telephone or e-mail, or via the company's intranet. In fiscal 2015, counseling services were provided on 800 occasions.

## **Labor-Management Dialog**

Labor unions currently representing our employees include company union JEIU, in which 72.7% of our employees and just over 99.5% of our labor union members are enrolled, and industrial union JMITU. Advantest negotiates in good faith with each of these labor unions.

Additionally, the labor agreement with JEIU includes health and safety and claims management, and we work cooperatively together to respond to issues regarding operation of the health and safety committees, Code of Conduct and HR claims management.

## Respecting and Protecting Human Rights

Sustainability Report 2016

### System to Promote the Respecting and Protecting Human Rights

Focused around the Corporate Ethics Office and the Code of Conduct Committee, Advantest strives to promote and set policies on human rights issues and deal with complaints about discriminatory treatment.

We share the Advantest Supply Chain CSR Promotion Guidebook with our suppliers, and endeavor to ensure that they are fully aware of the need to respect human rights (including the prohibition on forced labor, child labor, and discrimination, etc.).

### Creating a Workplace that Respects Human Rights

The ADVANTEST Way and the Code of Conduct incorporate a pledge that we will respect human rights without discriminating on the basis of age, gender, nationality, religion or other factors. We have established manual for human right and discrimination, prevention guidelines for sexual harassment and workplace bullying, and promoted to respect and protect human right.

To enhance employees' understanding of these issues, every year starting from April 2006 the training provided for new employees and for new managers has incorporated training in sexual harassment and workplace bullying prevention as well as human rights education.

In fiscal 2013, we launched an e-learning program on The ADVANTEST Way and the Code of Conduct for all Group employees. In fiscal 2015, this training was expanded to include all employees in the Advantest Group, both in Japan and overseas.

### Harassment Prevention

To prevent sexual harassment and workplace bullying, in July 1999 we created a manual and placed it on the intranet for easy reference.

The key points are as follows.

1. Definition of sexual harassment and workplace bullying
2. Sexual harassment and workplace bullying in the workplace
3. Impact of sexual harassment and workplace bullying
4. Sexual harassment and workplace bullying prevention measures

We are working to devise methods for self-checking that can be conducted in response to the issues above.

### Reporting and Consultation Framework for Human Rights Issues

We have set up a Corporate Ethics Helpline to address human rights issues and concerns that are not readily resolvable in the workplace, designed so that those facing such issues can draw on the support of our Corporate Ethics Office. Reports and consultations are handled mainly by the Corporate Ethics Office, and every precaution is taken to prevent those employees seeking help from suffering any disadvantage or retribution, for example, by protecting their anonymity. This helpline can also be used from overseas.

Through this activity, Advantest aims to foster a stress-free environment where employees respect one another's human rights.

**Membership of Civil Society**

Sustainability Report 2016

**Prevention of Bribery and Compliance with the Anti-Monopoly Act**

**Basic Stance**

The basic philosophy of the Advantest Group, which is embodied in the ADVANTEST Way and Code of Conduct, attaches great importance to being aware of one's responsibilities to society, and to the maintenance of integrity in one's conduct. Advantest implements a variety of measures to prevent the occurrence of bribery or other corrupt practices, and to prevent anti-competitive behavior.

**Prevention of Bribery and Other Corrupt Practices**

As a supplement to the Code of Conduct, Advantest has also formulated an Anti-corruption and Anti-bribery Policy, which clarifies, in detail, Advantest's rules in relation to prevention of bribery and other forms of corruption throughout the world.

To ensure that all Advantest employees fully understand the Policy, and to ensure that they do not engage in behavior that violates law or regulations in any country, all employees throughout the Advantest Group are required to undergo Anti-corruption and Anti-bribery Training on an annual basis.

In fiscal 2015, Advantest was not the subject of any legal action relating to bribery or other corrupt practices.

**Compliance with the Anti-Monopoly Act**

Advantest educates its employees about all aspects of anti-competitive behavior prevention as part of its Code of Conduct training, with particular emphasis being placed on the need to comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors; education regarding the Act is provided to new personnel in all relevant departments, including purchasing departments. In the future, Advantest intends to continue providing education and training aimed at ensuring the realization of fair and equitable transactions. In addition, Advantest's Internal Auditing Department undertakes sampling of purchasing transaction content, to verify that there are no violations of any kind.

In fiscal 2015, Advantest was not the subject of any legal action relating to bribery or other corrupt practices.

**Social Contribution Activities**

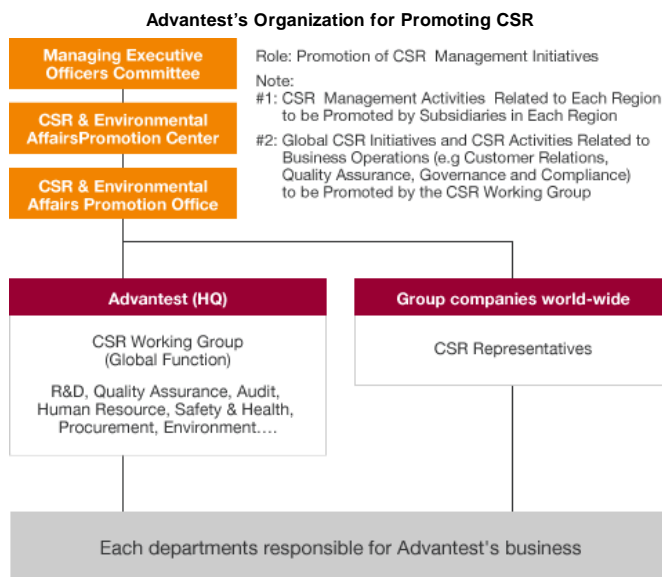
**Stance towards social contribution activities**

Advantest's Corporate Social Responsibility (CSR) Policy was stipulated as follows in April 2008: "Advantest respects each of its stakeholders and strives to maintain harmony with society in all its operations while contributing to the goal of a sustainable society." Based on this stance, Advantest conducts social contribution activities focused on the areas of preserving the global environment, developing the next generation, and contributing to local communities.

Advantest seeks to respond to the needs of its stakeholders and the community in order to contribute to the development of an affluent society through its social contribution activities, thereby fulfilling its corporate social responsibility as a global company.

**Advantest's Organization for Promoting CSR**

Advantest has a track record of promoting CSR and environmental initiatives in every country and region it operates in, especially Japan. However, it has been increasingly important for Advantest to conduct more global CSR and environmental initiatives through its supply chain as a company that contributes to a broader range of societies. We intend to continue contributing to regional societies through our CSR and environmental initiatives.



**Framework to Promote Employee Participation**

At Advantest we are actively promoting employee participation in volunteer activities.

Volunteer activities provide a way to contribute to society, and we recruit participants through our intranet. We also include reports on activities in each region and participants' views in our internal newsletter which contributes to attracting new participants.

Employees can save up their unused holidays that would otherwise not be transferred to the next year and use them for volunteer activities.

## Examples of Social Contribution Activities in fiscal 2015

### Contribution to local community through food donation

On 15th January 2016, as part of their "3R" activities, Advantest (Singapore) Pte. Ltd. (ASP), in collaboration with the charity "Singapore Children's Society Family Service Centre", distributed food to poor families in a district near ASP's office. Prior to the donation, US\$3,750 was raised through employee donations and a charity auction of items brought in by employees and items (including drawstring bags and coasters) made by employees using recycled materials. On the day of the food donation, employees bought food at the local supermarket, separated and packaged it, and delivered 270 bags in 90 sets to families.

\* 3R: Reduce, Reuse, Recycle



### Onsite Science Lesson for Elementary Schools

Advantest conducts onsite science lessons for elementary school students for the purpose of communicating the fun of our main characteristic (the fun of manufacturing) to children.

On February 25, 2016, a group of seven Advantest employee volunteers visited Nachigaoka Elementary School, Natori, Miyagi Prefecture, where they helped a group of 34 5th-grade students to create hand-made speakers. The children listed enthusiastically as the volunteer instructors explained how the principles of magnetism that the children had studied in science class could be used to create hand-made speakers. The teaching materials had been improved so that the speakers would produce an unprecedentedly loud sound; the children's applause at the end of the class was just as loud.



### Germany and Gambia: Project Involving Management of a Nursery School

Advantest Europe GmbH and the Bee Tillo e.V. private charity organization founded by Advantest employees have been providing support for the construction and operation of a nursery school in Tungina, Gambia. The nursery school, which is attended by approximately 90 children aged between 3 and 7, opened in September 2013. The three teachers working at the nursery school are all studying to obtain university-level qualifications in preschool education, with financial support from Bee Tillo e.V.

In 2015 a new water supply was installed for the school's toilets, and the school grounds were expanded with the addition of a basketball court. The cultivation of bananas and other fruit on school grounds has also begun, partly to facilitate science education and also to provide an additional source of funding for the nursery school.



## Product Liability

Sustainability Report 2016

### Advantest Group Quality Policy

“Customer Satisfaction” is the fundamental basis of all our activity.

We are committed to providing customer-satisfying products in a timely manner, by activating quality implementation from early in the design stage, and increasing the total efficiency of our overall sales and manufacturing process.

### Quality Management System

In keeping with our product quality plan, which calls for improvement in customer satisfaction, we have designed our quality management system to comply with the international quality assurance standard ISO9001 throughout the Company.

We have established an organization to promote the system within the company-wide framework, led by the Quality Assurance Manager under the supervision of executive management, which maintains and improves quality systems, with the goal of raising customer satisfaction. We have also constructed our own internal audit framework, and we maintain and improve our systems through regular internal audits.

### SQE Activities

We are committed to the notion that individual components underpin overall product quality, and therefore the quality of each and every component has to be exceptional. Premised on that assertion, the Advantest Group engages in SQE (Supplier Quality Engineering) initiatives beginning at the component adoption phase, drawing on the support of our supplier network. SQE initiatives are undertaken with the aim of enlisting a team of experts to bring about improvements to component quality. Accordingly, it is critical that we engage in practices to ensure component quality, particularly given that the number of parts used in our products is roughly equivalent to the 200,000 to 3,000,000 parts that make up an aircraft.

