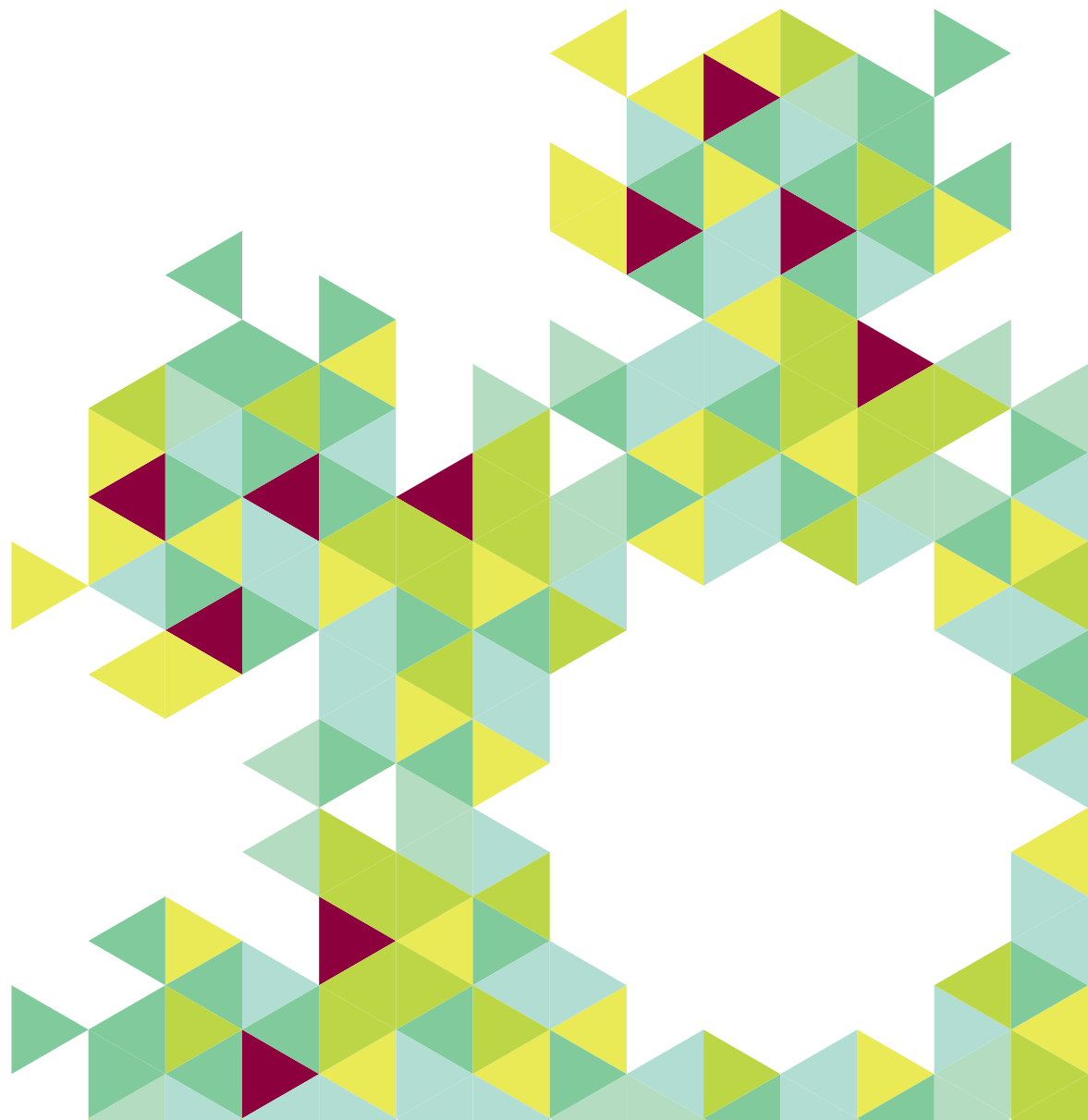




Enabling Leading-Edge Technologies



Editorial Note

Advantest Group publishes the Sustainability Report in order to fulfill its responsibility to explain to stakeholders and to inform the wider society of its activities towards the realization of a sustainable society.

The 2019 Sustainability Report includes information for disclosure items based on the GRI's Sustainability Reporting Standards, with the information disclosed and organized with a view to the future.

■ 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 2018 (April 1, 2018 to March 31, 2019).

* Some activities before and after fiscal 2018 are also featured in the report, with the aim of facilitating the reader's understanding.

Release Date / Reporting Cycle

September 2019 (Annually)

Guidelines Referenced

- Global Reporting Initiative's Sustainability Reporting Standards
- Ministry of the Environment, "Environmental Reporting Guidelines 2018"

Contact Information

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Message from CEO

Sustainability Report 2019

Since our founding in 1954, Advantest has refined our electronic measurement technologies and grown organically in step with the electronics industry. Semiconductor test systems, our current flagship products, test whether semiconductors work as designed without malfunctioning. These semiconductors are used in various products that we all rely on in our daily lives. Thus, Advantest contributes to worldwide safety and security through measurement technology.

Currently, the digital revolution is embedding innovations such as IoT, AI, deep learning, self-driving cars, and more into our daily lives. In the future, semiconductors will have even higher performance, while being smaller and consuming less power. Higher reliability will be more important than ever.

As Advantest does business around the world, we are striving to globalize our management team and strengthen the global network of the Advantest Group, to further support the innovations needed not only in Japan but in the semiconductor industry worldwide.



Recently, initiatives aiming to resolve social issues and build a sustainable society such as the Paris Accord and Sustainable Development Goals (SDGs) are spreading globally.

In 2016, Advantest set out important issues (materialities) and evaluation metrics to address as a part of our commitment to sustainability, including sustainable financial performance, establishment of a compliance system, reduction of environmental impact, and prevention of corruption. We are also promoting efforts to achieve these goals throughout the entire company.

We have announced a ground design and medium-term management plan (FY2018-FY2020) as medium to long-term policies for 2018 which look ahead ten years (FY2018-FY2027).

We will actively work to address ESG issues and drive medium to long-term corporate value based on our strong desire to contribute to solutions for social issues through our businesses inherent to the Tested by Advantest outlined in our medium to long-term management policies.

As part of this initiative, in May 2019, we announced our participation in the United Nations Global Compact, a global initiative proposed by the United Nations.

Respecting and implementing the ten principles of the UNGC in the four areas of human rights, labor, environment, and anti-corruption, Advantest will act as a good member of society, and contribute to the achievement of the SDGs (Sustainable Development Goals), which are common issues for all humanity.

Advantest will continue to develop superior electronic measurement technologies to respond to society's needs and issues as they arise, furthering our contribution to sustainable development worldwide.

Together with our stakeholders, I look forward to a bright future of shared prosperity and ongoing innovation.

Yoshiaki Yoshida
Representative Director, President & CEO
June 2019

Advantest's CSR

Sustainability Report 2019

A Message from Advantest's Director of CSR

All Advantest stakeholders expect us to reconcile the requirements of a sustainable society with the imperatives of our own corporate development. Based on a long-term perspective, we consider our business and CSR activities to be the natural starting point for us to contribute to the various challenges of modern society through our measurement technologies. While bearing our origins in mind, we will fulfill our dual responsibility to improve corporate value by generating profit, and contribute to the development of a sustainable society, throughout all our corporate activities, including our supply chain.

In fiscal 2015, we launched a project to formulate materialities, staffed by our in-house CSR working group, the managers of relevant departments, and executive officers with related responsibilities. The project discussed which topics to emphasize and identified 24 materialities. This initiative also prompted a review of our business development process from the perspectives of supply chain complexity and delegation of responsibilities. In fiscal 2016, we established KPIs (Key Performance Indicators) for each materiality identified, and have started activities targeted for completion in fiscal 2018.

In the dramatically changing business environment, we have rapidly advanced preparations of the internal systems required by the market. We have produced regular results from a broad perspective incorporating the promotion of environmental management, the protection and respect of human rights as well as a focus on diversity by utilizing target values and KPIs (Key Performance Indicators) related to each materiality since we began in fiscal 2016.

We have released a ground design and medium-term management plan (FY2018-FY2020) as medium to long-term policies announced at the beginning of 2018 which define our direction for ten years (FY2018-FY2027) while illustrating our efforts at Advantest toward ESG subjects.

In fiscal 2018, we have penetrated CSR activities at sites worldwide to produce specific results through our locations expanding in North America, Europe, Asia and 16 other countries worldwide by encouraging an ongoing commitment to achieving these goals.

Managing Executive Officer
Yasuo Mihashi



Corporate Social Responsibility (CSR) Policy

We will aim to achieve sustainable growth and increase our corporate value over the medium and long term by promoting ESG management under our corporate mission. We will also respect our stakeholders, promote harmony with society, and contribute to SDGs in order to achieve a sustainable society.

- We will work towards environmental conservation and the reduction of environmental impacts.
- We will fulfill our social responsibilities as a global company to create a rich society.
- We will respect customers and provide high-quality products and services that meet their needs stably.
- We will respect shareholders and investors, return corporate profits to them, and disclose information.
- We will respect our employees, provide fair treatment, and strive to create employee-friendly workplaces that are conducive to effective working.
- We will respect our business partners and build cooperative relationships emphasizing mutual development.
- We will create a fair, effective, and highly transparent governance system to achieve sustainable growth and increase our corporate value over the medium and long term.

CSR Policy Initiatives

Based on the Advantest Group's corporate mission of delivering "Enabling the Leading-Edge Technology," 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.

Materiality for the Advantest Group

[Materiality for the Advantest Group >](#)

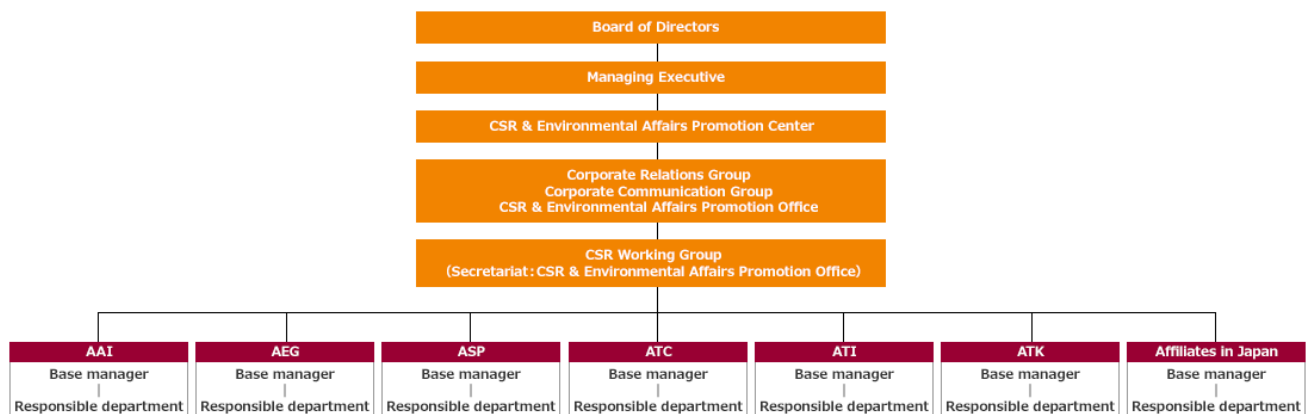
Organization for Promoting CSR

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 reports its CSR activities to the Managing Executive Officers Committee twice a year. Once the Managing Executive Officers Committee has received the report from the Center, it approves the CSR activities and sets objectives.

The CSR & Environmental Affairs Promotion Office is responsible for implementing social and environmental contribution activities. In addition, the CSR & Environmental Affairs Promotion Office exchanges information with other divisions and departments throughout the company, supports the CSR activities that they are implementing on a daily basis, reports these activities to the director responsible for supervising CSR activities as appropriate, and requests the Managing Executive Officers Committee to approve key issues (materiality).

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



1 : CSR Management Activities Related to Each Region to be Promoted by Subsidiaries in Each Region

2 : Global CSR Initiatives and CSR Activities Related to Business Operations
(e.g Customer Relations, Quality Assurance, Governance and Compliance to be Promoted by the CSR Working Group)

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.

Advantest Joins UN Global Compact

In May 2019, Advantest announced its participation in the United Nations Global Compact (UNGC), a global sustainability initiative.

The UNGC is a special initiative of the UN Secretary-General which encourages companies and organizations to exert responsible and creative social leadership and to participate in creating a global framework for sustainable growth. Companies and organizations that join the UNGC are required to make a commitment to ten universal principles in the four areas of human rights, labour, environment and anti-corruption. Our corporate mission is to enable leading-edge technologies.

We aim to contribute to a sustainable future and to the safety, security, and comfort of the general public, while striving to resolve social issues by achieving the Sustainable Development Goals (SDGs), which are common issues for all humanity specified by the United Nations in 2015.

WE SUPPORT



The Ten Principles of the UN Global Compact

○ Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

○ Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

○ Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

○ Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

| RBA Code of Conduct

In its business operations, Advantest follows the stipulations of the Responsible Business Alliance Code of Conduct drawn up by the Responsible Business Alliance (RBA), 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

| Main Activities in Fiscal 2018

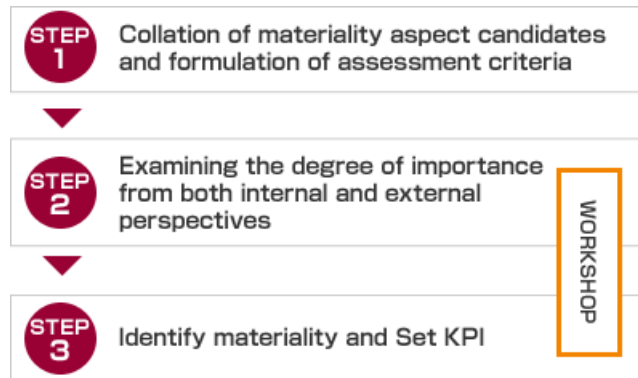
We have reached a stage in specific activities for accomplishing these goals in accordance with the materialities and KPIs (Key Performance Indicators) identified by the Advantest Group. Going forward, we will promote activities throughout the entire Group which will clearly connect to results based on trends of ESG investments and other factors.

Materiality for the Advantest Group

Sustainability Report 2019

Our Approach to Materiality

In 2016, we formulated key issues (materiality) that we must tackle by identifying the impacts that our company's operations have on society and understanding issues that society expects us to help solve. In addition, we set specific indicators (KPIs) and objectives to achieve by 2018 to promote our activities, and have been disclosing information proactively to our stakeholders and communicating with them in a responsible manner.



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 based on global social issues, issues related to the environment, economy and society, 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 the information obtained from questionnaire surveys with 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.

* Materiality items were identified in reference to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.
Currently, the GRI Sustainability Reporting Standards is used to identify materiality aspects.

* EICC[®] : Electronic Industry Citizenship Coalition or Electronic Industry Code of Conduct
It was renamed to Responsible Business Alliance (RBA) in October 2017.

* 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. The identified materiality items were 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 what key performance indicators (KPIs) were needed and set one or two indicators per materiality aspect.

Identified Materiality Aspects and Corresponding KPIs Aspects

Category	Identified materiality	KPI	Measures implemented	Items related to SDGs
Economy	Economic performance	Net sales, operating profit margin, ROE & EPS	Economic Impact	
Environment	Energy	Rate of improvement in per-unit energy consumption	Mitigation of Climate Change (Global Warming Prevention)	
	Emissions into the atmosphere	Greenhouse gas emissions (Scope 1 and Scope 2)	Mitigation of Climate Change (Global Warming Prevention)	
	Discharged water and waste	Waste recycling rate	Recycling Resources	
	Hazardous substances	Percentage of suppliers requested to do hazardous substance surveys	Initiatives with Business Partners	 
	Products and services	Percentage of products meeting the company's own green products criteria	Green Products	
	Compliance	Environmental compliance violations	Environmental Communication / Environmental Contribution Activities	
	Supplier environmental assessment	Percentage of new suppliers that were screened using environmental impact criteria	Procurement Practices	
Society	Conflict minerals	Continuing efforts to use materials with a lower risk by asking business partners to ensure transparency with regard to the sources of materials and components, etc., and by	Procurement Practices	

Category	Identified materiality	KPI	Measures implemented	Items related to SDGs
Society	Conflict minerals	working together with industry organizations and business partners to investigate information relating to conflict minerals (i.e. mineral processing firm information).		
	Employment	Re-employment rate following maternity and parental leave	Employment and Diversity	 
	Occupational health and safety	Occupational accident rate in Japan	Occupational Health and Safety	
	Training and education	Average number of hours of training per employee per year	Human Resources Development, Fair Evaluation and Treatment	 
	Diversity and equal opportunity	Ratio of female employees	Employment and Diversity	 
	Supplier labor practices assessment	Percentage of new suppliers that were screened using labor practices criteria.	Procurement Practices	
	Non-discrimination	Number of complaints submitted to the helpline that are properly resolved	Compliance	
	Supplier human rights assessment	Percentage of new suppliers that were screened using human rights criteria	Procurement Practices	
	Anti-corruption	Number of confirmed incidents of improper behavior	Compliance	

Category	Identified materiality	KPI	Measures implemented	Items related to SDGs
Society	Compliance with anti-monopoly legislation	Number of incidents relating to relevant legislation	Compliance	
	Compliance	Number of non-compliance instances relating to social issues	Compliance	
	Supplier assessment for impact on society	Percentage of new suppliers that were screened using criteria for impacts on society	Procurement Practices	
	Customer health and safety	Number of non-compliance of own safety standards	Supporting Product Safety and Quality	
	Customer privacy	Number of complaints relating to information security	Risk Management	
	Intellectual Property Protection	Percentage of employees who have undergone e-learning training relating to intellectual property protection	Intellectual Property Protection	
	Compliance	Number of non-compliance relating to products/services	Supporting Product Safety and Quality	

SDG Initiatives

Sustainability Report 2019

Advantest will contribute to a sustainable future while bringing safety, security and comfort to society via state-of-the-art measurement technology to live up to societal expectations under the corporate mission of "Enabling the Leading Edge Technology."

A wide range of social issues are highlighted today from overpopulation and an aging society to energy, water and food shortages in addition to climate change. A digital revolution is underway to use technology to solve these social issues.

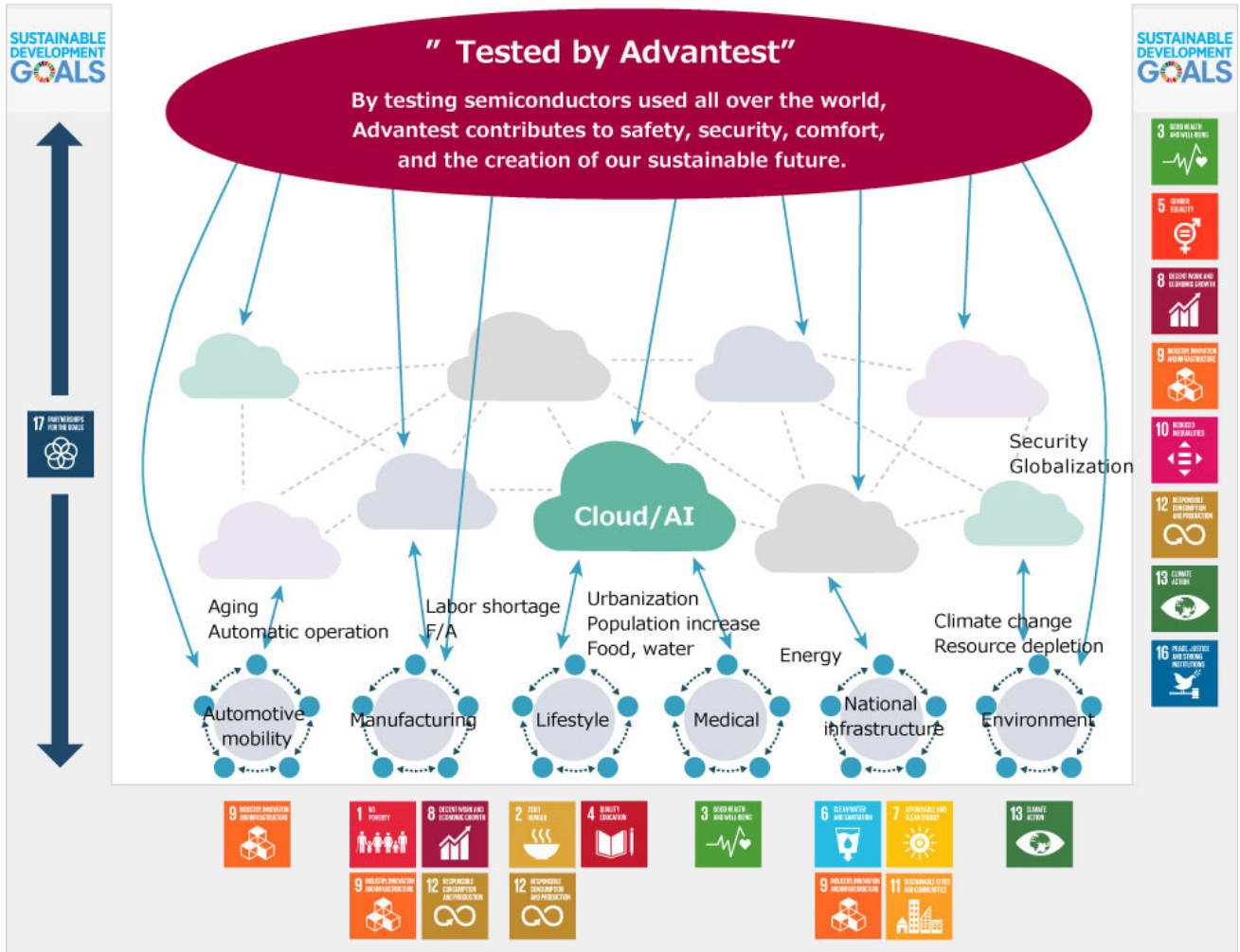
The foundation for this digital revolution is big data. Today, all things around us are becoming digitalized, which will broaden and deepen the data network connecting a variety of sites in our daily lives to industry. The data that is generated brings a wealth of social value and satisfies a primary role. Semiconductors that handle this data have the ability to become social infrastructure and demand high reliability so that these semiconductors can be used in data centers, motor vehicles, the human body and more.

Semiconductors are becoming even more and more important for solutions to social issues. Advantest will contribute to solving a variety of social issues and the sustainable growth of society through semiconductor tests.

We believe these efforts help move us toward achieving the 17 goals outlined in the SDGs advocated by the United Nations.


Advantest will actively contribute to achieving the SDGs through the specific initiatives below.




[Medium to Long-Term Management Policies >](#)



Advantest SDGs Initiatives

Relationship with Materiality

SDGs Targets	Materiality Aspect	KPI	Measures implemented
Goal 3: Good health and well-being for people			
	Hazardous substances	Percentage of used parts covered by hazardous substance survey	Initiatives with Business Partners
Goal 5: Gender equality			
	Employment	Re-employment rate following maternity and parental leave	Employment and Diversity
	Diversity and equal opportunity	Ratio of female employees	Employment and Diversity
Goal 8: Decent work and economic growth			
	Economic performance	Sales, income margin, return on equity ratio of net income attributed to the parent (ROE), and basic net earnings per share (EPS)	Economic Impact
	Employment	Re-employment rate following maternity and parental leave	Employment and Diversity
	Training and education	Average number of hours of training per employee per year	Human Resources Development, Fair Evaluation and Treatment
	Occupational health and safety	Occurrence rate of occupational accidents (frequency)	Occupational Health and Safety
Goal 9: Industry, innovation and infrastructure			
	Training and education	Average number of hours of training per employee per year	Human Resources Development, Fair Evaluation and Treatment
Goal 10: Reduced Inequalities			
	Diversity and equal opportunity	Ratio of female employees	Employment and Diversity
	Non-discrimination	Number of complaints submitted to the helpline that are properly resolved	Compliance

SDGs Targets	Materiality Aspect	KPI	Measures implemented
Goal 12: Responsible consumption and production			
	Discharged water and waste	Waste recycling rate	Recycling Resources
	Hazardous substances	Percentage of used parts covered by hazardous substance survey	Initiatives with Business Partners
Goal 13: Climate action			
	Energy	Rate of improvement in per-unit energy consumption	Mitigation of Climate Change (Global Warming Prevention)
	Emissions into the atmosphere	Greenhouse gas emissions (Scope 1 and Scope 2)	Mitigation of Climate Change (Global Warming Prevention)
	Products and services	Percentage of products meeting the company's own green products criteria	Green Products
Goal 16: Peace, justice and strong institutions			
	Anti-corruption	Number of confirmed incidents of improper behavior	Compliance

Communication with Stakeholders

Sustainability Report 2019

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 Individual meetings with major domestic and overseas shareholders
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 76th ordinary general meeting of shareholders held in June 2018, the following proposals were all approved:

- **Proposal 1: Partial amendment to the articles of incorporation**

To further enhance the operational efficiency, we decided to relocate the head office to Chiyoda-ku, Tokyo, where our headquarters is located. Accordingly, we changed the location of the head office stated in Article 3 of the articles of incorporation from Nerima-ku, Tokyo to Chiyoda-ku, Tokyo.

- **Proposal 2: Appointment of six Directors (excluding Directors serving as Audit and Supervisory Committee Members)**

Yoshiaki Yoshida, Osamu Karatsu, Seiichi Yoshikawa, Sae Bum Myung, Hans-Juergen Wagner, and Soichi Tsukakoshi were elected and appointed as Directors who are not serving as Audit and Supervisory Committee Members. Osamu Karatsu and Seiichi Yoshikawa are outside Directors.

 [Details of Senior Executives >](#)

• **Proposal 3: Appointment of one Director serving as an Audit and Supervisory Committee Member**
 Yasushige Hagio, a Director who is serving as an Audit and Supervisory Committee Member, resigned from his position on the day of the 76th ordinary general meeting of shareholders. Accordingly, Tsuneko Murata, Director, was newly elected and appointed as a Director who is serving as an Audit and Supervisor Committee Member. Tsuneko Murata is an outside Director.

• **Proposal 4: Determination of the amount and details of performance-based stock compensation for Directors (excluding outside Directors and Directors serving as Audit and Supervisory Committee Members)**

Our directors' compensations used to consist of a fixed compensation, performance-based compensation, and stock option. We changed the compensation structure and introduced a performance-based stock compensation system where shares would be issued according to the degree of achievement of the performance goal.

• **Proposal 5: Change of the amount and details of stock option compensation for Directors (excluding outside Directors and Directors serving as Audit and Supervisory Committee Members)**

With regard to the stock options issued to our Directors (excluding outside Directors and Directors serving as Audit and Supervisory Committee Members), we changed the amount of compensation for these Directors, the Directors to whom stock options would be issued, and the commencement date of the period for Directors to exercise their rights.

Six shareholders asked questions and shared opinions about topics that included the relocation of the head office, amendment of the articles of incorporation, and the US-China trade conflict over the course of the one-hour ordinary general meeting of shareholders, all of which received replies from the Chairman. 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 Advantest directors providing direct explanations, in an effort to strengthen dialog with participating shareholders.



Shareholders' Meeting

IR activities

To fulfill the company's duty to demonstrate the company's accountability to our shareholders and investors, and to further increase the level of trust placed in the company, Advantest has formulated the Basic Investor Relations Policy, and is working to foster more intensive communication with shareholders and investors under the direction of our CEO. Under our basic IR policy, Advantest discloses material information appropriately in order to ensure fair disclosure to shareholders and investors both in Japan and overseas. Our IR activities are implemented through designated IR spokespersons, including the CEO, CFO, Executive President and Vice President in Corporate Relations Group, and IR personnel. Moreover, we engage multiple IR spokespersons in conversation or other venues for communication to avoid the disclosure of material non-public information and prevent information gaps during discussions. We also formulated the internal regulations related to the handling of material information for all executives and employees in domestic and overseas group companies to comply with the fair disclosure rules of Japan enacted in April 2018 as well as similar law and regulations in each country, and is providing e-learning to ensure that the importance of fair disclosure is understood by entire company. With regard to our IR activities, we are working to enhance information disclosure on the corporate website and hold a financial information meeting on a quarterly basis, at which senior Advantest managers give presentations. We also hold individual meetings with domestic and overseas institutional investors (with around 420 such meetings being held in fiscal 2018) as well as business and technical briefings, striving to help our shareholders and investors 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 Advantest realize sustainable growth and increase its corporate value over the medium and long term.



Technical briefing for institutional investors and securities analysts held in December 2018

Dialog with Suppliers

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



Suppliers New Year Meeting

Dialog with Employees

As opportunities for the dissemination of the President'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 February, the ceremony to mark the company's founding which is held in July each year, the Central Labor Negotiations which are held in September each year, and various social events, etc.

External Recognition

Sustainability Report 2019

Advantest strives to improve customer satisfaction and achieve a sustainable growth while increasing our corporate value under the Corporate Mission of "Enabling the Leading-Edge Technology" and Corporate Mantra of "Quest for the Essence" while respecting the stakeholders so that we can remain in harmony with society and contribute in creating a sustainable society. Our activities are highly praised by various external agencies and organizations.

Selected for FTSE4Good Index Series

* Major index for Socially Responsible Investing (SRI) that evaluates and selects companies based on their social responsibility and sustainability using various criterion for environment, society, and governance

FTSE Blossom Japan Index

* Index to measure the performance of Environmental, Social and Governance (ESG) practices of Japanese companies designed to be industry neutral.

Selected again as Index Components for FTSE4Good Index Series and FTSE Blossom Japan Index >

Selected as Index Component for the SNAM Sustainability Index

* Index set by Sampo Japan Nipponkoa Asset Management Co., Ltd. combining ESG evaluation and share value.

Achieved Recognition as a 5-Star Company and Named to 10 BEST List in VLSIresearch Customer Satisfaction Survey for the 31st Consecutive Year

* The VLSIresearch Customer Satisfaction Survey is the industry's only available opportunity since 1988 to receive feedback from semiconductor manufacturers. It evaluates and ranks equipment manufacturers based on 15 items in three key factors of customer service, supplier and equipment performance.

Awarded Excellence Award in the Environmental Communication Awards

* Held every year to promote business operators to engage in environmental management and communication and raise the quality of environmental information disclosure by awarding them.

Recognized at the 2018 Environmental Human Resources Development Corporate Awards

* Awards given to companies making exemplary efforts to develop environmental human resources, or personnel who promote environmental conservation and greening of society and economy with the aim of realizing business management in harmony with the global environment.



Management Approach







Sustainability Report 2019

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 burden, 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

Materiality aspect	KPIs	Measures implemented	Items related to SDGs
Energy	Rate of improvement in per-unit energy consumption	Mitigation of Climate Change (Global Warming Prevention)	
Emissions into the atmosphere	GHG emissions (Scope 1/2)	Mitigation of Climate Change (Global Warming Prevention)	
Discharged water and waste	Waste recycling rate	Recycling Resources	
Hazardous substances	Percentage of used parts covered by hazardous substance survey	Initiatives with Business Partners	 
Products and services	Percentage of products meeting the company's own green products criteria	Green Products	
Compliance	Environmental compliance violations	Environmental Communication / Environmental Contribution Activities	
Supplier environmental assessment	Percentage of new suppliers that were screened using environmental impact criteria	Procurement Practices	

Looking Ahead to the Future

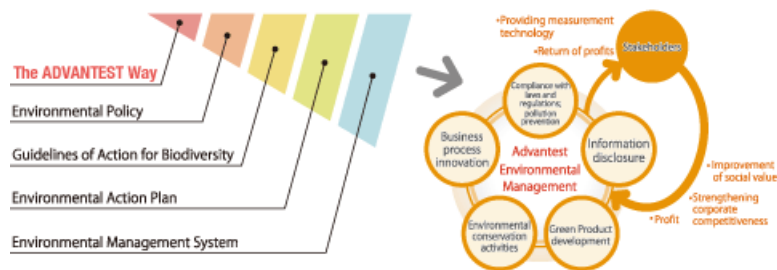
The identified materiality aspects relating to the environment are being incorporated into the department objectives in Advantest's Business Plan, and into the environmental objectives set for the company's environmental management; Advantest will continue its efforts to implement ongoing efforts in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

Environmental Management

Sustainability Report 2019

Basic Policy

Through its business activities, the Advantest Group contributes to the sustainable development of society. We also strive for environmental protection such as measures against climate change and conservation of biodiversity as well as use renewable resources such as energy and water resources to actively perform the environmental conservation activities below together with all our employees as an enterprise that is trusted by society.



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 while considering the life cycle of our products from materials procurement to waste disposal.

3. Better Workplace Procedures

We reform work procedures to continually improve our environmental performance by creating environmentally friendly products.

4. Environmental Protection and Sustainable Use of Resources

By being alert to the environmental impact of our business activities, we strive to protect the environment from measures against climate change to the conservation of biodiversity, as well as sustainable use of resources such as energy and water.