Our SQE initiatives involve the following three practices.

- Careful selection of components: When given the choice of multiple components with similar performance specifications, we select the best item through a process involving in-house quality analysis and evaluation.
- Quality improvement through PDCA: We apply PDCA-cycle practices from the component design phase to manufacturing to achieve improvements prior to high-volume production and thereafter.
- Ensuring that tolerances are maintained in component design: We aim for component design benchmarks determined on the basis of tolerances rather than standard specifications.

In this way, by running SQE activities from the product development stage, we can reduce problems with components in the manufacturing process and the risk of component problems reaching the marketplace, which contributes to greatly reducing the risk of losses. The results of this approach can be seen in the smooth running of our end users’ processes and in the increased security that our clients enjoy in using our products.

Also, by decreasing the incidence of rejected parts we decrease the need for their exchange and disposal, and so contribute to reducing the environmental impact.

### Securing Product Safety and Quality

Aiming to meet the high product safety standards increasingly seen as important by modern society, we adopted the Advantest Product Safety Charter in May 1995.

To achieve the above, we formulated our Product Safety Promotion Regulations and established a companywide committee as an organization to promote advances in product safety. From May 1995 to the present, this committee has been continually active in product safety improvements.

In fiscal 2015, we commissioned specialist outside bodies to undertake inspections of the safety and durability of 13 Advantest’s major products. The results indicated that there was no need for further revision of improvement of Advantest’s safety specifications.

It should be noted that, in fiscal 2015, there were no violations of the standards specified in Advantest’s Product Safety Promotion Regulations.

### Initiatives Aimed at Improving Software Quality

Advantest continues to implement initiatives aimed at improving software quality. Software for test systems, handlers and other such systems shipped by Advantest first goes through a process that involves quality verification by the Quality Assurance Division. The specification sheet, a parallel product of development, is examined by the Quality Assurance Division in real time and feedback is given, which helps to ensure quality at upstream stages of development. The examination is implemented by the time development is complete, and after fulfillment of quality standards is confirmed, products are shipped.

Beginning in 2012, process improvement activity using the “Toyota development process”<sup>\*1</sup> has been implemented with the cooperation of the R&D Division. This activity improves the level of the design review process, and high-quality design enables high-quality and high-throughput product development. These initiatives help to bring about the timely delivery of even better products.

\*1 Source: The Toyota Product Development System, James M. Morgan, Jeffrey K. Liker, 2006.

### Availability

Advantest is committed to helping its customers achieve higher levels of productivity by offering them products that guarantee high availability — meaning that they are unlikely to malfunction, and will recover immediately should failure occur. More specifically, availability refers to the ratio of time that a system is operational over a given time, and as such constitutes one of the benchmarks of product integrity. The Advantest Group delivers high availability by working hard to improve MTBF<sup>\*1</sup> so that systems will operate without malfunction over longer duration of use, while also reducing MTTR<sup>\*2</sup> so that systems will be more readily serviceable when malfunction does occur.

\*1 MTBF: mean time between failure

\*2 MTTR: mean time to repair

## Design Review System Aimed at Improving Quality

Persistently stringent customer demands for functionality, performance and quality create demand for Advantest products equipped with increasingly large-scale and progressively more complex circuitry. Meanwhile, we are also responding to demands for shorter development lead times, a challenge we feel is best addressed by instilling quality at the upstream design phase so that we can detect potential issues early on. Accordingly, we introduced a new design review system in 2008 as a framework for achieving these goals.

- Our design review system was amended to ensure that the project leader establishes a design review plan when product development begins, and so that reviews are conducted regularly.
- We changed the system so that the relevant staff and the project leader, as well as the quality assurance division, carry out monitoring to prevent follow-up omissions, by enabling visual identification of issues raised.
- We also adopted the Design Review Meister System, which involves forming groups of in-house experts for each technical area to participate in the related design reviews. This system increases the rate of problem detection in design reviews, encourages the succession of technologies, and facilitates in-house education.

Many positive results have been achieved through these activities. For instance, the rate of defect detection during the design phase has recently improved, leading to a decrease in setbacks and fewer defects finding their way into the post process, thereby minimizing development delays. The new design review system has resulted in improvements in design quality and a reduction in development lead times. However, it has also revealed some cases in which problems that should have been detected by the designer ultimately found their way into the design review or the post process.

Advantest regularly collects analysis and feedback on issues that have gone undetected and makes improvements to the review framework as necessary. Moreover, going forward we will implement further improvements to the design process involving thorough checking prior to design reviews to achieve better design quality.

## Basic Policy for Improving Customer Satisfaction

Customer satisfaction is the most fundamental of principles underpinning Advantest's business. Our product quality policy, which is shared throughout the Group — "Elaborate for quality from the design stage, promote to optimize the whole process of manufacturing, and offer the timely and high-quality products our customers expect" — characterizes our portfolio of products that offer not only superior performance, but also superior environmental friendliness and safety. We are committed to keeping our customers satisfied at every stage, from design and manufacturing to sales and service, via guaranteed quality, top-notch service, and support on a global scale.

## Sales and Marketing Practices that Support Customer Satisfaction Gains

The mobile device market, consisting mainly of tablets and smartphones, has been the leading source of demand for semiconductors in recent years, and demand shifts in this market are growing larger. It is imperative for Advantest to respond to these shifts by strengthening its product supply system through parts procurement readiness, shortening of manufacturing processes, and reduction of production costs. In line with this, we implemented the integration of our factory in Gunma in September 2014.

Previously we performed manufacturing of semiconductor test systems and installing of boards used for them in separate factories, but by integrating these processes into one factory we were able to streamline the overall production process. Through this we have been able to establish a manufacturing set-up able to respond to our customers' steadily changing business environments.

At the same time, in the case of device interfaces, which require customization for customer products, we are working to establish production bases close to customers in China, Korea and South East Asia, in order to be able to respond directly to customer needs and achieve fast delivery times.

We are aiming to further improve customer satisfaction through these measures.

## Sales and Marketing Activities to Improve Customer Satisfaction

The semiconductor industry, which Advantest supports through its products, is an industry characterized by intense competition to develop next-generation technologies. Besides providing our customers with test solutions, Advantest also holds the annual VOICE Advantest Developer Conference, at which we share the latest technology and product information with our partner companies. In fiscal 2015, for the first time, the VOICE Advantest Developer Conference was held on two continents in the same year, being held in Silicon Valley in the U.S. in May 2015 and also in Shanghai, China, with a record 400-plus people participating. Besides this expansion in the geographical scope of the Conference, another thing that made this year's Conference special was that 41% of the technical papers submitted for the Conference were from authors who had not participated before, while the number of countries represented rose to a record 14; overall, this year saw a big step forward in terms of both quality and quantity. This year, besides presenting Advantest's new products and technologies, the Conference also showcased the solutions of 13 strategic sponsors, and benefited from support from four prestigious industry bodies — SEMI, the Global Semiconductor Alliance (GSA), VLSI Research, and IC Insights — providing opportunities for strengthening linkages within the industry. The 2016 VOICE Advantest Developer Conference was the 10th Conference, making this a very special occasion, and encouraging us to do our best to provide an even richer array of content than usual.

Advantest has also continued to hold technical seminars at locations throughout the world, with the aim of presenting the latest information about our products and enhancing communication with customers. In 2015, technical seminars were held in June 2015 in Tel Aviv, Israel, in October 2015 in Seoul, South Korea, and in November 2015 in Shanghai and Beijing, China. We were delighted to see so many Advantest customers attending these events.

In the future, Advantest will continue to hold events worldwide aimed at helping us to better understand customer needs and strengthen communication with customers, which in turn can help us to enhance our customer service provision.



Scene of presentation



## Promoting Customer Support

The Advantest Group has established its basic policy for customer support with the aim of realizing the globally-oriented restructuring of the Group's service businesses.

Our basic policy is outlined as follows.

### < Basic policy for customer support >

- We will propose total solutions in the form of support packages designed to deliver maximum efficiency to our customers in their device measurement operations.
- We will propose unified service support matching the customer's business model from development to the mass production environment.
- We will respond to customer demands by proposing service support packages that encompass total solutions.
- We will always take the customer's point of view and draw on our global organization in offering solutions.
- Our premium services and customer support will not only be efficient, but will also take the environment and safety into consideration.
- We will offer high-value-added professional services.
- We will strive to maintain our zero-accident record by thoroughly observing safety standards in field service provision and elsewhere.

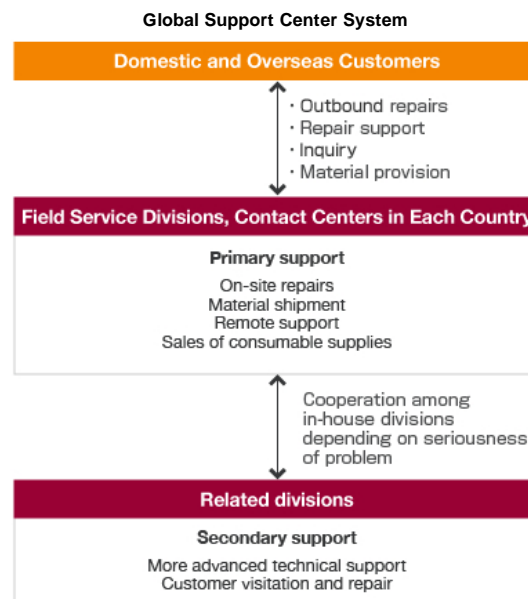
## Better Customer Support with a Global Focus

Advantest is building a global support framework capable of responding effectively to service support requests and other inquiries from customers. While responding to everyday service support requests through contact centers in each country, as well as by telephone and e-mail, we are also implementing primary support consisting of technical service and onsite repairs by field engineers.