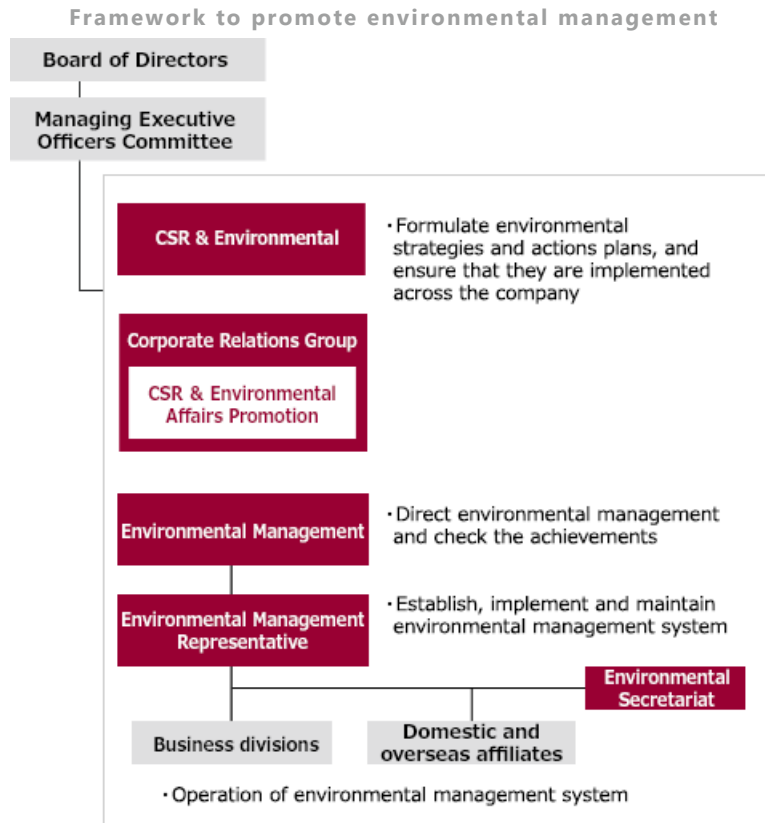
5. Complying with Environmental Laws and Regulations and Preventing Pollution

Upholding all environmental laws and regulations and voluntary standards, we protect nature and shield our neighbors from environmental pollution and health hazards caused by chemical substances, waste and other contaminations.

Updated April 1, 2017

Promotional System

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



Acquisition of ISO14001 Certification

The Advantest Group has acquired the 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, control waste generation, develop and provide environmentally friendly products (green products), and reduce the environmental impact of our business activities.

The migration to ISO14001: 2015 was completed in all bases worldwide in March 2018.

Acquisition of ISO14001 certification



As of March 31, 2019

Company	(Base)	First acquisition of ISO14001 certification
ADVANTEST CORPORATION (Including business affiliates)		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.		Jun. 2008
Advantest (M) Sdn. Bhd. (Penang - Malaysia)		Sep. 2008
Advantest Korea Co., Ltd.		Jul. 2008
Advantest Taiwan Inc.		Dec. 2006
Advantest (China) Co., Ltd. (Certification includes the following subsidiaries)		May 2008
	Advantest (Suzhou) Co., Ltd.	
	Advantest Technology (Shanghai) Co., Ltd.	



Bureau Veritas Certification (copy)

Advantest Corporation ISO14001 certifications scope

As of March 31, 2019

Applicable standards	ISO14001: 2015
Certification number	3640963
Certification scope	Research, development, design, manufacture and services of semiconductor and component test systems and mechatronics systems
Certifying body	Bureau Veritas Certification Holding SAS
Date of first certification	December 8, 2000 (Acquisition of ISO14001:1996 certification at the Gunma Factory on April 21, 1998)
Date of integrated certification	Integrated as Advantest Group as of December 8, 2000.
Applicable business locations	Gunma R&D Center, Head Office, Saitama R&D Center, Gunma Factory, Kitakyushu R&D Center, Advantest Research Institute, Sendai Factory (Including each business affiliate)

Implementation of Internal Environmental Audits

The Advantest Group is always implementing regular internal 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). We are striving to build an efficient system by training internal auditors in some sections of the company in fiscal 2018. Corrective measures are being executed for all items toward any issues raised by regular internal audits and no serious defects were found in the operation of the environmental management system. In the future, we will continue to make ongoing efforts to improve our environmental management system, and will focus on improving our environmental performance.

Environmental Action Plan

Sustainability Report 2019

Environmental Action Plan

The Advantest Group is clarifying the important challenges that it should tackle with environmental activities and has formulated an "Environmental Action Plan" as a medium-term plan. This plan focuses on three key areas: promotion of environmental management, provision of green products, and reform of business processes. We will always encourage responsible efforts in environmental management toward climate policy measures and a decarbonized society.

Overview of the Eighth Advantest Environmental Action Plan and Activity Results for Fiscal 2018

The Eighth Advantest Environmental Action Plan (2018–2020) continues the three key areas of the Seventh Action Plan and has set new environmental targets to support climate policy measures and a decarbonized society.

- Add further measures to adapt to climate change and conserve water resources
- Add further disclosure of the calculation criteria for CO₂ reductions through the promotion of green products and the level of social contributions
- Add further reduction of the environmental burden in the supply chain
Grasp the environmental burden of production contractors, reduce CO₂ in purchasing logistics for SoC test system, and reduce packaging waste

Key Issues:

1. Promotion of environmental management: Promote responsible efforts in environmental management and contribute to the sustainable growth of society.
2. 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.
3. Reform of business processes: Advantest is promoting measures to make business processes and the utilization of energy more efficient.

Scope (as of March 31, 2019)

1. 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)
2. Period covered: Fiscal 2018-2020 (three years)

Main Activity Results

The progress of the activities for fiscal 2018 are as follows.

With regard to the environmental management items, energy consumption and waste emissions are increasing due to the effect of super cycle in the semiconductor industry. With regard to waste, both the domestic and overseas recycling rates are lower than the target values by one point. For the long-term targets for climate change mitigation, Advantest is now working to formulate the targets within fiscal 2019.

With regard to the provision of green products, the power consumptions for SoC Test System V93000 and Wave Scale RF have decreased by 5%, showing good progress. In addition, owing to the sales promotion of Display Driver Test System T6391, the customer's power consumption reduction is expected to increase by 9 GWh per year. "9 GWh" is equivalent to the annual power consumption of about 2,000 general households.

Important challenges	Relationship with environmental policy	Action items	Action items (details of targets for fiscal 2020)	Results achieved in fiscal 2018
Promotion of environmental management				
	Promotion of environmental management	1) Adaption to climate change	Grasp management risks brought on by climate change and put together measures to adopt by the end of fiscal 2020.	Studied trends for measures against climate change and collect information. Identified "risks and opportunities" related to climate change.
		2) Promotion of global environmental education	Carry out e-learning once a year.	Environmental education implemented both in Japan and overseas using e-learning. Percentage of employees undergoing e-learning: 99.3%
		3) Promotion of environmental contribution activities and educational contribution activities	Promote environmental and social contribution activities and education support activities.	<p><Within Japan> Eight projects implemented (the main activities are listed below)</p> <ul style="list-style-type: none"> ▶ Conducted special science classes at neighborhood elementary schools with 122 elementary school students participating ▶ Conducted a nature observation event with 99 local elementary school students participating ▶ Periodically conducted cleaning activities around our business locations <p><Overseas> 15 projects implemented (the main activities are listed below)</p> <ul style="list-style-type: none"> ▶ Conducted a food distribution project (in Singapore) ▶ Conducted a home repair volunteer project (in the U.S.) ▶ Supported a sports event for the physically disabled people (in Korea)
	Conservation of biodiversity	1) Promotion of forest conservation activities	At each site, carry out forest conservation activities.	28 Advantest employees volunteered to carry out thinning-out work at national forests in Mt. Akagi
		2) Biotope development and utilization	Foster and utilize biotope. (Nature observation events targeting neighborhood elementary schools, protection of endangered plants)	Held two Biotope events at the Gunma R&D Center

		Promotion of climate policy measures		
		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 previous fiscal year, 1% or more reduction (Aim for 7.73% or more by fiscal 2020)	More efficient utilization of air conditioning units and discontinuation of use of unnecessary equipment Rate of improvement in per-unit energy consumption: -13.6% (compared to fiscal 2012)
		2) Use of renewable energy	Promote the purchase of green power and introduction of solar power in overseas bases.	Purchased green power of 9,200 MWh per year (AAI)
		3) Conservation of water resources	Maintain fiscal 2016 levels. (288,000m ³ per year or less)	Fiscal 2018: 280,621m ³ per year (Japan + Overseas)
	Compliance with environmental laws and regulations, prevention of pollution	Promoting resource recycling	Improve waste recycling rate.	
		1) Maintain and manage the recycling rate at Japanese bases	Maintain a recycling rate of 90% or more at Japanese bases.	Recycling rate for facilities in Japan: 89% (The recycling rate decreased because the method for disposing of general waste from business activities was changed)
		2) Improve the recycling rate at overseas bases	Aim for a recycling rate of 65% or more. (Measures: reconfirmation of recycling criteria, review of treatment methods)	Recycling rate for overseas facilities: 59%
Providing green products				
	Reduce customers' environmental burden	1) Improvement of the energy efficiency of new products	Reduce power consumption for new products per unit performance by at least 20%.	<ul style="list-style-type: none"> ▶ Reduction of power consumption for the newly developed module for in-vehicle MCU measurement: 21% ▶ Reduction of power consumption for SoC Test System V93000 and Wave Scale RF: 5% ▶ Reduction of power consumption for Mask MVM-SEM E3650 per 100 measurement points: 27% ▶ Reduction of power consumption for Test Handler M4841 per unit performance: 68% ▶ Reduction of power consumption for the digital module for Memory Test System T5503HS2: 35.3%

		2) Resource conservation, size reduction, and reduction of components and materials	Achieve resource conservation in products, size reduction, and reduction in components and materials.	<ul style="list-style-type: none"> ▶ Reduction of refrigerant consumption of Memory Burn-in Tester B6700D: 70% ▶ Reduction of the PCB installation areas of SoC Test System V93000 and Wave scale RF: 10% ▶ Reduction of the installation area of E-Beam Lithography F7000S: 30%
		3) Alternative to Fluorinert and reduction of the usage	Establish an alternative cooling technology to Fluorinert and put it into practical use.	Performance evaluation is continued
		4) Calculation and disclosure of CO ₂ reductions of green products	Calculate CO ₂ reductions through green products and disclose the level of social contributions.	Calculated with T5821
		5) Increase sales of new products	Promote the replacement of old products with new products to contribute to power saving for customers.	Sales promotion of Display Driver Test System T6391_RND440 Power consumption reduction in customers' production lines: approx. 9 GWh per year

Reform of business processes

		Promote business efficiency improvements and energy-saving	Promote business efficiency improvements and efficiency in energy usage.	
	Reform of business processes	1) Efficiency improvements in production	Aim to produce new products and new OEM products within one month	Reduction of the number of days that electric power is used to produce Memory Burn-in Tester B6700D: 41.7%
			Reduce the probe card production period by 10% compared to fiscal 2017.	Reduction rate in fiscal 2018: 5.9%
			Reduce the amount of labor in new probe production products by at least 18% per wafer unit.	Reduction rate for NAND PC Probe: 42%
		2) Energy-saving in building facilities and efficiency improvement	Renew old equipment to improve efficiency and equalize electricity usage.	Reduction of crude oil equivalent value through the efficient utilization of equipment from fiscal 2012: 25 kl
			Reduce power consumption by 40% through the adoption of LED office lighting.	Reduction of power consumption for office lighting in fiscal 2018: 20% Annual power consumption

		(Advantest Europe GmbH (AEG))	reduction: approx. 790 MWh
		Reduce power consumption for office air conditioning and fuel consumption for office heating. (Advantest Europe GmbH (AEG))	The air conditioning system is being renewed.
	3) Improvement of the operational efficiency of product development and production	Build a system for Global PLM that can be expected to improve efficiency globally for a variety of product development and production businesses.	For Japanese bases, operation began in January 2019. For overseas bases, operation began in April 2019.
		Reduce design labor through a more efficient operation of custom PB design.	Reduction of average design labor for custom PB: 30% or more
		Reduce design transfer labor of DI mechatronic products.	Reduction of design transfer labor for HF mechanical design: 40%
	4) Reduction of the environmental burden in the supply chain	Examine the environmental burden of production contractors.	The examination method is being studied.
		Reduce CO ₂ emissions in purchasing logistics for SoC Test System V93000 by 36%.	Reduction rate in fiscal 2018: 20%
		Reduce the amount of packaging material disposed of for SoC Test System V93000 by 6%.	Reduction rate in fiscal 2018: 1.5%

Environmental Communication / Environmental Contribution Activities

Sustainability Report 2019

Approach to Materiality in Environmental Compliance

Materiality aspect	Environmental compliance
Supervising division	CSR & Environmental Affairs Promotion Office
KPI	Environmental compliance violations
FY2018 target	To work to prevent grave legal violations related to the environment before they happen (Grave legal violations related to the environment: 0)
Results Achieved in Fiscal 2018	0
Material reasons	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.
Boundary	Advantest Group (Japan and overseas)
Relevant policies	Advantest Group Environmental Policy
Commitments	Adherence to environmental laws and ordinances as well as prevention of contamination
Responsibility	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Management resources	
Complaint processing policy	(Corporate Ethics Helpline,) dedicated contact window
Assessment	✓ Good

Basic Policy 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 by conducting environmental contribution activities.

Environmental complaints

	FY2014	FY2015	FY2016	FY2017	FY2018
Complaints from stakeholders	0	0	0	0	0
Serious violations of environmental laws	0	0	0	0	0

* Japan only until FY2015. Includes overseas from FY2016.

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.
- Forest conservation activity at national forests in Mt. Akagi
- Cleanup activities in the vicinity of Advantest business bases

Environmental Education

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 2018

	Target employees	Number of participants	Participation ratio (%)
Japan	2,644	2,644	100
Overseas	2,279	2,244	98.5
Overall	4,923	4,888	99.3

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 2018's ISO14001 general training, we implemented e-learning both in Japan and overseas.



e-learning system screenshot

Green Products

Sustainability Report 2019

Approach to Materiality in Products and Services

Supervising division	CSR & Environmental Affairs Promotion Office
KPI	Percentage of products meeting the company's voluntary green products standards
FY2018 target	100%
Results achieved in fiscal 2018	100%
Material reasons	Advantest products generate various small and large environmental impacts through their use. Green products, which reduce environmental impact, are important to us not only because they address environmental issues but also because it helps us to show the quality of our products.
Boundary	FY2019: Domestic AT only, FY2020: Entire AT
Relevant policies	Advantest Group Environmental Policy
Relevant commitments	Voluntary standards for green products that conform to the ISO14021
Responsible department/division	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Management resources	
Relevant complaint processing policy	
Assessment	✓

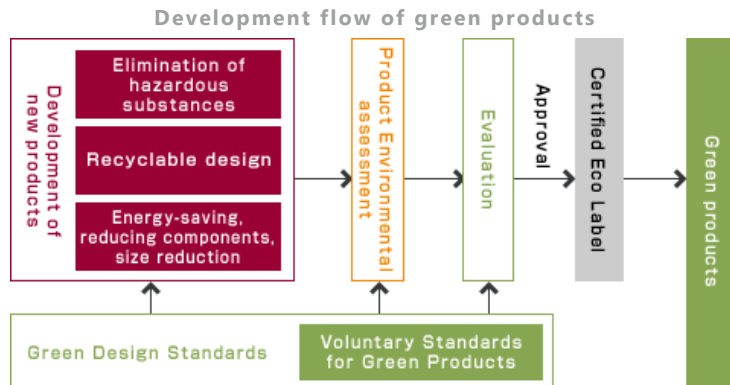
Basic Stance

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, reduction of the number of 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 dismantling
- 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 that saves energy, reduces components, and reduces size.

The reduction rate of energy against conventional products has been set to a standard of at least 20% for semiconductor test systems and measurement instruments, and at least 10% for other products such as handlers and nanotech products.

We have also set a reduction rate of at least 10% in the same way for components and the miniaturization for all of our products.

Recyclable Design

In recyclable design, we release information on parts that will require special attention during disposal, and plastic parts designed in-house use 90% or more recyclable materials. Moreover, we make sure that products are easy to dismantle with standard tools, and we use rechargeable batteries displaying a recycle 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. Advantest is building a response system for some of its products and eliminating relevant chemical substances using the results of this survey because these chemical substances are regulated by the RoHS directive as of July 2017.

In addition, there have been no emissions of gases such as PFCs due to our products because these products are test instruments for semiconductors and not manufacturing products.

Green Products Certified During Fiscal 2018

We supplied the following products, which were certified as green products in fiscal 2018.

- T5503HS2 Memory Test System
- Burn-in Tester B6700L
- Burn-in Tester B6700D
- Burn-in Tester B6700S
- Thermal Hand Plug Unit M4871ES
- Test Handler M4872 High Power × 2
- Fine Particle Measurement System WEL1100
- Wireless Data Logger AirLogger™ WM2000

Reduction rates of fiscal 2018 green products—Examples

New product model	Versus previous product	Energy efficiency improvement (%)	Reduction in components rate (%)	Reduction in size rate (%)
T5503HS2	T5503HS	49	55	55
B6700L	B6700	70	78	65

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

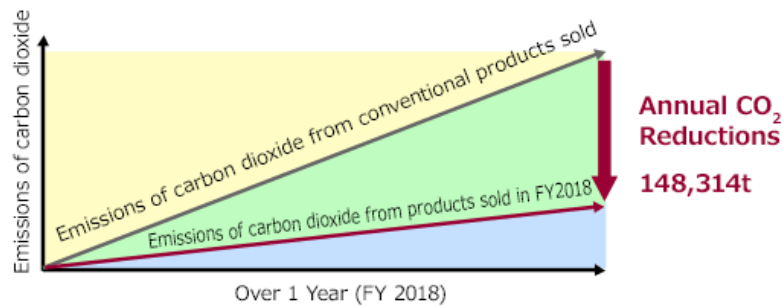
Environmental Contributions of Green Products

Green products from the Advantest Group contribute to the reduction of the environmental burden by achieving energy savings, resource conservation, and miniaturization compared to conventional products. We have learned that the greatest environmental impact of the primary products from the Advantest Group such as testers and handlers is made up of the electric power consumption on customer sites, which makes up 97% of the electric power consumption, based on the LCA results.

Energy-saving efforts for Advantest green products contribute greatly to the reduction of greenhouse gas emissions (CO₂) compared to conventional products. This reduction data is only for this fiscal year, but our B-to-B products are generally used for upwards of 10 years, which we believe will have an even greater impact on reducing the environmental load.

Examples of Effective Reductions to CO₂ Emissions via Green Products

Amount of CO₂ emissions reduced by the products sold in FY2018 (Product environment assessment has been done no later than FY2017)



* The above amount of CO₂ emissions reduced is the value resulting from performance conversion.

Note: How to calculate the amount of greenhouse gas reduced

Amount of CO₂ emissions reduced (t/year) = Amount of electric power consumed by the conventional product (kW) × Energy efficiency of the new product × Sales of the new product (units/year) × Annual operation time (h) × CO₂ conversion coefficient (t/kWh)

Product Recycling

Sustainability Report 2019

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 dismantling
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 detector, internal cooling water, Fluorinert)

Results Achieved in Fiscal 2018

During fiscal 2018, the Group recycled 3 retired products for a total of 28 tons of recycled resources, achieving 100% 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



Mitigation of Climate Change (Global Warming Prevention)

Sustainability Report 2019

Materiality for Mitigation of Climate Change (Global Warming Prevention)

[Approach to Materiality in Energy >](#)

[Approach to Materiality in Emissions to the Atmosphere >](#)

Approach to Materiality in Energy

Supervising division	CSR & Environmental Affairs Promotion Office
KPI	Rate of improvement in per-unit energy consumption
FY2018 target	Advantest aims to reduce the rate of improvement in per-unit energy consumption at business locations in Japan by an average of 1% annually (-6% compared to fiscal 2012) through the promotion of efficient energy use.
Results achieved in fiscal 2018	-13.6%
Material reasons	Advantest is consuming a lot of energy inside and outside the company for its business activities. Advantest considers efficient energy use an important CSR activity for the global environment.
Boundary	Advantest Group (Japan)
Relevant policies	Advantest Group Environmental Policy
Relevant commitments	Energy Conservation Act
Responsible department/division	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Management resources	
Relevant complaint processing policy	(Corporate Ethics Helpline)
Assessment	✓ (Good)

Approach to Materiality in Emissions to the Atmosphere

Supervising division	CSR & Environmental Affairs Promotion Office
KPI	GHG emissions (Scope 1/2)
FY2018 target	Advantest aims to reduce GHG emissions at business locations in Japan through the promotion of efficiency energy use and achieve GHG emissions of 18,000 t-CO ₂ .
Results achieved in fiscal 2018	19,370 t-CO ₂
Material reasons	We consider efforts to reduce the amount of emissions through more efficient energy use as vital because efforts to reduce greenhouse gases that should be conducted worldwide are indispensable in global business activities.
Boundary	Advantest Group (Japan)
Relevant policies	Advantest Group Environmental Policy
Relevant commitments	Act on Promotion of Global Warming Countermeasures
Responsible department/division	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Management resources	
Relevant complaint processing policy	(Corporate Ethics Helpline)
Assessment	Unachieved The energy consumption increased mainly due to the effects of super cycle in the semiconductor industry.

Basic Policy

The Advantest Group regards the prevention of global warming as an important corporate mission, and makes efforts to reduce greenhouse gas emission by providing green products and reforming its 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.

Business Risks and Opportunities Brought about by Climate Change

Advantest considers climate change issues, including global warming issues, as global social issues. Based on the Guidance for Climate-related Financial Disclosure (TCFD Guidance), Advantest has identified environmental risks and opportunities relating to Advantest Group's business activities. Major environmental risks and opportunities are as follows. Advantest will continue to disclose mid- and long-term business strategies relating to the risks and opportunities brought about by climate change, as well as the financial impact of climate change in more details.

Major Risks Brought about by Climate Change

To reduce the risk of costs increasing as a result of taking measures against climate change and the risk of the operation environment deteriorating due to the rising temperature and increasing natural disasters, Advantest is making efforts to ensure compliance with environmental regulations and to minimize damage through the business continuity plan (BCP).

Category	Major risks brought about by climate change
Transition risks	<ul style="list-style-type: none"> ▶ Increase of procurement, manufacturing, equipment, logistic, and other costs due to regulatory tightening accompanied by climate change ▶ Cost increases caused by new taxes such as carbon tax and green power certificate ▶ Increase of energy cost caused by procuring renewable energy ▶ Increase of insurance cost caused by increasing natural disasters and increasing damages ▶ Decrease of product competitiveness and product demands due to changing market needs ▶ Cost increases caused by the need to calculate and disclose the environmental impact of products, such as the fact that they save energy
Physical risks	<ul style="list-style-type: none"> ▶ Relocation of factories and business facilities as a result of global warming ▶ Cost increases caused by replacing cooling media used mainly for air conditioning equipment and chillers with substitutes ▶ Inability to continue business operations due to floods, typhoons, and other natural disasters caused by climate change ▶ Discontinuation of the supply of parts and product manufacturing activities due to large-scale natural disasters

Major Opportunities Brought about by Climate Change

Advantest is implementing its business strategies aimed at expanding the market for green products and measuring products related to the environment.

Category	Major opportunities brought about by climate change
Opportunities	<ul style="list-style-type: none"> ▶ Contributing to reducing users' environmental impact through the provision of green products ▶ Expanding the market for green products and measuring products related to the environment ▶ Becoming more competitive through the technical innovation of environmental performance ▶ Enhancing corporate values through the global implementation of environmental conservation activities and the disclosure of the results of these activities

Advantest's Achievements in Relation to CO₂ Emissions in FY2018

Advantest is working to simultaneously save energy and reduce costs 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 2018 was approximately 2,591 MWh higher than in the previous year. The main factors behind this were as follows. Increases in production activities led to an annual increase of around 2,058 MWh at our factories and there was an annual increase of around 533 MWh at development and other sites. A decrease in overtime, shortening of the periods for which air condition equipment is in use, and renewal of aging equipment led to an annual reduction of around 12 MWh and the transition of lighting fixtures to LED led to an annual reduction of around 81 MWh.

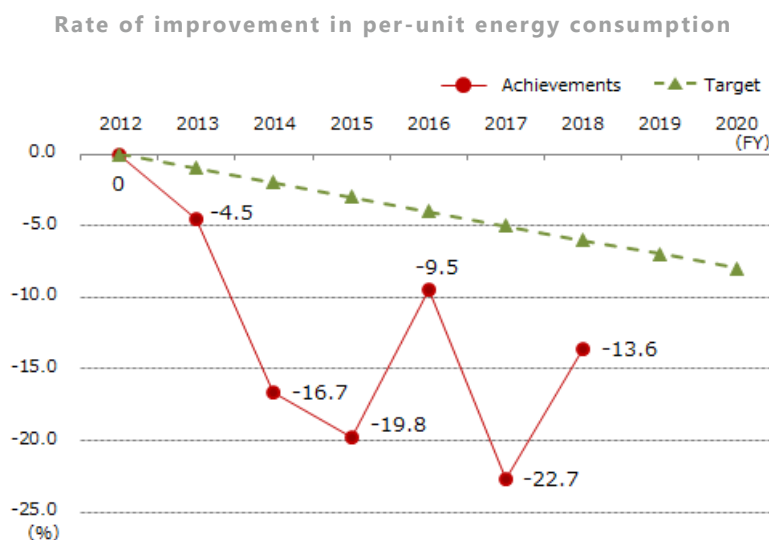
Energy consumption also increased as a result, but the rate of improvement in per-unit energy consumption* was down by 13.6% compared to fiscal 2012 due to vast improvements in energy efficiency in production processes.

Advantest will continue its efforts to reduce CO₂ emissions from the perspective of waste elimination, aiming to simultaneously save energy and reduce costs.

Important measures implemented in FY2018	<ul style="list-style-type: none"> ▶ Transition of lighting fixtures to LED (approximate total of 885 lights at all business locations) ▶ Renewal of aging air-conditioning equipment (Gunma R&D Center) ▶ Renewal to high-efficiency transformers (Gunma Factory) ▶ Optimization of operating hours of air conditioning equipment (all business locations)
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Reduction of power consumption through the introduction of outdoor LED lighting

Advantest replaced aged outdoor lighting equipment with LED lighting equipment at Gunma Factory and Saitama R&D Center, thereby reducing the annual energy consumption by 20 MWh

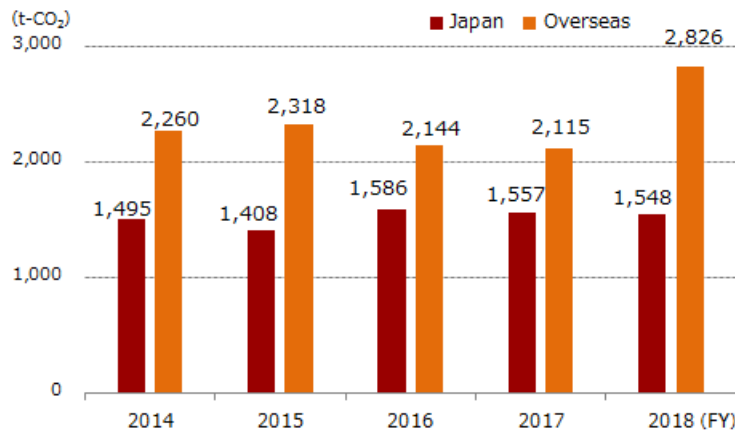


Scope: Eight bases in Japan (including affiliates)

Rate of improvement in per-unit energy consumption

- ▶ By introducing energy-saving equipment and promoting the efficient utilization of energy, we aim to achieve an annual average improvement of 1% in per-unit energy consumption at Advantest business bases in Japan. (Compared to the reference year of fiscal 2012, 6% or more reduction in fiscal 2018 and 7.73% or more by fiscal 2020)
- ▶ The unit energy consumption has been set to a value for each business establishment closely related to energy consumption, including the production volume as well as the number of employees and working hours at each site.

CO₂ emissions (Scope 1) ▶ Third-party assurance



*CO₂ emissions from company-owned vehicles are disclosed separately.
 *FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

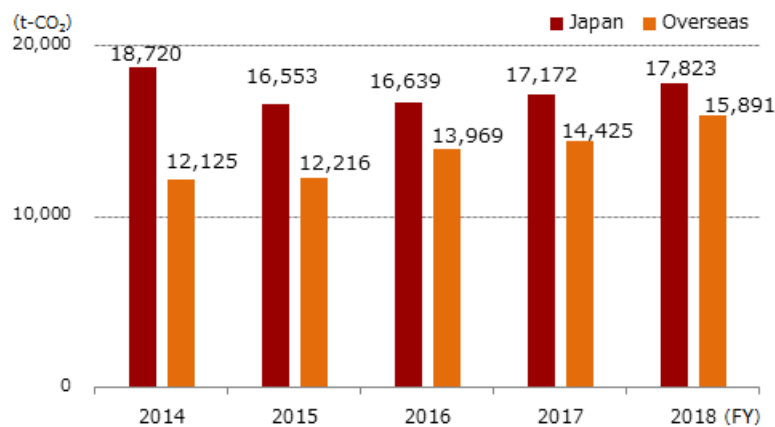
▶ Third-party assurance

Total CO₂ emissions (Scope 1) in Japan and Overseas (t-CO₂)

	FY2014	FY2015	FY2016	FY2017	FY2018
	3,755	3,726	3,730	3,672	4,374

*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

CO₂ emissions (Scope 2) ▶ Third-party assurance



*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

▶ Third-party assurance

Total CO ₂ emissions (Scope 2) in Japan and Overseas (t-CO ₂)	FY2014	FY2015	FY2016	FY2017	FY2018
		30,845	28,769	30,608	31,596

Calculation of GHG	<ul style="list-style-type: none"> ▶ The emission factor used is based on the Mandatory Greenhouse Gas Accounting and Reporting System. ▶ The emission factor associated with the use of electricity is the emission factor for each site in Japan. However, overseas sites use 0.000375t-CO₂ / kWh in or before FY2017 while emission factor associated with the use of electricity for each site is used in FY2018. ▶ CO₂ emissions reduction value based on Tradable Green Certificates is not included.
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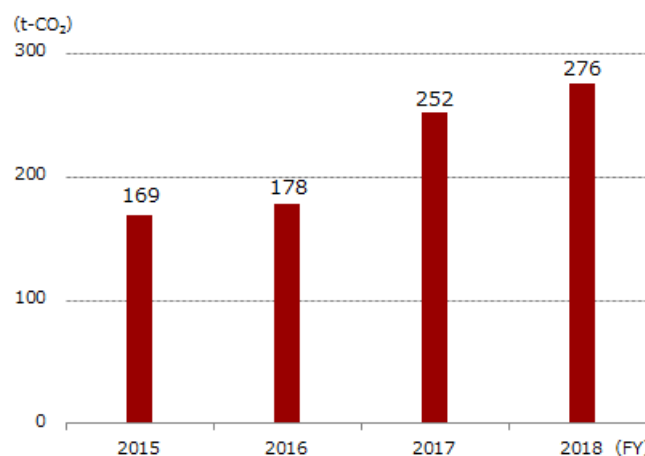
*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

CO₂ Emissions Attributable to Product Delivery (Scope 3)

When delivering its products, Advantest makes use of product packaging and mode of transport that take into account the needs of handling and shock-resistance. The total CO₂ emissions deriving from product delivery in fiscal 2018 was 276 t-CO₂. The increase in CO₂ emissions was mainly attributed to an increase in the transport distance due to an increase in the number of system products shipped. Advantest will continue to monitor the data relating to product delivery, and will calculate and improve CO₂ emissions.

Important measures implemented	<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"> ▶ Optimization of product packaging (cost reduction and packaging size reduction) ▶ Provision of training in safe driving and energy-saving driving ▶ Strict enforcement of the requirement that delivery drivers must not allow their engines to idle unnecessarily when stopped for more than a few seconds ▶ Shifting over to the use of hybrid vehicles and high fuel efficiency vehicles ▶ Use of freight containers (implemented since FY2018)
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Trends in CO₂ emissions attributable to product delivery (Scope 3) ▶ Third-party assurance



The total given includes CO₂ emissions deriving from the delivery of products within Japan Delivery to locations specified by customers (such as factories, airports and harbor facilities) using special trucks

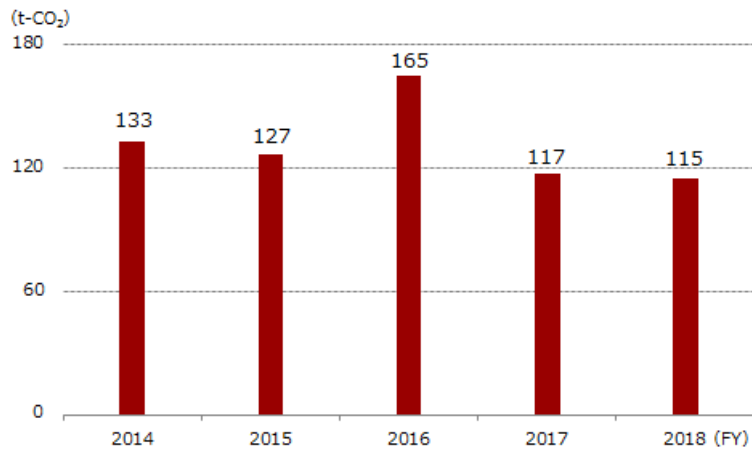
*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

CO₂ Emissions Attributed to Corporate Vehicles (Scope 1)

Advantest and its affiliates use around 100 corporate vehicles in operations in Japan. The annual CO₂ emissions deriving from operations in fiscal 2018 was 115 t-CO₂.

Trends in CO₂ emissions attributed to corporate vehicles (Scope 1)

▶ Third-party assurance



*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

GHG Emissions due to Non-Energy Related Activities

Advantest uses dry etching of semiconductors in some of the processes at business establishments in Japan.

In FY2018, GHG emissions for PFCs and SF₆ combined was 156 t-CO_{2e}.

▶ Third-party assurance

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
GHG emissions due to non-energy related activities (t-CO _{2e})	PFCs	362	269	268	47	9
	SF ₆	2,022	816	671	292	146
	Total	2,384	1,085	939	339	156

*Data range for tabulation: Advantest Group (Japan) data

*Calculations have been carried out based on the GHG Emissions Calculation and Reporting Manual since FY2018.