We station expert support teams in product development bases to carry out secondary support, allowing us to respond appropriately to the content and difficulty of service requests.

We have developed a global supply-chain network covering customer operations ranging from their development bases to mass production facilities. Moreover, we also operate a supply-chain control mechanism through which replacement equipment and parts at service centers in each country are monitored to determine inventory needs at respective locations worldwide.

We continue to run an engineer exchange program between overseas subsidiaries and our secondary support division, which helps engineers to improve their professional skills and raises the quality of our support. This two- to three-year program aims to sharpen engineers' technical skills, develop cross-cultural competencies, and raise foreign language and communication proficiencies. In the mass production facilities of customers, we offer on-request expert consulting and solutions regarding productivity issues. Also, we offer device measurement training to our customers, and provide professional advice in that regard.



## Recipient of the "10 BEST" Customer Satisfaction Award for the 28th Consecutive Year, on the Basis of the VLSI Research Survey

Advantest aims for a clear grasp of customer needs and strives to provide customers with high-performance, premium-quality total test solutions in a timely manner.

At Advantest, we gain a better understanding of our customers' needs through information that we acquire from our daily business activities, and also through yearly participation in the customer satisfaction survey conducted by VLSI Research, a company renowned for its semiconductor market research. Based on this year's survey, we received the "10 BEST" award granted to the top-ten ranking companies for the 28th year in a row.



VLSI Research: 10 BEST

## About the Advantest Group

Sustainability Report 2016

### Corporate Overview

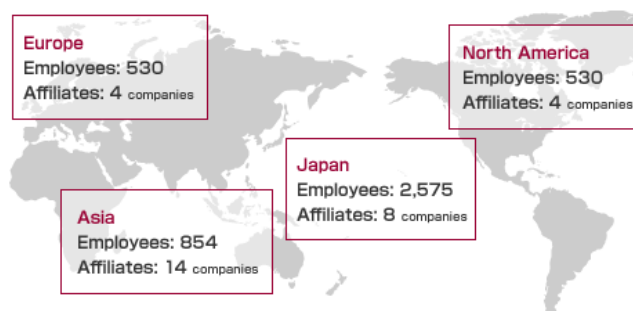
#### Organizational Profile

<b>Registered Name</b>	ADVANTEST CORPORATION
<b>Head Office</b>	Shin Marunouchi Center Bldg., 1-6-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005
<b>Representative Director, President &amp; CEO</b>	Shinichiro Kuroe
<b>Capital</b>	32,363 million yen (as of March 31, 2015)
<b>Stock Exchange Listings</b>	Tokyo Stock Exchange, 1st Section (Code: 6857)
<b>No. of Shareholders</b>	37,330
<b>No. of Shares Outstanding</b>	199,566,770 shares
<b>No. of Consolidated Affiliates</b>	30 (8 in Japan and 22 overseas)

(as of March 31, 2016)

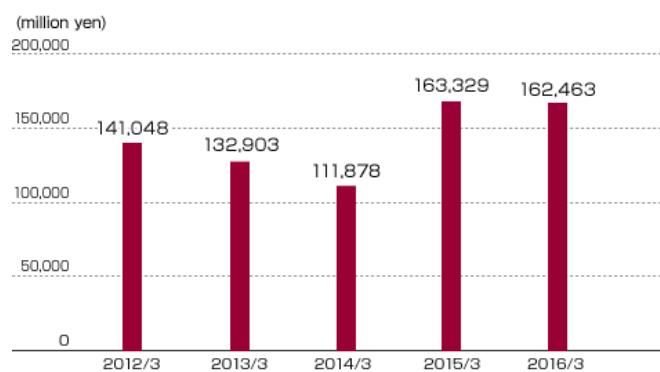
#### The Advantest Group's Global Network

(as of March 31, 2016)



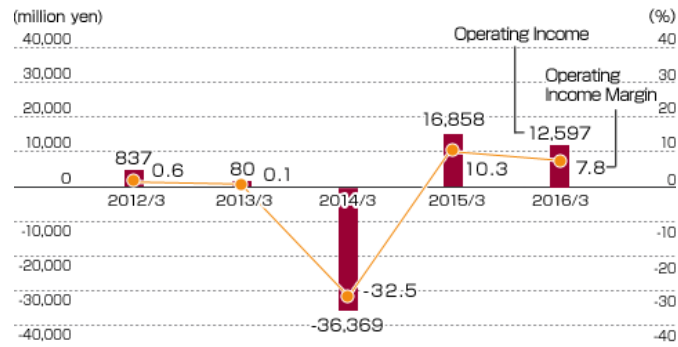
### Sales

#### Change in Net Sale



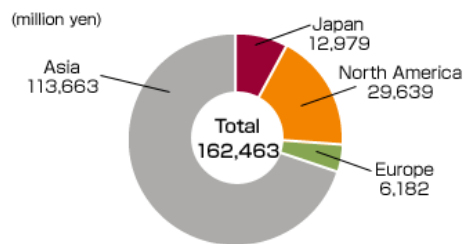
\*Financial data are presented in accordance with International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015 and the data before then are presented based on US GAAP.

### Change in Operating Income/Operating Income Margin



\*Financial data are presented in accordance with International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015 and the data before then are presented based on US GAAP.

### Sales by Region (fiscal 2015)



## Business Fields and Main Products

Advantest is a global leader in test and measurement. We provide real solutions to customers in a wide range of fields, from semiconductor manufacturing and R&D to electronics, medical devices, and pharmaceuticals.

### Semiconductor and Component Test System

Semiconductor test systems, known as Automatic Test Equipment (ATE), are essential to quality assurance. Advantest is a pioneer in this field and a world leader in test technology. Our diverse, high-productivity solutions provide unmatched support for suppliers of various devices, ranging from logic ICs to the memory chips used in computers, servers, game consoles, smartphones and vehicles.

#### Non-Memory Test System



V93000  
SoC Test System



T2000  
SoC Test System



T6391  
Display Driver Test System

#### Memory Test System



T5503HS  
Memory Test System



T5833  
Memory Test System



T5851  
Memory Test System

## Mechatronics System

Advantest offers a rich line-up of products used in semiconductor development and processing, including lithography tools and wafer test systems.

### Test Handlers

Test handlers transfer packaged semiconductors in large batches to a test system, then grade them, identifying faulty devices. Featuring high through put thermal control and highly accurate placement technology Advantest's test handlers support the manufacturing of leading-edge semiconductor devices.



M4871  
SoC Test Handler



M6245  
Memory Test Handler

### Device Interfaces

Test handlers transfer packaged semiconductors in large batches to a test system, then grade them, identifying faulty devices. Featuring high through put thermal control and highly accurate placement technology Advantest's test handlers support the manufacturing of leading-edge semiconductor devices.



Change kit



HIFIX



Probe card

### Nanotechnology

Advantest offers two families of nanotechnology products that contribute to cutting-edge semiconductor manufacturing and process development, utilizing the electron beam (EB) control technologies we have amassed through our R&D activities. Our EB lithography systems write 1x nanometer node circuit patterns onto semiconductor wafers and other substrates, while our metrology/review systems enable real-time measurement and defect review of pattern width, height, and side wall angles.



F7000  
EB Lithography System



E3640  
MASK MVM-SEM®



E5610  
MASK DR-SEM



E3310  
WAFER MVM-SEM®

## Services, Support and Others

Advantest provides diverse customer-support solutions, including semiconductor test equipment installation and maintenance, and applications to improve the productivity of installed test systems.

Additionally, we continue to develop groundbreaking products such as SSD protocol testers, terahertz spectroscopic / imaging systems, on-demand testing systems, and mobile handset system test solutions, targeting diverse new markets. Earnings from these new businesses are also included in this segment.



MPT3000  
SSD Multi-protocol Test System



TAS7500  
Terahertz Spectroscopic Imaging System



CX1000P  
Cloud Testing Lab

## Commitment to External Initiatives

---

Advantest is supporting measures aimed at the realization of a sustainable society through its sponsorship for and participation in various domestic and international statements and guidelines.

## EICC Code of Conduct

In its business operations, Advantest follows the stipulations of the Electronic Industry Code of Conduct drawn up by the Electronic Industry Citizenship Coalition (EICC®), a leading electronics industry supply chain CSR alliance.

## Response to the Conflict Minerals Issue

Advantest participates in the Responsible Minerals Trade Working Group established by JEITA\*, and is implementing various measures, in collaboration with industry bodies, to help tackle the conflict minerals issue.

\* JEITA: Japan Electronics and Information Technology Industries Association

## Corporate Governance

Sustainability Report 2016

### Our Stance to Corporate Governance

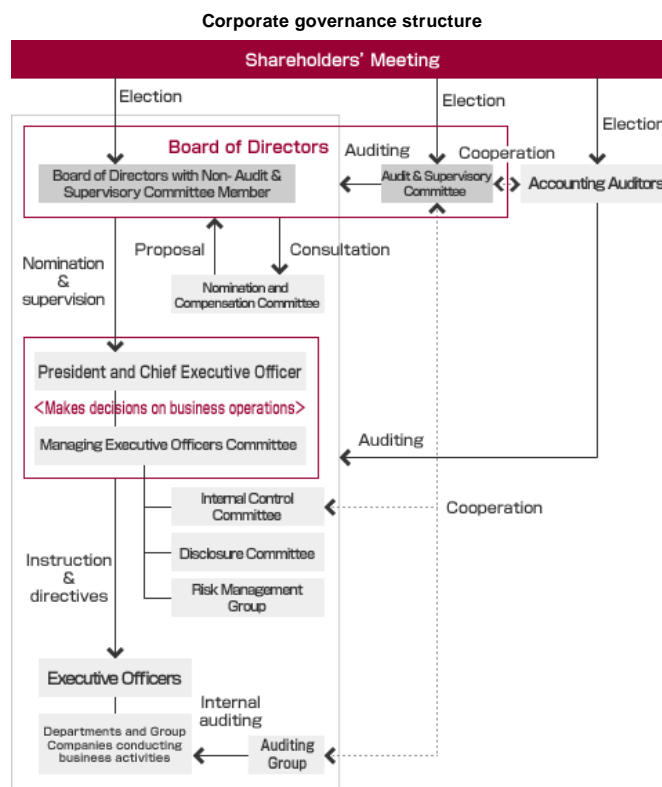
We aim to increase operational transparency, achieve sustainable growth and increase our corporate value in line with the basic principles of management set out in The ADVANTEST Way and Code of Conduct, a set of rules and standards of behavior that all executives and employees must observe. We clearly separate decision making and supervising functions from executive functions, enhancing management efficiency and transparency.

[Advantest Corporate Governance Policy](#)

### Management Structure

The global business environment is changing more rapidly than ever before. To continuously increase our corporate value and competitiveness in today's world, we emphasize swift decision-making and execution. We also place an emphasis on sound, highly transparent business operations in compliance with relevant laws and regulations. In order to meet these challenges, we draw clear lines of authority within our organization and set responsibilities in accordance with each management function, assigning each role to the best person for the job.

In line with the revised Companies Act, as from May 1, 2015, Advantest further strengthened its corporate governance and Board of Directors' audit function under the institution of the newly introduced a company with an audit & supervisory committee, and with the aim of further increasing our company value, from June 24, 2015 we formally transformed into a Company with an Audit & Supervisory Committee. As an organization, we have a Board of Directors, an Audit & Supervisory Committee and an Accounting Auditor. Furthermore we have established a structure that can quickly respond to the rapidly changing business environment, and in order to strengthen our corporate governance, starting from 2003 we introduced an executive officer system.



### Board of Directors

The Board of Directors, as a management decision-making body, makes decisions on the basic policy for the management of the entire group, as well as decisions on important matters such as management strategy, and, in order to ensure quick and efficient business operations, monitors and supervises whether executive committees that have had authority delegated to them are operating appropriately. In a Company with an Audit & Supervisory Committee, the term of the Non-Audit & Supervisory Committee Member is one year, and the term of the Audit & Supervisory Committee Member is two years. The Board of Directors (including members of the Audit & Supervisory Committee) is made up of five in-house Directors and four outside Directors, making nine people in total\*. Information regarding the background of directors, the reasons for their selection, etc., is given in the director appointment proposals section of the [Notification of Convening of Regular Meetings](#) of the Board of Directors and in the company's business report.

► [More information about the Shareholders' Meeting](#)

In 2005, Advantest established a Nomination and Compensation Committee as a discretionary institution. The Nomination and Compensation Committee, in consultation with the Board of Directors, discusses matters relating to nomination and compensation of Directors, and makes proposals to the Board of Directors.

\* The number of people given is correct as of June 28, 2016

## Executive Officer System

Advantest has introduced an Executive Officer system that keeps decision-making functions separate from executive functions, in order to boost management efficiency.

Executive Officers are selected by the Board of Directors as senior management dedicated to the execution of operations. They have the responsibility for swiftly and efficiently implementing management policies and strategies determined by the Board of Directors. The term of each Executive Officer is limited to one year, so as to achieve more explicit accountability.

There are a total of 24 Executive Officers\*, some of whom are based in Japan while others are assigned to locations in North America, Europe, and Asia to enhance integration of the company's global operations.

\* The number of people given is correct as of June 28, 2016

[▶ List of Directors](#)

## Executive Compensation

With regard to decisions relating to the compensation of members of the Board of Directors (excluding directors who are members of the Audit & Supervisory Committee) and executive officers, following consultation with the Board, the Nomination and Compensation Committee implements review, and then submits a proposal to the Board. The Board then reviews the proposal submitted by the Committee, and makes a final decision regarding compensation. The compensation of directors who are members of the Audit & Supervisory Committee is determined following consultation with those directors who are members of the Audit & Supervisory Committee.

Executive compensation for fiscal 2015 is as follows.

Classification	Number of persons receiving compensation	Compensation amount
Directors (excluding directors who are members of the Audit & Supervisory Committee)	8 persons	305 million yen
Directors who are members of the Audit & Supervisory Committee	3 persons	48 million yen
Corporate Auditors	4 persons	20 million yen
Total	12 persons	373 million yen

1. The amount of compensation includes the fixed payment for one Director who retired on June 24, 2015.
2. On June 24, 2015, Advantest formally became a company with an audit & supervisory committee. The data given above cover the period prior to this transition when the company was paying compensation to four Corporate Auditors, and the period after the transition when it was paying compensation to three Directors serving on the Audit & Supervisory Committee Member.
3. Of the above-mentioned compensation, for the three outside Directors (excluding Directors serving on the Audit & Supervisory Committee), two outside Directors (serving on the Audit & Supervisory Committee), and two outside Auditors, the amount of compensation was 37 million yen.

## Internal Controls

Advantest has set up and maintains internal control systems that correspond to the requirements of the Companies Act and the Financial Instruments and Exchange Act. In order to manage the group with an emphasis on performance evaluation based on the consolidated balance sheet, these systems are built as a unified system that includes both Advantest and its affiliates.

Also, Advantest has established an Internal Control Committee with related Directors as members, and we operate the internal control systems in a unified manner on the basis of the policies set by the Committee.

## Auditing System

### Audit & Supervisory Committee

In accordance with the auditing policy formulated by the Audit & Supervisory Committee, the Committee members attend meetings of the Board of Directors and other important meetings; undertake surveys of the state of business operations and of the company's assets, and audit the carrying out of their duties by directors, executive officers and other executive organs within the company. The Audit & Supervisory Committee has three members (including one standing member): one inside director, and two outside directors.\* Those directors who serve as members of the Committee are appointed by the Shareholders Meeting separately from other directors who are not members of the Committee.

To facilitate the implementation of appropriate, effective auditing, the Audit & Supervisory Committee may request information from the Auditing Group and from the external auditors, and there are opportunities for the exchange of views with the Auditing Group and the external auditors.

\* The number of persons is correct as of June 28, 2016

### Accounting Auditors

Accounting Auditors perform accounting audits of the consolidated financial statements, accounting documents etc., and produce an audit report. Advantest has appointed an auditing firm as independent auditor, and receives a set audit.

## Internal Auditing

Advantest has established an internal auditing team that comprises the Auditing Group and the Singapore auditing team. To verify whether the company's day-to-day operations are carried out appropriately and efficiently in accordance with the requirements of relevant domestic and overseas laws and ordinances, and whether operations are performed efficiently, the internal auditing team implements operational auditing, compliance auditing and internal controls auditing. Besides evaluating the efficacy of the internal controls system, when necessary the internal auditing team also provides support to assist in the making of improvements at individual business locations. The internal auditing team hold appropriate qualifications (such as Certified Public Accountant, Certified Internal Auditor, or Qualified Internal Auditor), and all team members are committed to enhancing auditing quality.

## Risk Management

Sustainability Report 2016

### Risk Management Basic Policy

The Advantest Group will conduct measures to minimize damage should any of the following events occur:

1. If damage is caused to buildings or facilities, or if networks and systems stop functioning, thereby making it difficult to continue our business operations, or if there is the possibility of this type of situation occurring due to a disaster or accident;
2. If there is the danger of one of our executives or employees being killed or injured or their life or physical health is put at risk due to a disaster or accident;
3. If there is an occurrence of scandal or incident that has the potential to become a matter of social concern; or,
4. If any event other than those described above were to occur that could cause a significant impact on the business of the Group or its affiliates due to a disaster or accident.

### Risk Management System

In December 2001, Advantest established a Risk Management Group with the Company's president as its head. The Risk Management Group will convene when any of the above events occur, and will consolidate information flows, evaluate the problem, direct the initial response, and formulate recovery plans. The Group will remain in operation until recovery is complete.



### Major Risk

Risks associated with Advantest's business are shown below.

- ▶ [Business Risks](#)

### Business Continuity Plan

Advantest Corporation established the following basic policy during fiscal 2007 in preparation for large-scale natural disasters. We have devised our business continuity plan based on this policy.

#### Business Continuity Plan (BCP) — basic policies

- We will place top priority on ensuring human safety should a major disaster strike.
- We will fulfill our responsibility to our stakeholders by ensuring that any impairment to our operations has a minimal adverse impact on our suppliers and other stakeholders.
- We will cooperate with local bodies in regular disaster prevention measures, and if a disaster should strike near any of our locations, we will contribute to local recovery.

After the Great East Japan Earthquake in March 2011, we began reviewing our disaster prevention arrangements. In fiscal 2012, we revised our Business Continuity Plan (BCP) to take into account the possibility of an earthquake directly under Tokyo and flooding along the Tone River, and to ensure the integrity of our supply system even in the event of such disasters. Within the BCP, the following measures are stipulated in line with the basic policy.

Basic Policy	Specific Measures
1.Ensuring human safety	In addition to continuing with regular disaster prevention drills and safety confirmation drills, we will strengthen crisis management and business continuity systems, making human safety the top priority.
2.Fulfillment of supply responsibilities	When an earthquake occurs, supply systems at our main manufacturing plant (i.e. the Gunma Factory) will continue. In the case of a flood, it is assumed that supply systems will be maintained at alternative manufacturing sites.
	In preparation for cases where workplace attendance is temporarily impractical because of damage to offices or infrastructure, we will establish an environment allowing high-priority work to be done from home.
3.Regional & social contributions	Our Gunma R&D Center has been designated by the town of Meiwa as an evacuation shelter in case of flooding, and we contribute to the area by keeping the site ready for flood evacuees.