*Prior to fiscal 2017, usage was recorded as emissions.

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

Value Engineering (VE) Proposal Program

Advantest has a VE proposal system in which Advantest recognizes activities that contribute greatly to the reduction of CO₂ emissions mainly through measures such as labor reduction, lead time reduction, and energy-saving products.

Carbon Offset

Advantest does not currently engage in emission trading of GHG emissions.

Measure to Use Solar Panels for Lighting in Employee Parking Lots at Locations in Japan

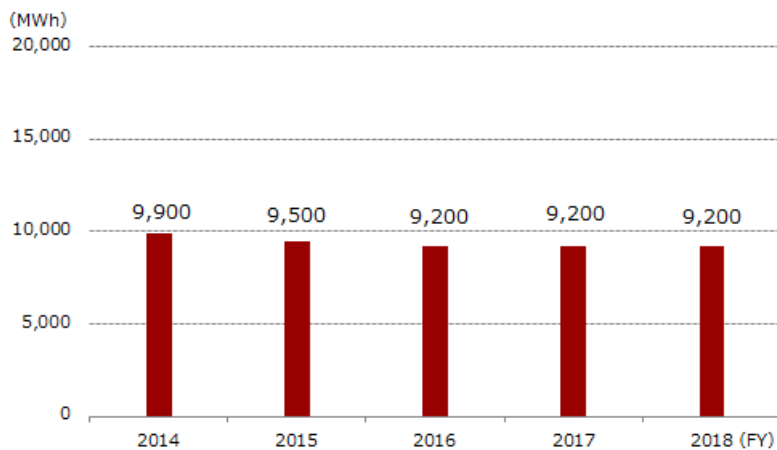
LED lights that use power generated by solar panels are employed at the Gunma R&D Center for lighting at night in employee commuter parking.

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

Purchasing of Tradable Green Certificates from Wind Power Generation

Advantest America, Inc. (AAI) continues its serious commitment to the utilization of renewable energy that was started in 2012. In order to reduce the environmental impact of electricity consumption, the company purchases Tradable Green Certificates from wind power generation that cover over 90% of energy use at the office. AAI has participated in EPA's Green Power Partnership since 2013. The Green Power Partnership is an effort to encourage companies to purchase the renewable energy that EPA is promoting.

Amount of Tradable Green Certificate purchases ▶ Third-party assurance



*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.



Tradable Green Certificates

Setup of EV Charging Stations

Advantest America, Inc. (AAI) has made four Electric Vehicles (EV) charging stations in San Jose, available for all employees to use free of charge. Currently, around 10% of employees are actively using these charging stations, reducing greenhouse emissions by 15 t-CO₂ per year.



Charging station

AAI San Jose's Energy Saving Projects

Advantest America, Inc. (AAI) replaced its aged air conditioning system with the latest system, which can adjust the temperature evenly throughout the building with digital control. It also repaired and replaced the chillers used by air conditioners and test systems and modified the cooling towers. These activities have contributed greatly to providing comfortable workplaces and reducing energy consumption.



Facilities with the latest equipment

Efforts to Reduce Electric Power Consumption in Germany

Advantest Europe GmbH (AEG) has replaced fluorescent tubes with LED bulbs at all its German offices to successfully reduce annual electricity consumption for lighting by 50%, which is approximately 790,000 kWh. At the Amerang office, the roof was replaced with the latest design with a thick heat insulator resulting in a 5% reduction of heating and air-conditioning costs for the factory building. Ongoing improvement efforts have been producing positive results not only for costs but also for the environment



LED office lighting

Recycling Resources

Sustainability Report 2019

Approach to Materiality in Drainage and Waste

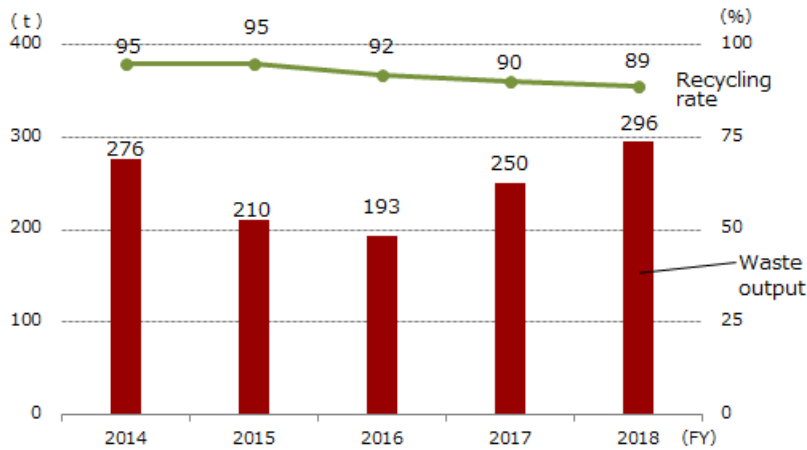
Supervising division	CSR & Environmental Affairs Promotion Office
KPI	Waste recycling rate
FY2018 target	To promote resource recycling and sustain a waste recycling rate of more than 90% at locations in Japan
Results achieved in fiscal 2018	89%
Material reasons	We promote 3Rs for resources based on the belief that contributing to a recycle-oriented society is part of corporate social responsibility, and position measures for drainage and waste as an important issue.
Boundary	Advantest Group (Japan)
Relevant policies	Advantest Group Environmental Policy
Relevant commitments	Waste Management and Public Cleansing Act
Responsible department/division	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Management resources	
Relevant complaint processing policy	(Corporate Ethics Helpline)
Assessment	△

Basic Policy

The Advantest Group pursues operations encompassing the "3Rs" (reduce, reuse, and recycle) with the aim of realizing a recycling society.

We have enhanced efforts to sort components that have been ongoing since fiscal 2009 and ensured thorough compliance so as to recover valuable materials from waste. The waste produced in our business activities (packaging materials, etc.) is sorted into each category of waste so it is processed properly after identifying the disposal procedure with the contractor and each element is recycled based on the laws related to waste processing and cleaning as well as the laws and regulations in each region as a waste business operator.

Change in waste output and recycling rate ▶ Third-party assurance

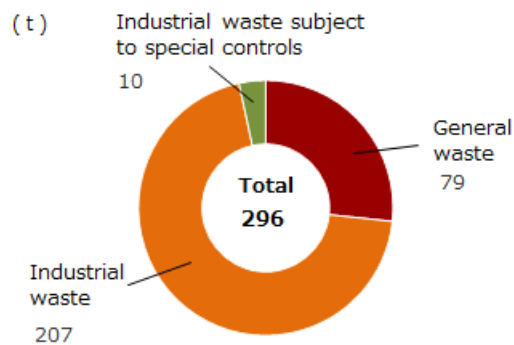


Data range for tabulation: Advantest Group (Japan) data

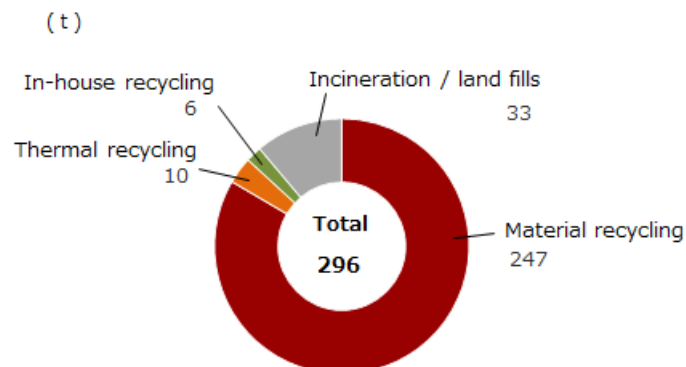
*Sludge with a high water content of the amount of waste generated (coolant discarded as sludge, grease trap sludge, septic tank sludge) is counted as the solid weight excluding moisture (428t).

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

FY 2018 waste type breakdown



FY 2018 waste treatment breakdown



Proper Disposal of Waste Plastics and Material Recycling

Advantest has been recycling all waste plastics at business locations in Japan.

At its Gunma Factory, trays and magazines, which are used as parts containers, are disposed of as waste plastics. Individual employees check the recycling identification mark on each container to sort containers containing PVC. This allows waste plastics to turn into the main raw material for RPF (Refuse Paper & Plastic Fuel), which is a high-quality solid fuel. Waste plastics containing PVC are crushed, incinerated, and recycled as molten slag, which is used mainly as roadbed material.



Proper Disposal of Equipment Containing PCB

Advantest owns three capacitors, fluorescent lights and stabilizers which contain polychlorinated biphenyls (PCB), but all pieces of the equipment which contained PCB was properly disposed of during fiscal 2017.

Memorandum of Understanding (MOUs) Entered into with Waste Disposal Service Providers Stipulating the 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 a way 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 a Memorandum 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. Used cooking oil also goes to recycle operators, where it is processed into biodiesel fuel for reuse.



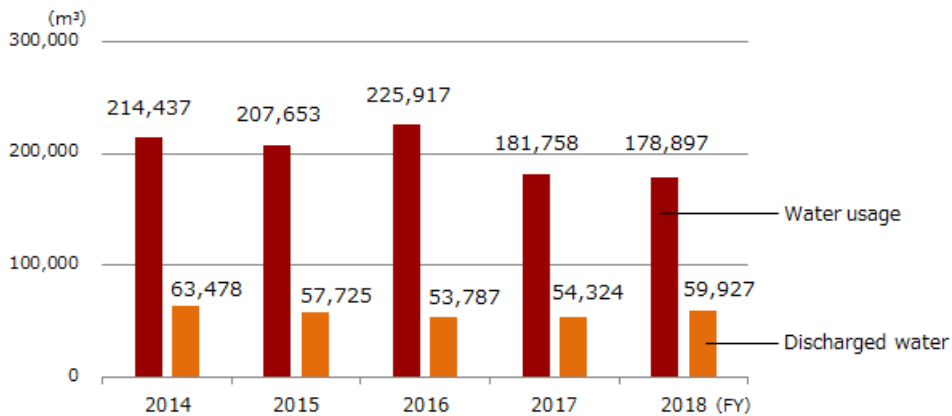
Effective Use of Water Resources

Advantest's main usage applications of its water resources 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. Advantest is also filtering drinking water and using ultra-pure water at some business establishments. It should be noted that approximately 90% of the discharged water produced by Advantest Group is classed as domestic sewage. Currently, domestic sewage and rain water 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 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 our water resources.

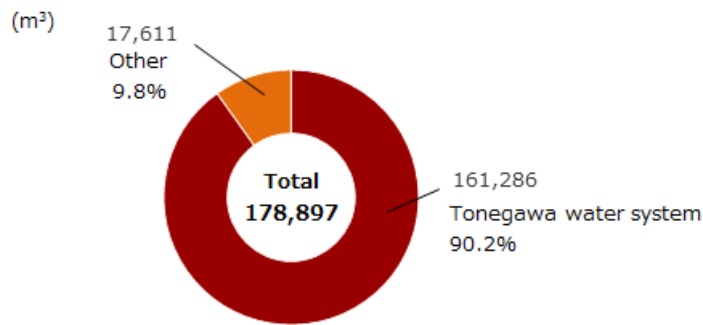
Trend in water usage/discharged water ▶ Third-party assurance



Data range for tabulation: Advantest Group (Japan) data

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

Amount of water used from the Tonegawa River water system



Data range for tabulation: Advantest Group (Japan) data

Statement on the EU-RoHS Directive

Sustainability Report 2019

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 the 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 appliances and respective revisions currently restrict the use of six substances in such products:

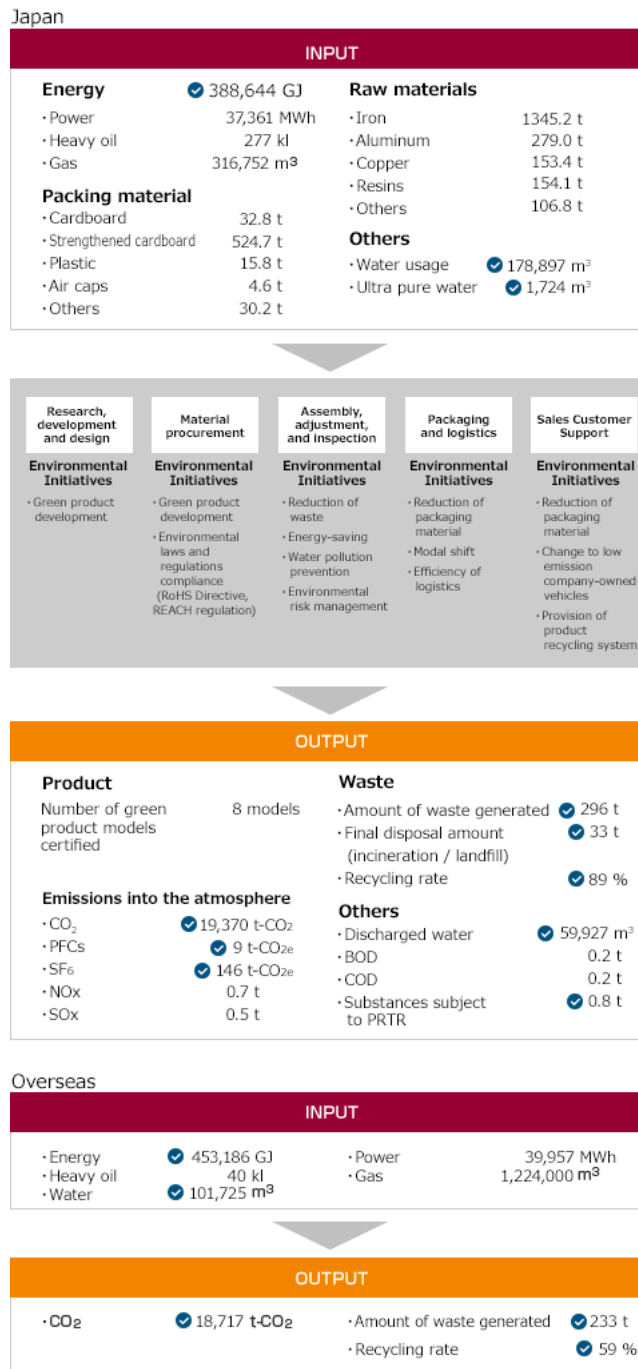
- Lead (Pb)
- Hexavalent chromium (Cr VI)
- Mercury (Hg)
- Polybrominated biphenyl (PBB)
- Cadmium (Cd)
- Polybrominated diphenyl ether (PBDE)

Environmental Related Data

Sustainability Report 2019

Advantest keeps tabs on the company's annual environmental load. The data is used to identify the cause of the environmental load and we implement measures and policies to reduce the environmental load.

Material Flow (FY2018)



*Sludge with a high water content of the amount of waste generated (coolant discarded as sludge, grease trap sludge, septic tank sludge) is counted as the solid weight excluding moisture (428t).

*Figures marked with the  symbol are assured by KPMG AZSA Sustainability Co., Ltd.

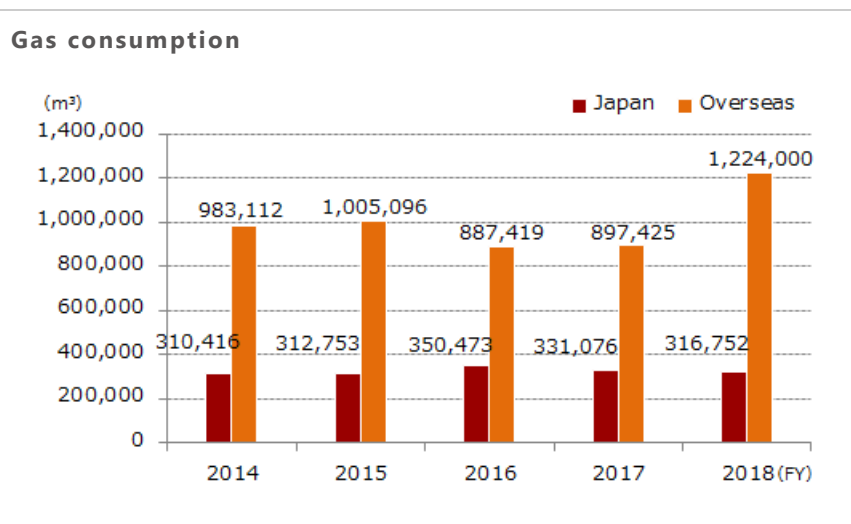
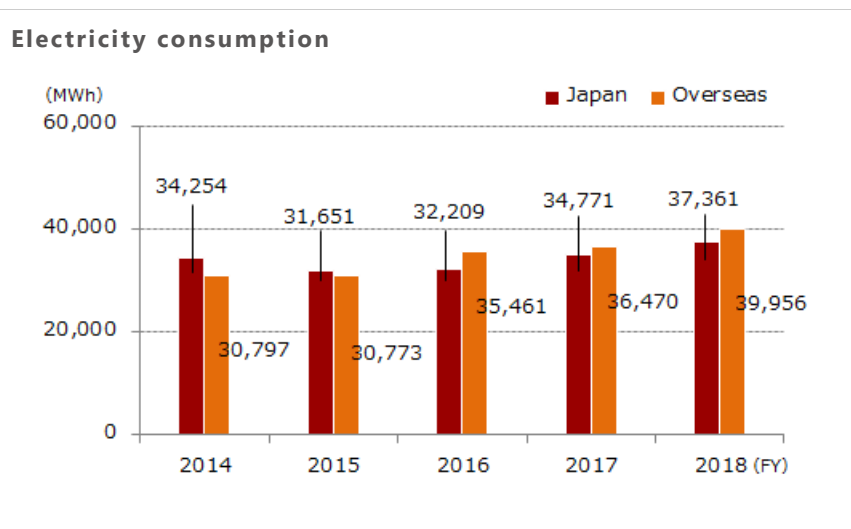
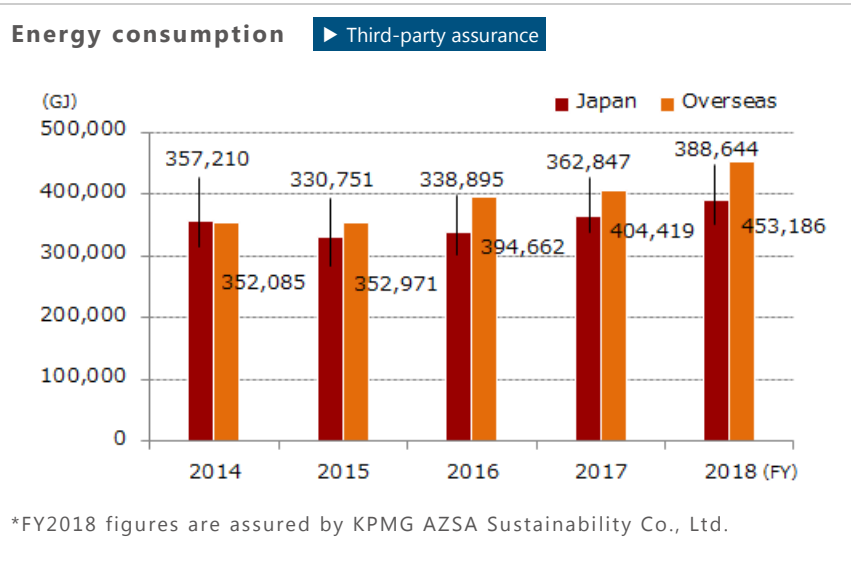
Environmental Load Data
Scope of Data

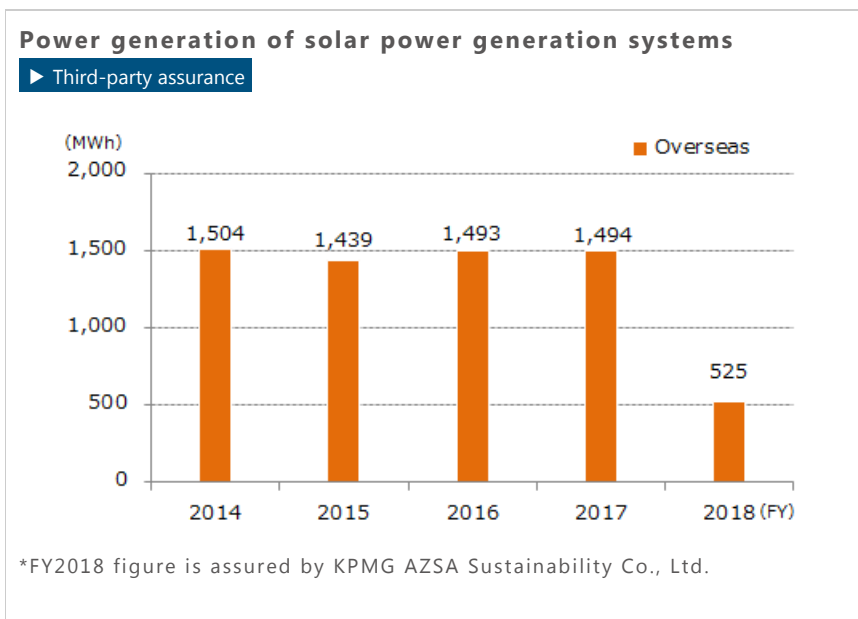
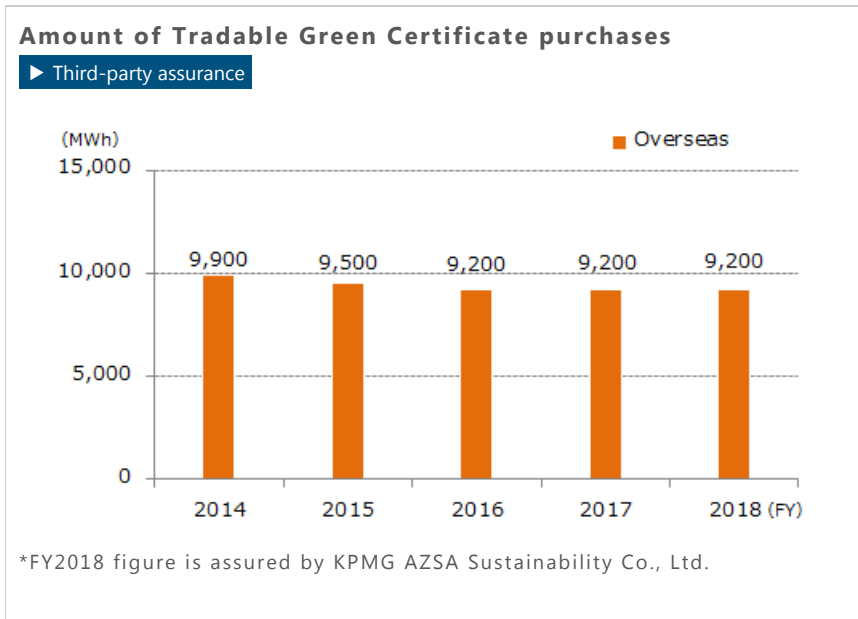
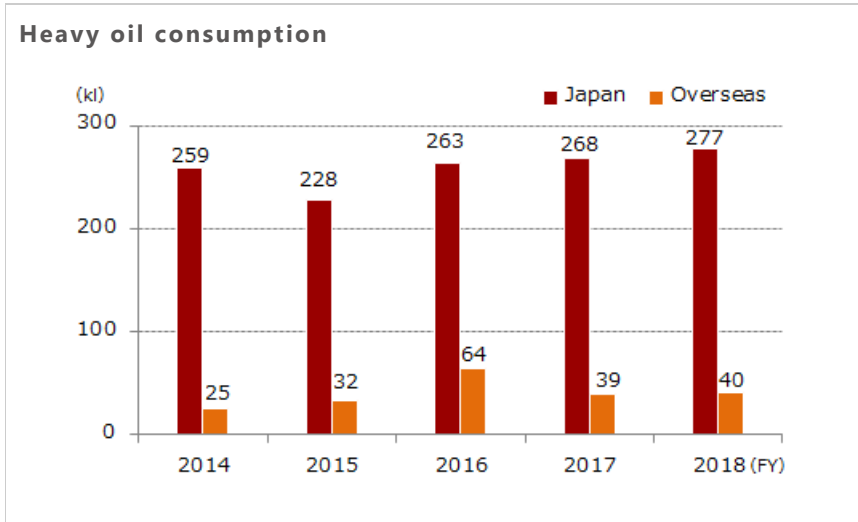
Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Scope of data (Including affiliates in Japan)	Japan	11 bases	9 bases	8 bases	8 bases	8 bases
	Overseas	Major overseas affiliates 9 companies				

Energy Consumption and Power Generation

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Energy consumption (GJ) ▶ Third-party assurance	Japan	357,210	330,751	338,895	362,847	388,644
	Overseas	352,085	352,971	394,662	404,419	453,186
	Total	709,295	683,722	733,557	767,266	841,830
Electricity consumption (MWh)	Japan	34,254	31,651	32,209	34,771	37,361
	Overseas	30,797	30,773	35,461	36,470	39,957
	Total	65,051	62,423	67,670	71,241	77,318
Gas consumption (m ³)	Japan	310,416	312,753	350,473	331,076	316,752
	Overseas	983,112	1,005,096	887,419	897,425	1,224,000
	Total	1,293,528	1,317,849	1,237,892	1,228,501	1,540,751
Heavy oil consumption (kl)	Japan	259	228	263	268	277
	Overseas	25	32	64	45	40
	Total	285	260	327	313	317
Amount of Tradable Green Certificate purchases (MWh) ▶ Third-party assurance	Japan	0	0	0	0	0
	Overseas	9,900	9,500	9,200	9,200	9,200
	Total	9,900	9,500	9,200	9,200	9,200
Power generation of solar power generation systems (MWh) Total Electric Power Sales Overseas ▶ Third-party assurance	Japan	0	0	0	0	0
	Overseas	1,504	1,439	1,493	1,494	525
	Total	1,504	1,439	1,493	1,494	525

*FY2018 figures for items with ▶ Third-party assurance are assured by KPMG AZSA Sustainability Co., Ltd.





CO₂Emissions

▶ Third-party assurance

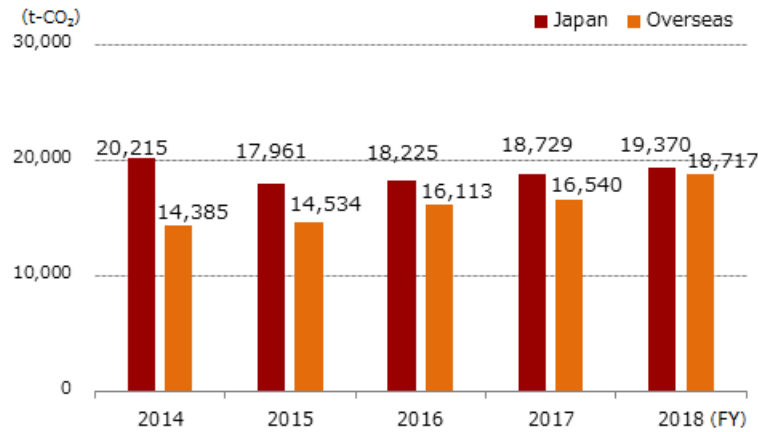
Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Scope 1 + Scope 2 CO ₂ emissions (t-CO ₂)	Japan	20,215	17,961	18,225	18,729	19,370
	Overseas	14,385	14,534	16,113	16,540	18,717
	Total	34,600	32,495	34,338	35,268	38,088
Scope 1 CO ₂ emissions (t-CO ₂) (Fuel: Heavy oil + Gas)	Japan	1,495	1,408	1,586	1,557	1,548
	Overseas	2,260	2,318	2,144	2,115	2,826
	Total	3,755	3,726	3,730	3,672	4,374
Scope 2 CO ₂ emissions (t-CO ₂) (Electric Power)	Japan	18,720	16,553	16,639	17,172	17,823
	Overseas	12,125	12,216	13,969	14,425	15,891
	Total	30,845	28,769	30,608	31,597	33,713
Scope 3 CO ₂ emissions (t-CO ₂) (*CO ₂ emission attributable to product delivery)	Japan total	149	169	178	252	276
GHG emissions due to non-energy related activities (t-CO ₂ e)	PFCs	362	269	268	47	9
	SF ₆	2,022	816	671	292	146
	Japan total	2,384	1,085	939	339	156

*CO₂ emissions attributed to corporate vehicles are not included in emission (Scope1) in the table above.

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

Calculation of GHG	<ul style="list-style-type: none"> ▶ The emission factor used is based on the Mandatory Greenhouse Gas Accounting and Reporting System. ▶ The emission factor associated with the use of electricity is the emission factor for each site in Japan. However, overseas sites use 0.000375t-CO₂ / kWh in or before FY2017 while emission factor associated with the use of electricity for each site is used in FY2018. ▶ CO₂ emissions reduction value based on Tradable Green Certificates is not included.
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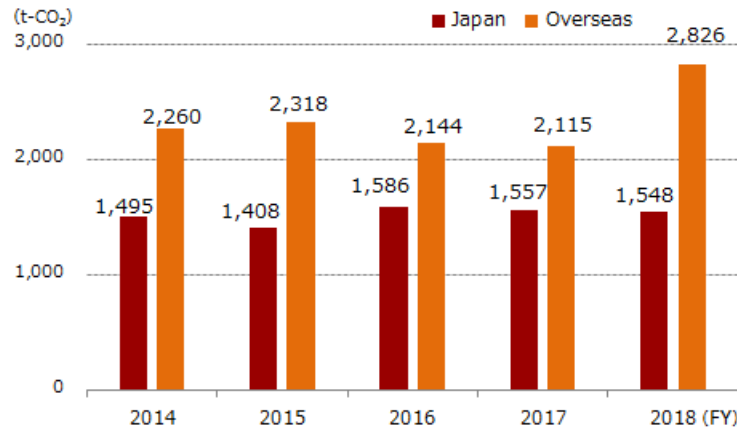
CO₂ emissions (Scope 1 + Scope 2) ▶ Third-party assurance



*CO₂ emissions attributed to corporate vehicles are not included in emissions (Scope 1) in the figure above.

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

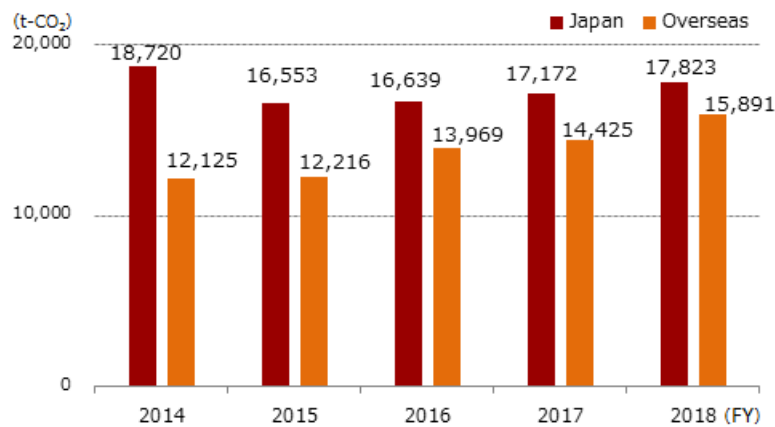
CO₂ emissions (Scope 1) ▶ Third-party assurance



*CO₂ emissions attributed to corporate vehicles are not included in emissions (Scope 1) in the figure above.

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

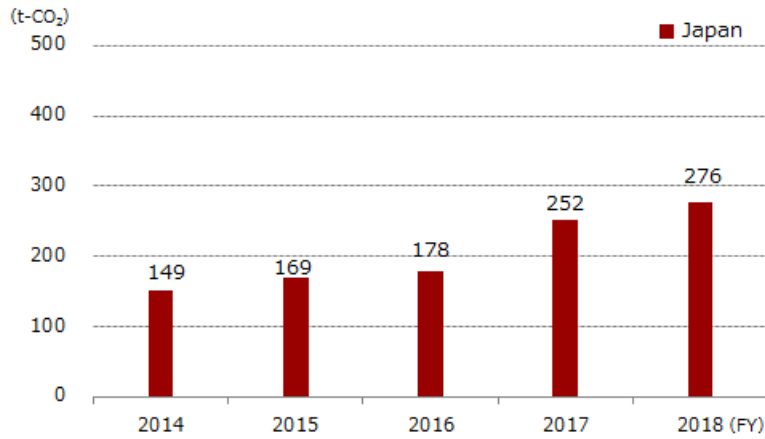
CO₂ emissions (Scope 2) ▶ Third-party assurance



*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

CO₂ emissions (Scope 3)

▶ Third-party assurance

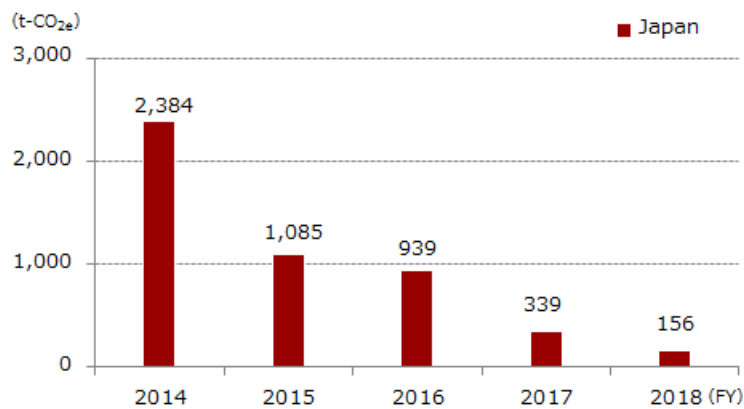


*CO₂ emissions attributable to product delivery are disclosed in figure above as CO₂ emissions (Scope 3).