## Measures Implemented in fiscal 2015

In August 2015, to support the restructuring of the Risk Management Group, the role of the Risk Management Group and the strategies etc. for business continuity planning (BCP) were confirmed. In addition, in accordance with the company's BCP, initial response training for a scenario assuming that a major earthquake occurs directly under the Tokyo metropolitan region, function-specified restoration work training and review of relevant manuals etc. have been undertaken on a quarterly basis. Based on the results obtaining in this work, Advantest has made adjustments to the initial response plan for a disaster occurring at night or on a weekend or holiday, and has improved IT system readiness for emergency situations. We have also continued to implement safety verification training for employees based in Japan, with the frequency of training being increased to three times per fiscal year (in July, November, and March).

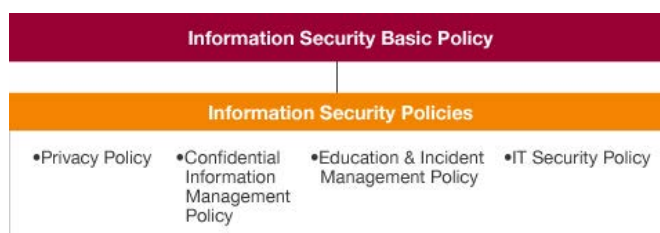
This year, Advantest has also been working to put in place a Business Continuity Management System (BCMS) for the ongoing adjustment of quarterly training and of adjustments to BCM plans etc. based on the results of such training.

## Information Security Management Policy

Advantest is fully aware that information we receive from suppliers and information pertaining to our technical and sales operations are important assets; to effectively manage this information we pursue information security practices that include developing regulations, constructing control systems and providing employee training.

## Policies and rules relating to information security

Advantest has established an Information Security Basic Policy. Rules are specified in four policies: our Privacy Policy, Confidential Information Management Policy, Education & Incident Management Policy, and IT Security Policy.



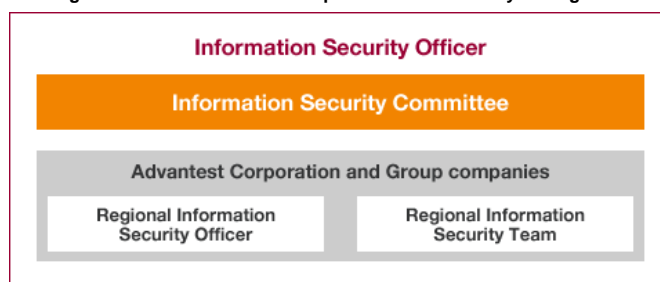
## Organization of Information Security Management System

Advantest regards implementation of information security controls as a key management issue, and has accordingly assigned the Senior Executive Officer to act as Information Security Officer responsible for such systems on a global basis.

Moreover, we have set up a system that enables our offices in respective countries to autonomously address information security issues. Under this system, Regional Information Security Officers posted in respective countries bring a variety of viewpoints to the table in the course of deliberating on potential information security measures to be applied on a group-wide basis, and also when considering which policies and rules should be adopted, or otherwise revised or abolished.

Specifically, the head of each Group company's administration division has been assigned to the position of Regional Information Security Officer, responsible for security management in their respective regions. Meanwhile, members from related divisions in respective countries have been tasked with implementing information security measures.

### Organization of Advantest Group Information Security management



## Information Security Training

Based on the view that the final barrier for information security is "people", we aim to thoroughly publicize information security policies and related regulations. We administer information security training on each policy — Privacy Policy, Confidential Information Management Policy, Education & Incident Management Policy, and IT Security Policy — to all employees in Japan and overseas.

Going forward, we intend to continue developing more practical content and offering more pragmatic training through learning activities that entail repeated exposure to information security rules and content covering key topics in that regard.

## Initiatives for Strengthening Information Security

In fiscal 2011, we adopted a system whereby internal audit divisions perform information security audits, which enables us to conduct more objective rules-based checks and provide feedback to divisions that have been audited.

In updating our rules governing access to information equipment, we dropped requirements stipulating that employees must use encrypted PCs only, and now allow them to use thin client computer platforms through which they can perform work in secure environments without the prospect of leaving traces of data behind after use. Also, we made sure that our uniform Group-wide guidelines for business-related use of smartphones enable our employees to draw on such devices effectively in a business context, and in a manner that facilitates better customer service.

At some point we will gauge the effectiveness of our information security measures and will consider objective criteria based on which we can evaluate our information security system and pinpoint its strengths and weaknesses.

### ■ Confidential Information Protection

Our Information Security Basic Policy defines confidential information as that which has been disclosed by clients under contract along with that which is important to the company; moreover, the policy stipulates that such information be handled in accordance with relevant regulations.

Accordingly, we are committed to ensuring that confidential information is not divulged outside the company by ensuring that it is protected through use of adequate controls governing its storage, disclosure and handling. In fiscal 2015, there were no incidents involving the unauthorized disclosure of important confidential information, etc.

### ■ Personal Information Protection

We consider the confidentiality of all personal information entrusted to us to be very important, and accordingly we take steps to ensure that such information is properly protected and managed. In fiscal 2015, there were no incidents involving the unauthorized disclosure of important personal information, etc. Also in fiscal 2015, the necessary preparations for the introduction of the "My Number" personal identification number system in Japan were made with respect to internal company regulations, manuals, frameworks and systems.

▶ [Privacy Policy](#)

Our commitment to safeguarding personal information entails posting personal information managers in divisions handling such duties, and furthermore ensuring that those managers properly carry out their duties in regard to overseeing such information.

Furthermore, we perform regular audits of personal information control and use practices in the respective divisions, and make improvements whenever deficiencies are discovered.

In Group companies outside of Japan, Regional Information Security Officers work to protect and manage personal information in accordance with the laws, regulations, and demands of each respective country or region.

**CSR at Advantest**

Sustainability Report 2016

**Corporate Social Responsibility (CSR) Policy**

Advantest Group aims for sustainable development and to enhance our corporate value under the corporate mission of “Technology Support on the Leading Edge” and our “Quest for the Essence” corporate mantra.

Also, we will respect stakeholders as described below to promote harmony with society and contribute towards the realization of a sustainable society.

- In harmony with society, we will work for environmental conservation and to reduce environmental impacts.
- We will respect customers, and provide high quality products and services that meet their needs.
- We will respect shareholders and investors, return corporate profits to them, and disclose information.
- We will respect our business partners and build cooperative relationships emphasizing mutual development.
- We will respect our employees, provide fair treatment, and strive to create employee-friendly workplaces that are conducive to effective working.

**CSR Policy Initiatives**

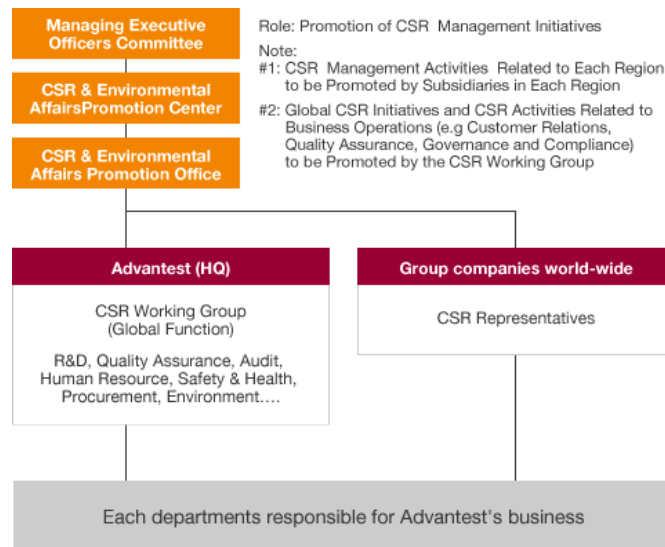
Based on the Advantest Group’s corporate mission of delivering “Technology Support on the Leading Edge,” our purpose as a Group is to use our “measurement and testing technologies” to support the development of society and to help to ensure that people throughout the world can live safely and securely. We provide our customers in many countries around the world with a wide range of products and services, and we are contributing to society through our business activities in our core competence field of “measurement and testing technologies.” In addition, we are using our business activities to meet the needs of our stakeholders and of society, and to fulfill our social responsibilities as a group with a presence throughout the world.

**Organization for Promoting CSR**

We established the CSR & Environmental Affairs Promotion Center, which is headed by the President and CEO, in order to clarify the objectives and responsibilities of the executives within the Advantest Group. The Center is responsible for the overall promotion of our CSR initiatives and affairs. Beneath this organization we have positioned the CSR & Environmental Affairs Promotion Office, which is responsible for implementing our social and environmental contribution activities. In addition, the CSR & Environmental Affairs Promotion Office shares CSR-related information with divisions and departments throughout the Company exchange CSR-related information, and provides support for the CSR activities that are undertaken on a daily basis by individual divisions and departments, as well as reporting to the director responsible for supervising CSR operations, and requesting approval of key materiality aspects from the Managing Executive Officers Committee as necessary.

To facilitate the development of a company-wide CSR framework, a CSR Working Group has been established with members appointed from the company’s units responsible for general affairs, human resources, PR, IR, sales, quality assurance, production, etc.; the CSR Working Group implements activities on a worldwide basis.

**Advantest’s Organization for Promoting CSR**



**Main Activities in fiscal 2015**

The CSR Working Group has held workshops with related departments to review the key materiality aspects for the Advantest Group as a whole; the results of this review have been approved by the Managing Executive Officers Committee.

## The ADVANTEST Way and the Code of Conduct

Sustainability Report 2016

The ADVANTEST Way and the Code of Conduct provides a set of rules and standards of behavior that all executives and employees must observe when carrying out the Group's global corporate activities. At Advantest, we adopt a global perspective when implementing our company management and our social and environmental activities so that we can use our cutting-edge "measurement and testing technologies" to fulfill the expectations that our customers and all of our stakeholders throughout the world hold for us.



▶ [The ADVANTEST Way & Code of Conduct](#)

## Compliance

Sustainability Report 2016

### Our Stance to Compliance

#### Overview of Policy

Companies aiming for sustainable growth need employees who fulfill their social responsibilities and who possess a strong sense of ethics. They also need to earn the trust of stakeholders. Based on this belief, Advantest has established The ADVANTEST Way — the fundamental handbook which lays out our management direction and policy, and which comprises our Corporate Mission (“Technology Support on the Leading Edge”), Corporate Mantra (“Quest for the Essence”) and CSR Policy — as well as The Advantest Code of Conduct, which provides specific guidelines for employees to enhance their ethical awareness.

▶ [The ADVANTEST Way & Code of Conduct](#)

#### Compliance Promotion System

Advantest gives guidance and advice to all Group employees to ensure that they fully understand and comply with the “The ADVANTEST Way & Code of Conduct”, and has established a global management structure.

When employees are carrying out day-to-day business operations, if they come across a problem that they feel is in violation with or contradiction of “The ADVANTEST Way & Code of Conduct”, they should first report to and consult with the department head, and if necessary, to other relevant departments. In 2006, we established a “Corporate Ethics Helpline”, which we operate globally, for cases where it is difficult for employees to consult with department heads or other relevant departments. Since setting up the helpline, we have received various communications from Group employees both in Japan and overseas; we then seek to resolve these issues while maintaining the privacy of the employees concerned. We will continue to sincerely respond to such communications so as to maintain Advantest’s integrity.

Also, as a member of the international community, we regularly conduct compliance audits through our global audit teams in order to ensure that we follow the different laws and regulations in each country and carry out our business activities appropriately.



#### Compliance Education

At Advantest, we distribute a booklet called “The ADVANTEST Way & Code of Conduct” to all Group employees and implement efforts to ensure employee commitment. However, with the full integration of Verigy Inc. into Advantest in April 2012, the creation of new overseas production bases and the internationalization of both R&D and production bases, there is an increasing need to ensure thorough legal compliance worldwide and to pay attention to compliance across the Group while also ensuring a thorough understanding of the different laws and regulations in each country.

For this reason, through cooperation between Advantest’s audit teams and the legal affairs departments, we are working to strengthen training activities related to national laws and regulations. In addition, to ensure employee commitment in regard to compliance matters, we are implementing regular e-learning sessions for all Group employees on “The ADVANTEST Way & Code of Conduct” and on the subject of “anti-corruption and anti-bribery”.

**Intellectual Property Protection**

Sustainability Report 2016

**Basic Philosophy**

In relation to intellectual property, Advantest's overarching policy is to observe all related laws and regulations and to respect the intellectual property rights of third parties.

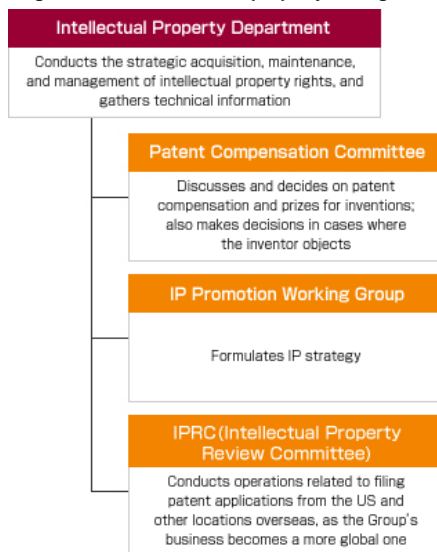
**Organization of Intellectual Property Management**

The organization illustrated below was developed to ensure that intellectual property is managed appropriately on a global basis.

In fiscal 2015, Advantest optimized the size of its patent portfolio by waiving patents with low utility.

In fiscal 2016, Advantest revises its organization of intellectual property management, aiming to formulate an IP strategy that is effectively coordinated with the company's overall business strategy.

**Organization of Intellectual property management**



**Employee Education on Intellectual Property**

At Advantest, in order to improve awareness of intellectual property among all employees, we have been implementing training with content that is more closely related to employee's jobs.

In fiscal 2015, a three-day training program (including hands-on practical training) was implemented for new engineer employees. Basic education in regard to IP management was also implemented for all Advantest Group employees (both in Japan and overseas) using an e-learning system.

In fiscal 2016, the content of the IP management education provided to all employees will be expanded, with the formulation of specialist education programs for those departments whose activities require detailed knowledge of IP management, and with the continued implementation of activities aimed at deepening employees' understanding of intellectual property.

**Disputes and Litigation Relating to Intellectual Property**

As of 31 March 2016 there were no such disputes.

## Communication with Stakeholders

Sustainability Report 2016

Advantest implements the following types of communication with stakeholders.

Main stakeholders	Main communication methods
Shareholders and investors	Shareholders' meeting, business report, and interim reports Financial results and Quarterly / Annual financial securities report Corporate governance reports Dissemination of information via the Sustainability report Holding of briefings for institutional investors and analysts each quarter on the day of publication of earnings announcement Implementation of regular overseas IR roadshows (at least once a year in each of North America, Europe and Asia), and participation in major IR events in Japan Individual meetings with domestic and overseas institutional investors
Customers	CSR questionnaire User group meetings (VOICE) Exhibitions (SEMICON, etc.)
Suppliers	Suppliers New Year Meeting Suppliers Reception QCD Cooperate Forum
Employees	Labor-bargaining

### Dialog with Shareholders and Investors

#### Shareholders' Meeting

Advantest views the ordinary general meeting of shareholders (which constitutes the company's highest decision-making body) as also providing an important opportunity for dialog with all of the company's shareholders. We actively welcome questions from shareholders, and strive to reply to them in a considerate, easy-to-understand manner, endeavoring to help shareholders understand the measures that we implement in order to enhance the company's value.

At Advantest's 73rd ordinary general meeting of shareholders, which was held in June 2015, the following seven proposals were all approved as submitted:

- Proposal 1: Partial revision of the company's Articles of Incorporation.
- Proposal 2: Appointment of six directors (excluding directors serving as Audit & Supervisory Committee Members)
- Proposal 3: Appointment of three directors serving as Audit & Supervisory Committee Members
- Proposal 4: Appointment to fill a vacancy for one director serving as a substitute Audit & Supervisory Committee Members
- Proposal 5: Setting of compensation for directors (excluding directors serving as Audit & Supervisory Committee Members)
- Proposal 6: Setting of compensation for directors serving as Audit & Supervisory Committee Members
- Proposal 7: Setting of stock option related compensation for directors (excluding directors serving as Audit & Supervisory Committee Members)

The ordinary general meeting of shareholders was followed by a social event, which combined displays of the company's products and business development plans with the provision of direct explanations by Advantest directors, in an effort to strengthen dialog with participating shareholders. A total of nine questions were received from shareholders over the course of the day, all of which received replies from the Chairman or from the responsible directors.



Question and answer session in progress at the shareholders meeting

#### IR activities

To fulfill the company's duty to demonstrate the company's accountability to shareholders and investors, and to further increase the level of trust placed in the company, Advantest has formulated an IR Basic Policy, and is working to foster more intensive communication with shareholders and investors under the supervision of the responsible director (the CFO).

As regards the overall strategy for IR activities, Advantest discloses important information appropriately in order to ensure fair, thorough disclosure to shareholders and investors both in Japan and overseas. IR activities are implemented through designated IR spokespersons, including the CEO, the CFO, and PR and IR department managers. Great care is taken to ensure that IR spokespersons do not disclose information that has not yet been officially made public to small groups of shareholders or investors, and that there is no disparity between the information provided in dialog with different groups of investors and shareholders.

Besides the disclosure of information on the company's website, another important IR activity is the quarterly business results briefings, at which senior Advantest managers give presentations. Advantest also holds individual meetings with domestic and overseas institutional investors (with around 300 such meetings being held in fiscal 2015) as well as business presentations, striving to help attendees develop a more in-depth understanding of the business environment within which Advantest operates and of the business strategies adopted by the company.

The useful suggestions that we receive from shareholders and investors in the course of engaging in communication with them are shared with the board of directors, and are utilized to help enhance Advantest realize sustainable growth and increase its corporate value over the medium and long term.

## Dialog with Customers

In fiscal 2015, Advantest exhibited at SEMICON West (in the U.S.A.) in July 2015, at SEMICON Europa (in Europe) in October 2015, and at SEMICON Japan in December 2015.

At SEMICON West, the main focus of the Advantest booth was on introducing Advantest test solutions developed in response to the growth of the Internet of Things (IoT).

The booth showcased a wide range of Advantest solutions, from the V93000 to the W2BI, a cutting-edge system level test solution for mobile terminal devices.

Advantest also provided support for the SEMICON West keynote address (at which Doug Davis, Senior Executive at Intel, discussed the outlook for the IoT and Moore's Law) and for Freescale Semiconductor's "Internet of Tomorrow Truck," which featured demos of over 120 small electronics products.

Advantest holds special hospitality events every year to accompany SEMICON West. This year's event was a concert by contemporary violinist Gabi Holzwarth at the Minna Gallery 111 electronic art gallery and bar, which left the audience entranced.

We plan to exhibit again at SEMICON West in 2016, providing a further opportunity to exchange ideas with our customers.



Communicating Information to Customers

## Dialog with Suppliers

To help build harmonious relationships with suppliers, Advantest holds an annual Suppliers New Year Meeting, Suppliers Reception and QCD Cooperate Forum with suppliers. Besides providing an opportunity for the presenting of awards that give recognition to suppliers who have made a particularly valuable contribution to Advantest's business, these events also provide a forum for the exchange of views between suppliers and Advantest's Chairman and Directors.



A scene from the QCD Cooperate Forum

## Dialog with Employees

As opportunities for the dissemination of the Chairman's Message and for dialog with employees, Advantest seeks to engage in communication with employees at the monthly Morning Meetings and Meetings of All Employees which are held at each business location, the New Year Greeting event held in January each year, the Spring Labor Talks which are held each year starting in March, the ceremony to mark the company's founding which is held in January each year, the Central Labor Negotiations which are held in September each year, and various social events etc.