*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

GHG emissions produced in non-energy related activities

▶ Third-party assurance



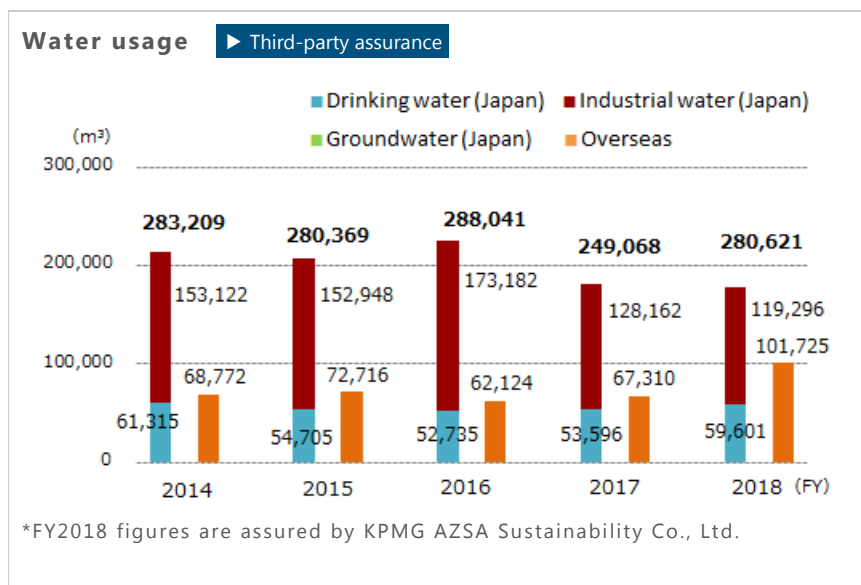
*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

Water Usage

▶ Third-party assurance

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Water usage (m ³)	Japan	214,437	207,653	225,917	181,758	178,897
	Drinking water	61,315	54,705	52,735	53,596	59,601
	Industrial water	153,122	152,948	173,182	128,162	119,296
	Groundwater	0	0	0	0	0
	Overseas	68,772	72,716	62,124	67,310	101,725
	Total		283,209	280,369	288,041	249,068
Ultra pure water usage (m ³) (Included in the total amount of drinking water)	Japan	2,615	1,579	1,358	1,288	1,724

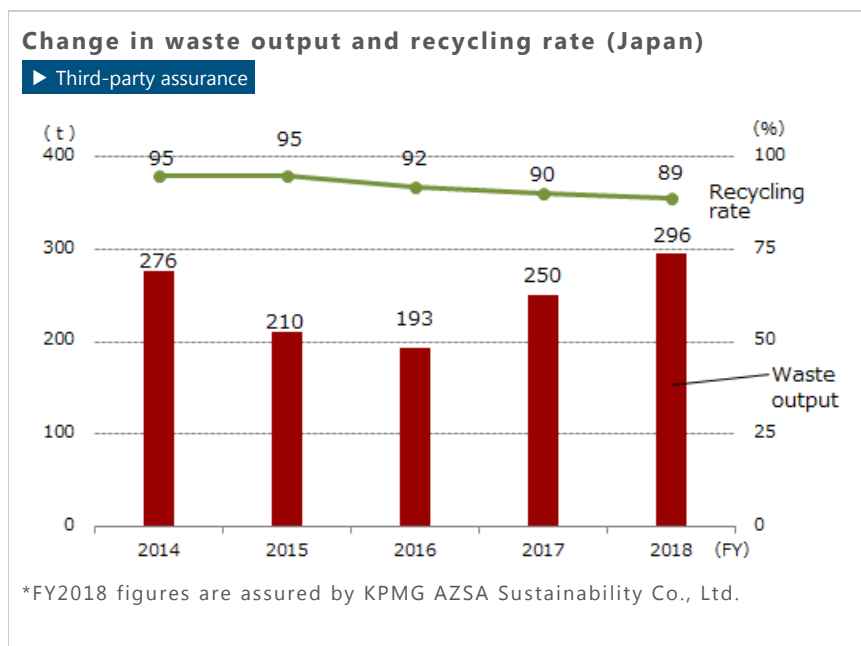
*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

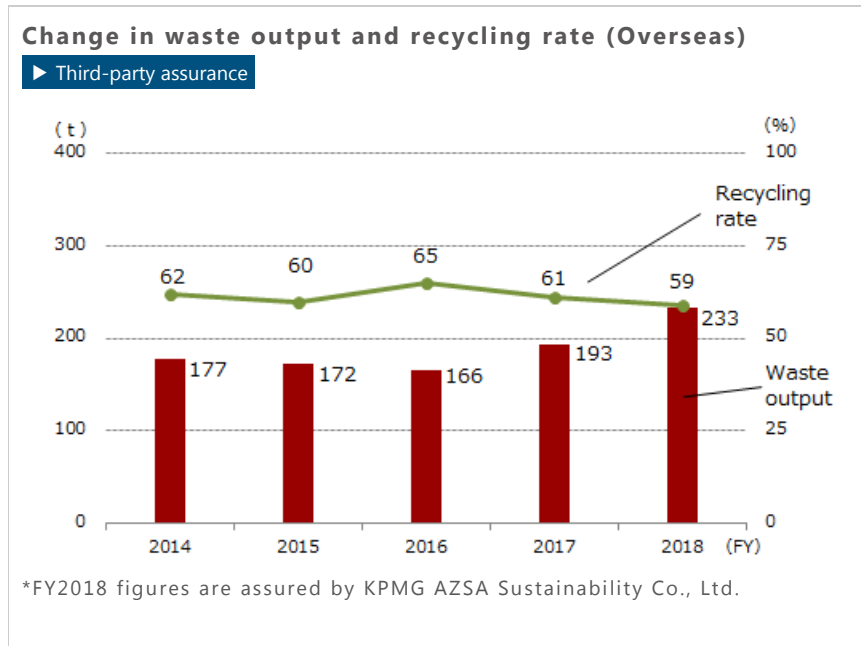


Waste Emissions

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Waste output (t) ▶ Third-party assurance	Japan	276	210	193	250	296
	Overseas	177	172	166	193	233
	Total	453	382	359	443	530
Hazardous waste output (t) (Industrial waste subject to special controls)	Japan	17	7	8	6	10
Amount of waste recycled (t) ▶ Third-party assurance	Japan	262	200	178	225	263
	Overseas	109	103	107	118	138
	Total	371	303	285	343	401
Recycling rate (%) ▶ Third-party assurance	Japan	95%	95%	92%	90%	89%
	Overseas	62%	60%	65%	61%	59%
	Total	82%	79%	79%	77%	76%
Discharged water (m ³) ▶ Third-party assurance	Japan	63,478	57,725	53,787	54,324	59,927
	Sewage system	26,440	19,601	15,745	15,993	17,611
	Public water area	37,038	38,124	38,042	38,331	42,316

*FY2018 figures for items with ▶ Third-party assurance are assured by KPMG AZSA Sustainability Co., Ltd.





Incidents Over the Standard Value of Air and Water Quality

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Emissions into the atmosphere	Japan	0	0	0	0	0
Waste water to water area	Japan	0	0	0	0	0

Emissions of Air and Water Pollutants

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Emissions into the atmosphere: NOx (kg)	Japan	658	357	683	909	701
Emissions into the atmosphere: SOx (kg)	Japan	527	369	431	663	450
Emissions into the atmosphere: Soot and dust (kg)	Japan	7	10	8	9	8
Waste water to water area (BOD)	Japan	642	329	132	234	201
Waste water to water area (COD)	Japan	130	217	149	160	173

PRTR Data

▶ Third-party assurance

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
PRTR chemical released (t)	Japan	0.50	0.42	0.20	0.31	0.46
PRTR chemical transferred (t)	Japan	0.86	0.42	0.37	0.31	0.35

Data range for tabulation: Advantest Group (Japan) data

*The table includes PRTR controlled substances whose annual amount of use was below the amount required to be reported.

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

VOC Data

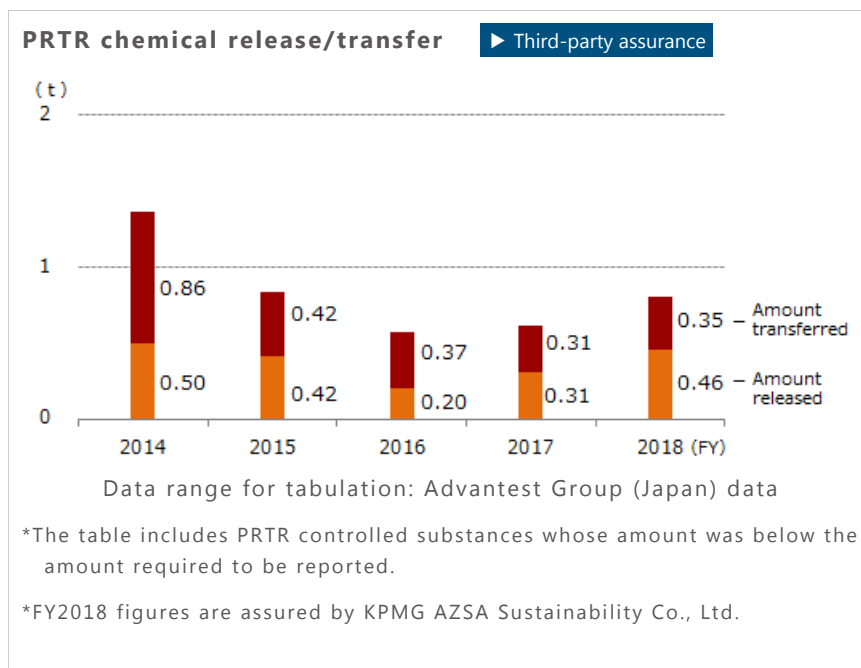
▶ Third-party assurance

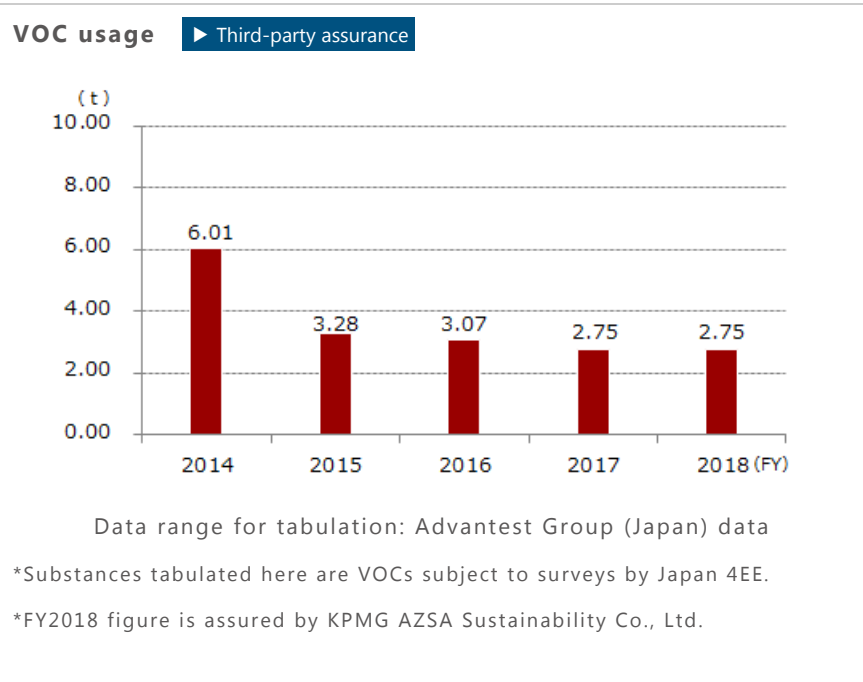
Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
VOC usage (t)	Japan	6.01	3.28	3.07	2.75	2.75

Data range for tabulation: Advantest Group (Japan) data

*Substances tabulated here are VOCs subject to surveys by Japan 4EE.

*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.





Environmental Risk and Chemical Substance Management

Sustainability Report 2019

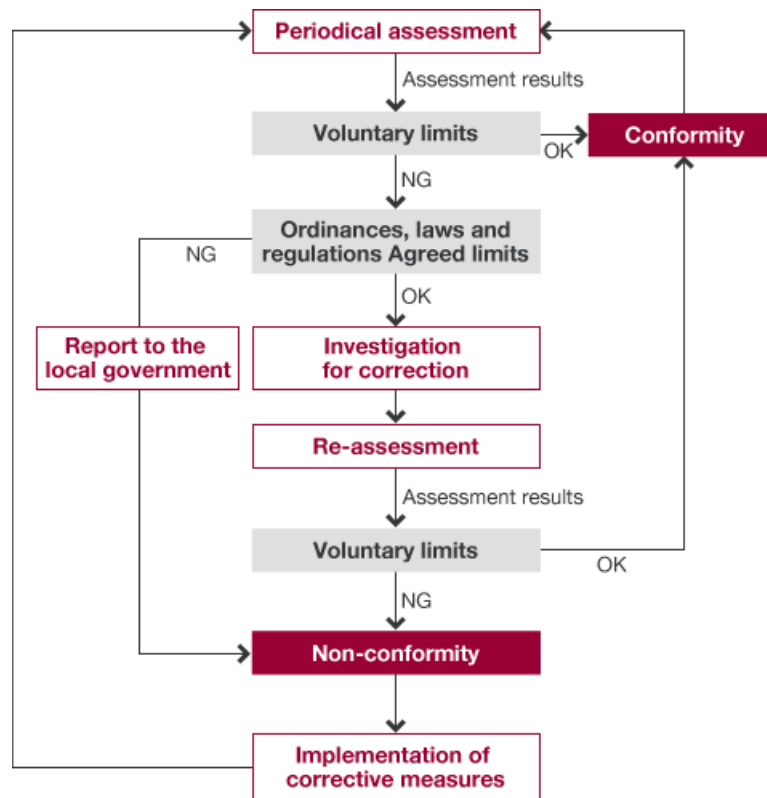
Basic Policy for Environmental Risk Management

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 established 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.

Compliance management at business sites



There were no cases which exceed our voluntary standards for air and water quality in fiscal 2018.

Items	Scope	FY2014	FY2015	FY2016	FY2017	FY2018
Emissions into the atmosphere	Japan	0	0	0	0	0
Waste water to water area	Japan	0	0	0	0	0

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 safety data sheets (SDS) 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. Based on the chemical substances management level specified under the PRTR Law, the Poisonous and Deleterious Substances Control Law, the Industrial Safety and Health Law and other laws and regulations, we have established a classification system of management ranks and set the management method according to each rank, with the aim of having a flexible system.

Furthermore, in response to the revision of laws and regulations, Advantest built and executed a system for the risk management of chemical substances which had become a requirement as of June 2016.



Strict chemical controls



Controls applied to each and every container

Adopting the High-precision Management Methods in Line with the Different Level of Risks 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.

Chemical substance control ranks

Rank	Conditions for application	Locked storage	Dispensary control	Inventory checks
4	Some chemical substances are extremely toxic or have a profound social impact, so registration with the government, etc., is necessary to handle them. Examples: narcotics, stimulants, etc.	Yes	Yes	As required by law
3	Some chemical substances are highly toxic, so any loss must be reported. Examples: poisons, deleterious substances, etc.	Yes	Yes	Monthly

2	Some chemical substances are inflammable, corrosive, or poisonous with prolonged exposure. Examples: organic solvents, acids, alkalis, etc.	Yes	Yes	Twice annually
1	Some chemical substances are not very harmful, but since a large amount is used, control is necessary. Examples: solder paste, Fluorinert, etc.	-	Yes	Twice annually
0	Some chemical substances are not very harmful and do not warrant special control. Examples: some adhesives, grease, lubricants, paint, lead-free solder, wire solder, bar solder, sprays (spray oil, cooling spray), etc.	-	-	-

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

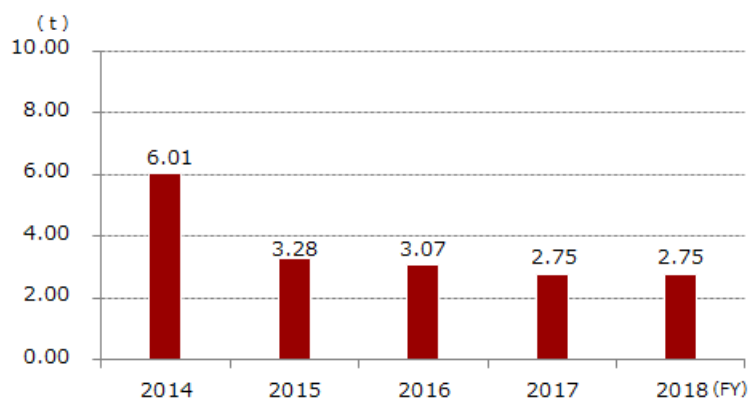
Efforts to Reduce VOC (Volatile Organic Compounds) Emissions

VOC substances are considered as substances that produce photochemical oxidants and suspended particulates. Facilities using a large amount of VOC are obligated by Article 17-13 of the Air Pollution Control Act to monitor VOC emissions into the atmosphere that are attributable to their business activities and take the measures that are necessary to reduce the emissions.