## GRI Guideline

Sustainability Report 2016

### GENERAL STANDARD DISCLOSURES

GRI Items	GRI Index	Page to Refer
<b>Strategy and Analysis</b>		
<b>G4-1</b>	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	▶ <a href="#">CEO Message</a>
<b>G4-2</b>	Provide a description of key impacts, risks, and opportunities.	▶ <a href="#">CEO Message</a> ▶ <a href="#">Risk Management</a> ▶ <a href="#">Annual / Quarterly Financial Report</a>
<b>Organizational Profile</b>		
<b>G4-3</b>	Report the name of the organization.	▶ <a href="#">About the Advantest Group</a>
<b>G4-4</b>	Report the primary brands, products, and services	▶ <a href="#">Products</a> ▶ <a href="#">Service &amp; Support</a>
<b>G4-5</b>	Report the location of the organization's headquarters	▶ <a href="#">About the Advantest Group</a>
<b>G4-6</b>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	▶ <a href="#">About the Advantest Group</a>
<b>G4-7</b>	Report the nature of ownership and legal form.	▶ <a href="#">About the Advantest Group</a>
<b>G4-8</b>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	▶ <a href="#">About the Advantest Group</a> ▶ <a href="#">Investors</a>
<b>G4-9</b>	Report the scale of the organization, including: <ul style="list-style-type: none"> <li>• Total number of employees</li> <li>• Total number of operations</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li> <li>• Quantity of products or services provided</li> </ul>	▶ <a href="#">About the Advantest Group</a> ▶ <a href="#">Employment and Diversity</a>
<b>G4-10</b>	<ul style="list-style-type: none"> <li>• Report the total number of employees by employment contract and gender.</li> <li>• Report the total number of permanent employees by employment type and gender.</li> <li>• Report the total workforce by employees and supervised workers and by gender.</li> <li>• Report the total workforce by region and gender.</li> <li>• Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</li> <li>• Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</li> </ul>	▶ <a href="#">About the Advantest Group</a> ▶ <a href="#">Employment and Diversity</a>
<b>G4-11</b>	Report the percentage of total employees covered by collective bargaining agreements	▶ <a href="#">Occupational Health and Safety</a> ▶ <a href="#">Annual / Quarterly Financial Report</a>
<b>G4-12</b>	Describe the organization's supply chain.	▶ <a href="#">Procurement Policy</a> ▶ <a href="#">Procurement Practices</a>
<b>G4-13</b>	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> <li>• Changes in the location of, or changes in, operations, including facility openings, closings, and expansions</li> <li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)</li> <li>• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</li> </ul>	▶ <a href="#">Investors</a>
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>		
<b>G4-14</b>	Report whether and how the precautionary approach or principle is addressed by the organization.	▶ <a href="#">Materiality for the Advantest Group</a>
<b>G4-15</b>	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	▶ <a href="#">About the Advantest Group</a> ▶ <a href="#">Procurement Practices</a>
<b>G4-16</b>	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>	▶ <a href="#">About the Advantest Group</a> ▶ <a href="#">Procurement Practices</a>
<b>Identified Material Aspects and Boundaries</b>		
<b>G4-17</b>	<ul style="list-style-type: none"> <li>• List all entities included in the organization's consolidated financial statements or equivalent documents.</li> <li>• Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</li> </ul>	▶ <a href="#">Editorial Note</a> ▶ <a href="#">Annual / Quarterly Financial Report</a>
<b>G4-18</b>	<ul style="list-style-type: none"> <li>• Explain the process for defining the report content and the Aspect Boundaries.</li> <li>• Explain how the organization has implemented the Reporting Principles for Defining Report Content.</li> </ul>	-
<b>G4-19</b>	List all the material Aspects identified in the process for defining report content.	▶ <a href="#">Materiality for the Advantest Group</a> ▶ <a href="#">Management Approach(Economy)</a> ▶ <a href="#">Management Approach(Environment)</a> ▶ <a href="#">Management Approach(Society)</a>

GRI Items	GRI Index	Page to Refer
<b>G4-20</b>	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> <li>Report whether the Aspect is material within the organization</li> <li>If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:                             <ul style="list-style-type: none"> <li>The list of entities or groups of entities included in G4-17 for which the Aspect is not material or</li> <li>The list of entities or groups of entities included in G4-17 for which the Aspects is material</li> </ul> </li> <li>Report any specific limitation regarding the Aspect Boundary within the organization</li> </ul>	<a href="#">▶ Materiality for the Advantest Group</a>
<b>G4-21</b>	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> <li>Report whether the Aspect is material outside of the organization</li> <li>If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified</li> <li>Report any specific limitation regarding the Aspect Boundary outside the organization</li> </ul>	<a href="#">▶ Materiality for the Advantest Group</a>
<b>G4-22</b>	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	-
<b>G4-23</b>	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-
<b>Stakeholder Engagement</b>		
<b>G4-24</b>	Provide a list of stakeholder groups engaged by the organization.	<a href="#">▶ Communication with Stakeholders</a>
<b>G4-25</b>	Report the basis for identification and selection of stakeholders with whom to engage.	<a href="#">▶ Communication with Stakeholders</a>
<b>G4-26</b>	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<a href="#">▶ Communication with Stakeholders</a>
<b>G4-27</b>	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	-
<b>Report Profile</b>		
<b>G4-28</b>	Reporting period (such as fiscal or calendar year) for information provided.	<a href="#">▶ Editorial Note</a>
<b>G4-29</b>	Date of most recent previous report (if any).	<a href="#">▶ Editorial Note</a>
<b>G4-30</b>	Reporting cycle (such as annual, biennial)	<a href="#">▶ Editorial Note</a>
<b>G4-31</b>	Provide the contact point for questions regarding the report or its contents.	<a href="#">▶ Editorial Note</a>
<b>GRI CONTENT INDEX</b>		
<b>G4-32</b>	<ul style="list-style-type: none"> <li>Report the 'in accordance' option the organization has chosen.</li> <li>Report the GRI Content Index for the chosen option.</li> <li>Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.</li> </ul>	<a href="#">▶ Editorial Note</a>
<b>ASSURANCE</b>		
<b>G4-33</b>	<ul style="list-style-type: none"> <li>Report the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>Report the relationship between the organization and the assurance providers.</li> <li>Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</li> </ul>	-
<b>Governance</b>		
<b>GOVERNANCE STRUCTURE AND COMPOSITION</b>		
<b>G4-34</b>	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<a href="#">▶ Corporate Governance</a>
<b>G4-35</b>	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	<a href="#">▶ CSR at Advantest</a>
<b>G4-36</b>	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	<a href="#">▶ CSR at Advantest</a>
<b>G4-37</b>	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	<a href="#">▶ CSR at Advantest</a>
<b>G4-38</b>	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>Executive or non-executive</li> <li>Independence</li> <li>Tenure on the governance body</li> <li>Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>Gender</li> <li>Membership of under-represented social groups</li> <li>Competences relating to economic, environmental and social impacts</li> <li>Stakeholder representation</li> </ul>	<a href="#">▶ Corporate Governance</a>
<b>G4-39</b>	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	<a href="#">▶ Corporate Governance</a>
<b>G4-40</b>	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> <li>Whether and how diversity is considered</li> <li>Whether and how independence is considered</li> <li>Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>Whether and how stakeholders (including shareholders) are involved</li> </ul>	<a href="#">▶ Corporate Governance</a>

GRI Items	GRI Index	Page to Refer
<b>G4-41</b>	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> <li>● Cross-board membership</li> <li>● Cross-shareholding with suppliers and other stakeholders</li> <li>● Existence of controlling shareholder</li> <li>● Related party disclosures</li> </ul>	-
<b>HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY</b>		
<b>G4-42</b>	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	<a href="#">▶ CSR at Advantest</a>
<b>HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION</b>		
<b>G4-43</b>	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	-
<b>G4-44</b>	<ul style="list-style-type: none"> <li>● Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</li> <li>● Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</li> </ul>	<a href="#">▶ Corporate Governance</a>
<b>HIGHEST GOVERNANCE BODY'S ROLE IN RISK MANAGEMENT</b>		
<b>G4-45</b>	<ul style="list-style-type: none"> <li>● Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</li> <li>● Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</li> </ul>	<a href="#">▶ Corporate Governance</a> <a href="#">▶ Risk Management</a>
<b>G4-46</b>	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	<a href="#">▶ Risk Management</a>
<b>G4-47</b>	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	-
<b>HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING</b>		
<b>G4-48</b>	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	<a href="#">▶ Materiality for the Advantest Group</a>
<b>HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE</b>		
<b>G4-49</b>	Report the process for communicating critical concerns to the highest governance body.	<a href="#">▶ Corporate Governance</a> <a href="#">▶ Compliance</a> <a href="#">▶ Risk Management</a> <a href="#">▶ CSR at Advantest</a>
<b>G4-50</b>	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	-
<b>REMUNERATION AND INCENTIVES</b>		
<b>G4-51</b>	<ul style="list-style-type: none"> <li>● Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> <li>Fixed pay and variable pay: <ul style="list-style-type: none"> <li>– Performance-based pay</li> <li>– Equity-based pay</li> <li>– Bonuses</li> <li>– Deferred or vested shares</li> </ul> </li> </ul> </li> <li>● Sign-on bonuses or recruitment incentive payments</li> <li>● Termination payments</li> <li>● Clawbacks</li> <li>● Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</li> <li>● Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</li> </ul>	<a href="#">▶ Corporate Governance</a> <a href="#">▶ Annual / Quarterly Financial Report</a>
<b>G4-52</b>	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	<a href="#">▶ Corporate Governance</a> <a href="#">▶ Annual / Quarterly Financial Report</a>
<b>G4-53</b>	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	-
<b>G4-54</b>	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
<b>G4-55</b>	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
<b>Ethics and Integrity</b>		
<b>G4-56</b>	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<a href="#">▶ About the Advantest Group</a> <a href="#">▶ CSR at Advantest</a>
<b>G4-57</b>	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	<a href="#">▶ Compliance</a>
<b>G4-58</b>	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	<a href="#">▶ Compliance</a>

**SPECIFIC STANDARD DISCLOSURES**

GRI Items	GRI Index	Page to Refer
Disclosures on Management Approach		
G4-DMA	Disclosure on Management Approach	<a href="#">▶ Materiality for the Advantest Group</a> <a href="#">▶ Management Approach(Economy)</a> <a href="#">▶ Management Approach(Environment)</a> <a href="#">▶ Management Approach(Society)</a>

**CATEGORY: ECONOMIC**

GRI Items	GRI Index	Page to Refer
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	▶ <a href="#">Annual / Quarterly Financial Report</a>
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<a href="#">▶ Risk Management</a> <a href="#">▶ Environmental Action Plan</a> <a href="#">▶ Green Products</a> <a href="#">▶ Environmental Accounting Results</a> <a href="#">▶ Annual / Quarterly Financial Report</a>
G4-EC3	Coverage of the organization's defined benefit plan obligations	▶ <a href="#">Human Resources Development, Fair Evaluation and Treatment</a>
G4-EC4	Financial assistance received from government	-
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	▶ <a href="#">Employment and Diversity</a>
Aspect: Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	-
G4-EC8	Significant indirect economic impacts, including the extent of impacts	-
Aspect: Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	-

**CATEGORY: ENVIRONMENTAL**

GRI Items	GRI Index	Page to Refer
Aspect: Raw materials		
G4-EN1	Materials used by weight or volume	▶ <a href="#">Environmental Related Data</a>
G4-EN2	Percentage of materials used that are recycled input materials	▶ <a href="#">Recycling Resources</a>
Aspect: Energy		
G4-EN3	Energy consumption within the organization	▶ <a href="#">Environmental Related Data</a>
G4-EN4	Energy consumption outside of the organization	-
G4-EN5	Energy intensity	-
G4-EN6	Reduction of energy consumption	<a href="#">▶ Environmental Action Plan</a> <a href="#">▶ Global Warming Prevention</a> <a href="#">▶ Environmental Related Data</a>
G4-EN7	Reductions in energy requirements of products and services	<a href="#">▶ Environmental Action Plan</a> <a href="#">▶ Green Products</a> <a href="#">▶ Global Warming Prevention</a>
Aspect: Water		
G4-EN8	Total water withdrawal by source	<a href="#">▶ Recycling Resources</a> <a href="#">▶ Environmental Related Data</a>
G4-EN9	Water sources significantly affected by withdrawal of water	▶ <a href="#">Recycling Resources</a>
G4-EN10	Percentage and total volume of water recycled and reused	-
Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	▶ <a href="#">Biotope</a>
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-
G4-EN13	Habitats protected or restored	▶ <a href="#">Biotope</a>
G4-EN14	Total number of iucn red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-
Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<a href="#">▶ Global Warming Prevention</a> <a href="#">▶ Environmental Related Data</a>
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<a href="#">▶ Global Warming Prevention</a> <a href="#">▶ Environmental Related Data</a>
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	▶ <a href="#">Global Warming Prevention</a>
G4-EN18	Greenhouse gas (GHG) emissions intensity	▶ <a href="#">Global Warming Prevention</a>
G4-EN19	Reduction of greenhouse gas (GHG) emissions	<a href="#">▶ Global Warming Prevention</a> <a href="#">▶ Environmental Related Data</a>
G4-EN20	Emissions of ozone-depleting substances (ODS)	-
G4-EN21	NOx, SOx, and other significant air emissions	▶ <a href="#">Environmental Related Data</a>
Aspect: Effluents and Waste		

GRI Items	GRI Index	Page to Refer
G4-EN22	Total water discharge by quality and destination	<a href="#">▶ Recycling Resources</a> <a href="#">▶ Environmental Related Data</a>
G4-EN23	Total weight of waste by type and disposal method	<a href="#">▶ Recycling Resources</a> <a href="#">▶ Environmental Related Data</a>
G4-EN24	Total number and volume of significant spills	<a href="#">▶ Environmental Management</a> <a href="#">▶ Environmental Communication / Environmental Contribution Activities</a>
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	<a href="#">▶ Environmental Related Data</a>
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	<a href="#">▶ Recycling Resources</a>
Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<a href="#">▶ Environmental Action Plan</a> <a href="#">▶ Green Products</a>
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<a href="#">▶ Product Recycling</a>
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<a href="#">▶ Environmental Management</a> <a href="#">▶ Environmental Communication / Environmental Contribution Activities</a>
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<a href="#">▶ Global Warming Prevention</a>
Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	<a href="#">▶ Environmental Accounting Results</a>
Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<a href="#">▶ Procurement Practices</a>
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	<a href="#">▶ Procurement Practices</a>
Aspect: Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<a href="#">▶ Environmental Communication / Environmental Contribution Activities</a>

## CATEGORY: SOCIAL

GRI Items	GRI Index	Page to Refer
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
Aspect: Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<a href="#">▶ Employment and Diversity</a>
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	<a href="#">▶ Supporting Diverse Working Styles</a> <a href="#">▶ Human Resources Development, Fair Evaluation and Treatment</a>
G4-LA3	Return to work and retention rates after parental leave, by gender	<a href="#">▶ Supporting Diverse Working Styles</a>
Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	-
Aspect: Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<a href="#">▶ Occupational Health and Safety</a>
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	<a href="#">▶ Occupational Health and Safety</a>
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-
G4-LA8	Health and safety topics covered in formal agreements with trade unions	<a href="#">▶ Occupational Health and Safety</a>
Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	<a href="#">▶ Human Resources Development, Fair Evaluation and Treatment</a>
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<a href="#">▶ Supporting Diverse Working Styles</a> <a href="#">▶ Human Resources Development, Fair Evaluation and Treatment</a>
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<a href="#">▶ Human Resources Development, Fair Evaluation and Treatment</a>
Aspect: Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<a href="#">▶ Employment and Diversity</a> <a href="#">▶ About the Advantest Group</a>
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	-
Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<a href="#">▶ Procurement Practices</a>
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	<a href="#">▶ Procurement Practices</a>
Aspect: Labor Practices Grievance Mechanisms		

GRI Items	GRI Index	Page to Refer
<b>G4-LA16</b>	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	<a href="#">Procurement Practices</a> <a href="#">Compliance</a> <a href="#">Respecting and Protecting Human Rights</a>
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
Aspect: Investment		
<b>G4-HR1</b>	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
<b>G4-HR2</b>	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<a href="#">Respecting and Protecting Human Rights</a>
Aspect: Non-discrimination		
<b>G4-HR3</b>	Total number of incidents of discrimination and corrective actions taken	<a href="#">Procurement Practices</a> <a href="#">Compliance</a> <a href="#">Respecting and Protecting Human Rights</a>
Aspect: Freedom of Association and Collective Bargaining		
<b>G4-HR4</b>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	-
Aspect: Child Labor		
<b>G4-HR5</b>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
Aspect: Forced or Compulsory Labor		
<b>G4-HR6</b>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
Aspect: Security Practices		
<b>G4-HR7</b>	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-
Aspect: Indigenous Rights		
<b>G4-HR8</b>	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-
Aspect: Assessment		
<b>G4-HR9</b>	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	<a href="#">Procurement Practices</a>
Aspect: Supplier Human Rights Assessment		
<b>G4-HR10</b>	Percentage of new suppliers that were screened using human rights criteria	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
<b>G4-HR11</b>	Significant actual and potential negative human rights impacts in the supply chain and actions taken	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
Aspect: Human Rights Grievance Mechanisms		
<b>G4-HR12</b>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a> <a href="#">Compliance</a> <a href="#">Respecting and Protecting Human Rights</a>
<b>SUB-CATEGORY: SOCIETY</b>		
Aspect: Local Communities		
<b>G4-SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<a href="#">Membership of Civil Society</a>
<b>G4-SO2</b>	Operations with significant actual and potential negative impacts on local communities	-
Aspect: Anti-corruption		
<b>G4-SO3</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	<a href="#">Procurement Practices</a>
<b>G4-SO4</b>	Communication and training on anti-corruption policies and procedures	<a href="#">Membership of Civil Society</a>
<b>G4-SO5</b>	Confirmed incidents of corruption and actions taken	<a href="#">Membership of Civil Society</a>
Aspect: Public Policy		
<b>G4-SO6</b>	Total value of political contributions by country and recipient/beneficiary	-
Aspect: Anti-competitive Behavior		
<b>G4-SO7</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	-
Aspect: Compliance		
<b>G4-SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-
Aspect: Supplier Assessment for Impacts on Society		
<b>G4-SO9</b>	Percentage of new suppliers that were screened using criteria for impacts on society	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
<b>G4-SO10</b>	Significant actual and potential negative impacts on society in the supply chain and actions taken	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a>
Aspect: Grievance Mechanisms for Impacts on Society		
<b>G4-SO11</b>	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	<a href="#">Procurement Practices</a> <a href="#">Procurement Policy</a> <a href="#">Compliance</a> <a href="#">Respecting and Protecting Human Rights</a>
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
Aspect: Customer Health and Safety		
<b>G4-PR1</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<a href="#">Product Liability</a>

GRI Items	GRI Index	Page to Refer
<b>G4-PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	<a href="#">▶ Product Liability</a>
Aspect: Product and Service Labeling		
<b>G4-PR3</b>	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	<a href="#">▶ Green Products</a> <a href="#">▶ Environmental Risk and Chemical Substance Management</a> <a href="#">▶ Product Liability</a>
<b>G4-PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-
<b>G4-PR5</b>	Results of surveys measuring customer satisfaction	<a href="#">▶ Product Liability</a>
Aspect: Marketing Communications		
<b>G4-PR6</b>	Sale of banned or disputed products	-
<b>G4-PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-
Aspect: Customer Privacy		
<b>G4-PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-
Aspect: Compliance		
<b>G4-PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<a href="#">▶ Product Liability</a>