VOC is not used much in the electrical and electronic industry. However, the Ministry of Economy, Trade and Industry has requested companies to take voluntary measures to reduce VOC emissions, so four industry groups (JEMA, CIAJ, JEITA, and JBMIA) have been conducting surveys and cooperating with the Ministry of Economy, Trade and Industry since 2005.

These surveys cover 20 substances that are often used in the electrical and electronic industry. Advantest does not use them in large quantities, but has been conducting surveys on the consumption of these substances and report it as required.

VOC data ▶ Third-party assurance



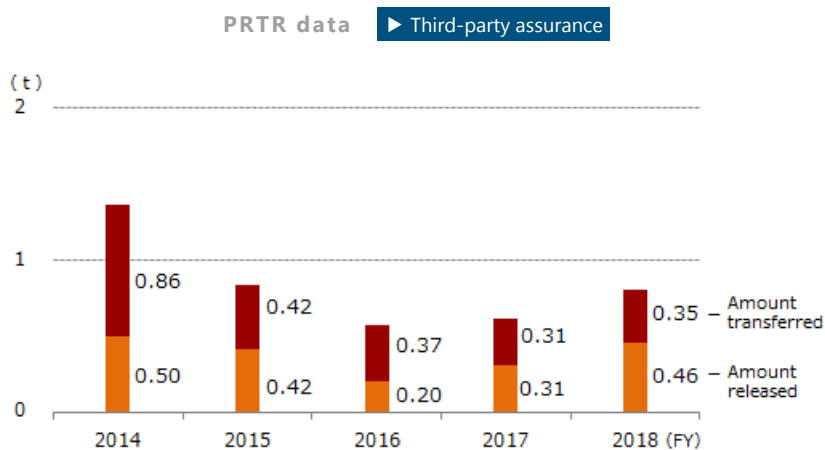
Data range for tabulation: Advantest Group (Japan) data

*Substances tabulated here are VOCs subject to surveys by Japan 4EE.

*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

PRTR Report

According to the Law Concerning Pollutant Release and Transfer Register, Advantest has been submitting reports to the government under the Pollutant Release and Transfer Register (PRTR) system.



Data range for tabulation: Advantest Group (Japan) data

*The table includes PRTR controlled substances whose annual amount of use was below the amount required to be reported.

*FY2018 figures are assured by KPMG AZSA Sustainability Co., Ltd.

Implementation of General and Specialist Chemical Substance e-learning Education

Advantest is providing its domestic employees with general chemical substance education, with the aim of making them aware of the risks of accidents or environmental pollution as a result of mishandling even 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.



Materials used in training on chemical substances

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 Law, etc.

In fiscal 2018 we conducted general education for all new employees and specialist training for 604 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 Law, etc.

Initiatives with Business Partners

Sustainability Report 2019

Approach to Materiality in Hazardous Materials

Materiality aspect	Hazardous substances
Supervising division	CSR & Environmental Affairs Promotion Office
KPI	Percentage of suppliers requested to do hazardous substance surveys
FY2018 target	100%
Results achieved in fiscal 2018	100%
Material reasons	Recently, additions and amendments have been made to the electrical and electronic regulations, including the RoHS Directive. In such a situation, we are aware that conducting hazardous substance surveys with suppliers is important.
Boundary	FY2019: Domestic AT only, FY2020: Entire AT
Relevant policies	Advantest Group Environmental Policy
Commitments	All relevant laws and regulations stipulated in IEC62474, etc.
Responsible department/division	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Management resources	
Complaint processing policy	
Assessment	✓

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

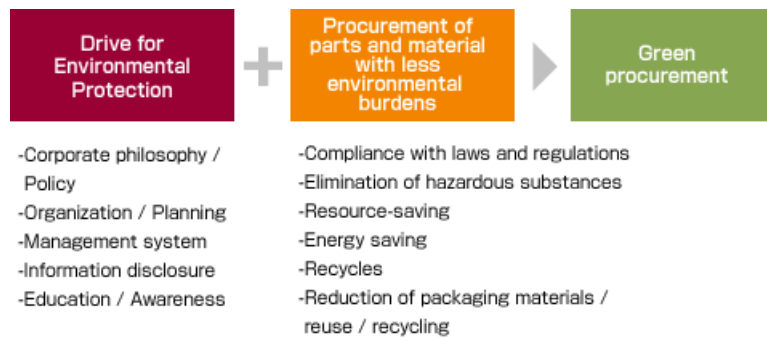
At Advantest we are striving to eliminate hazardous substances across our manufacturing activities including suppliers of components and assembly and processing partner companies, and wish to connect this to the development of green products. We engage in communication with our business partners, and 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 components and materials that are used for our products. In fiscal 2018 we distributed 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 has also concluded the General Specification for the Environment (GSE) as a contract during production for the same measures even at overseas bases to eliminate the chemical substances contained in products.

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

The Principles of the Green Procurement



Component Registration in Green Procurement

Regarding component registration, we are conducting environmental surveys for the procured components with cooperation from our suppliers, based on the principle that the use of any hazardous substances in Advantest products is prohibited. 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 Electrotechnical 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 April 25, 2017, Advantest, in line with the revised IEC62474, revised its questionnaire on hazardous substances and informed our business partners.

Environmental Accounting Results

Sustainability Report 2019

Japan

Scope: Eight domestic bases (including affiliated companies)

Period: April 2018 to March 2019

Unit: ¥1,000

Category	Major activities	Capital investment		Costs		
		FY2017	FY2018	FY2017	FY2018	
Environmental conservation costs	1) Business area costs					
	(1) Pollution prevention costs	Installation, repair, environmental assessment, and maintenance of pollution prevention facilities	0	0	39,594	28,449
	(2) Global environmental conservation costs	Installation of energy-saving equipment and facilities	22,436	18,961	20,948	14,606
	(3) Resource recycling costs	Disposal/recycling of waste and construction of water supply facilities	0	443	29,717	24,752
	2) Upstream/downstream costs	Green procurement/purchasing and introduction/development of recycled packaging materials	0	0	0	0
	3) Administrative costs	Operation of the Environmental Management System, management of the biotope and disclosure of environmental information	0	0	58,037	71,518
	4) R&D costs	R&D of environmentally friendly products and production technologies	0	0	2,350	2,630
	5) Social activity costs	Tree-planting in the surrounding areas	0	0	2,970	2,424
	6) Environmental remediation costs	Environmental remediation, penalties or litigations concerning environmental conservation	0	0	0	0
Total		22,436	19,404	153,616	144,379	

Category	Major activities	FY2017	FY2018	
Environmental conservation benefits	1) Economic benefits		Benefit amount	
	(1) Energy cost reduction benefits	Installation of energy-saving equipment/facilities and implementation of energy-saving measures	2,822	1,544
	(2) Revenue from the sale of recycled materials	Sale of recovered metals, etc.	15,278	11,417
	(3) Waste disposal cost reduction benefits due to reduced waste volumes	Benefits of reducing wastewater disposal costs through the use of discharged water treatment facilities, etc.	2,030	4,189
	(4) Publicity benefits from media coverage	Coverage by newspapers	1,274	271
	Total		21,404	17,421
	2) Physical benefits		Volume reduced or effectively used	
	(1) Power consumption reduction benefits	Power consumption reduction through the installation of energy-saving equipment and facilities and adjustment of operation	Equipment: 170 (MWh)	Equipment: 93 (MWh)
	(2) Energy consumption reduction benefits	Energy consumption reduction through the installation of energy-saving equipment and facilities and adjustment of operation	Equipment: 612 (GJ)	Equipment: 335 (GJ)
	(3) Benefits from CO ₂ emission reduction	CO ₂ emission reduction through the installation of energy-saving equipment and facilities and adjustment of operation	Equipment: 81 (t-CO₂)	Equipment: 44 (t-CO₂)
	(4) Effective utilization of resources	The total quantity of waste metals, office paper, waste plastics, and other recycled resources	225 (t)	263 (t)
	(5) Effective utilization of waste	The percentage of waste recycled to the total volume of waste generated at sites	90 (%)	89 (%)

Overseas

Scope: Overseas affiliates nine companies

Period: April 2018 to March 2019

Unit: ¥1,000

Category		Major activities	Costs
			FY2018
Environmental conservation costs	Global environmental conservation costs	Installation of energy-saving equipment and facilities; improvement of facilities	34,723
	Resource recycling costs	Waste disposal costs, etc.	10,552
	Administrative costs	Operating environmental management system utilization and environment-related seminars	13,711
	Social activity costs	Clean-up activities in the surrounding areas and donations to civil society organizations	2,763
	Total		61,749

Category		Major activities	FY2018
Environmental conservation benefits	1) Economic benefits		Benefit amount
	(1) Power cost reduction benefits	Power cost reduction through the installation of energy-saving equipment and facilities	34,258
	(2) Revenue from the sale of recycled materials	Sale of recovered metals, etc.	410
	2) Physical benefits		Volume reduced
	(1) Power consumption reduction benefits	Power consumption reduction through the installation of energy-saving equipment and facilities	2,331 (MWh)
	(2) Benefits from CO ₂ emission reduction	CO ₂ emission reduction through the installation of energy-saving equipment and facilities	856 (t-CO ₂)

Biodiversity

Sustainability Report 2019

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. About 20 years have passed since the establishment, and the biotope now has an optimal environment for preserving the local ecological system and is playing a great role in protecting and growing threatened species. In addition, Advantest's biotope provides an ideal environment for achieving an SDG target, "15 LIFE ON LAND".

* Biotope: The word comes from the German words "bio" (living organisms) and "tope" (a location).



Current biotope



Biotope at the time of establishment



Advantest's biotope >

At the biotope in the Gunma R&D Center, Advantest has been exploring and protecting animals and plants, growing plants, and getting rid of alien species under the guidance of Gunma University since 2001. Advantest is also protecting and growing boneset and floating heart, which have been designated as near threatened species by the national government and as threatened species (IA) by the Gunma Prefecture.



Boneset



Floating heart

With regard to boneset, there are only five places where it grows naturally in Gunma Prefecture, one of which is Advantest's biotope. Advantest has been continuing these protection and growth activities for many years, which has led to the realization of an environment that enables the stable natural growth of boneset.

With regard to floating heart, there is only one place where floating heart grows naturally in Gunma Prefecture, and Advantest's biotope has been used as an evacuation shelter since 2012, where floating heart grows steadily.

Hosting of 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 non-native species such as American crayfish, which encourages them to consider the importance of biodiversity. In fiscal 2018, about 100 children and parents from two neighboring elementary schools took 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.



| Forest Conservation Activity in the Kusatsu Therapy Forest and national forests of Mt. Akagi

Every year since 2007, Advantest has been conducting forest conservation activities. Up until 2017, Advantest had been conducting the activities in the national forests of the "Kusatsu Therapy Forest" in Gunma Prefecture. Since 2018, Advantest has been pruning and conducting other activities in the national forests of Mt. Akagi to restore healthy forests. Through these activities, Advantest has raised the environmental awareness of its employees, thereby contributing to forest degradation prevention and water resources preservation. These conservation activities also contribute to the absorption of CO₂ by forests.



Forest conservation activity and participants

| Environmental Impact Assessment

Advantest records and assesses the environmental burden on the area surrounding its business establishments in accordance with ordinances and pollution control agreements. In addition, we are managing plants and cultivating biotope at our business establishments while considering biodiversity.

Management Approach

Sustainability Report 2019

Basic Stance

Advantest is supported by various different stakeholders, including customers, investors, suppliers, its employees, and the local communities in the vicinity of its business locations, etc. As a member of the civil society, 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

Materiality aspect	KPI	Measures implemented	Items related to SDGs
Employment	Re-employment rate following maternity and parental leave	Employment and Diversity	 
Occupational health and safety	Occurrence rate of occupational accidents (frequency)	Occupational Health and Safety	
Training and education	Average number of hours of training per employee per year	Human Resources Development, Fair Evaluation and Treatment	 
Diversity and equal opportunity	Ratio of female employees	Employment and Diversity	 
Non-discrimination	Number of complaints submitted to the helpline that are properly resolved	Compliance	
Anti-corruption	Number of confirmed incidents of improper behavior	Compliance	
Compliance with anti-monopoly legislation	Number of incidents relating to relevant legislation	Compliance	
Compliance	Number of non-compliance instances relating to social issues	Compliance	
Customer health and safety	Number of non-compliance of own safety standards	Supporting Product Safety and Quality	

Materiality aspect	KPI	Measures implemented	Items related to SDGs
Customer privacy	Number of complaints relating to information security	Risk Management	
Compliance	Number of non-compliance relating to products/services	Supporting Product Safety and Quality	
Intellectual property rights protection	Percentage of employees who have undergone e-learning training relating to intellectual property rights protection	Intellectual Property Protection	

Looking Ahead to the Future

We have achieved certain results with respect to the three-year activities conducted until FY2018 based on the materiality aspects identified in FY2015 and KPIs.

Employment and Diversity

Sustainability Report 2019

Materiality of Employment and Diversity

[Approach to Materiality in Employment >](#)

[Approach to Materiality in Diversity and Equal Opportunities >](#)

Approach to Materiality in Employment

Human resources constitute the core part of business activities. Advantest believes that becoming a company where diverse human resources are continuously employed and work actively is important to enhance the corporate value.

Supervising division	Human Resource Department
KPI	Re-employment rate following maternity and parental leave
FY2018 target	100%
Results achieved in fiscal 2018	100%
Boundary (scope)	Advantest Corporation (non-consolidated) in Japan
Relevant policies	Advantest's human resources basic philosophy
Relevant commitments	Act for Measures to Support the Development of the Next Generation
Responsible department/division	Human Resource Department
Relevant complaint processing policy	Human Rights Protection Committee and Personnel Mediation Committee
Assessment	✓

Approach to Materiality in Diversity and Equal Opportunities

Advantest recognizes the importance of developing a workplace where individual employees accept diversity, eliminate discrimination, show their maximum performance, and work actively to gain social creditability and enhance the corporate value.

Supervising division	Human Resource Department
KPI	Ratio of female employees
FY2018 target	Advantest will promote female employment and ensure the percentage of female managers increases steadily.
Results achieved in fiscal 2018	18.0%
Boundary (scope)	All employees in Japan and overseas (consolidated)
Relevant policies	Advantest's human resources basic philosophy
Relevant commitments	Act on Promotion of Women's Participation and Advancement in the Workplace
Responsible department/division	Human Resource Department
Relevant complaint processing policy	Human Rights Protection Committee
Assessment	△

Human Resources Basic Philosophy

Advantest respects employees, who are valuable assets to the company, and evaluates them fairly. Advantest is supporting the diverse lifestyles of employees as well as the growth of individual employees so that they grow together with the Company. Advantest established the human resources basic philosophy in September 2000 to protect these valuable assets and enhance their value, and is implementing various human resources measures, such as ensuring fairness and consent and actively supporting human resources development.

Advantest also supports the United Nations Global Compact 10 Principles, Universal Declaration of Human Rights, and Guiding Principles on Business and Human Rights, and is paying adequate attention to these principles of human rights and labor in its business activities.

Advantest's Human Resources Basic Philosophy

Regarding its employees as valuable management resources (assets), Advantest has formulated the following policies for implementing various human resources measures and has been making continuous efforts to achieve them.

1. Performance-based personnel system
 Advantest will promote a personnel system where employees who overcome difficulties and achieve innovative results by challenging themselves are highly evaluated and fairly treated.
2. Fairness and consent
 Advantest will ensure that all its policies and systems are objectively fair and gain consent from employees, so that the maximum and optimal results can be achieved with these policies and systems.
3. Active support for human resources development
 Advantest will actively support employees who make continuous efforts to refine their skills, acquire greater expertise, and broaden their knowledge.

Diversity and Equal Opportunity

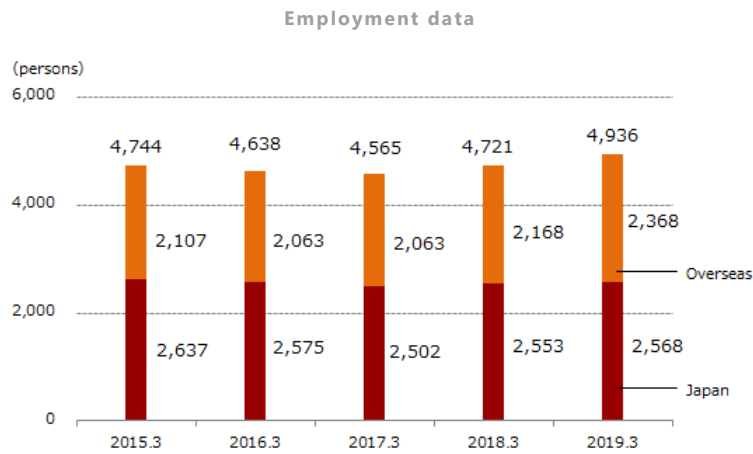
Diversity Management

Advantest aims to develop a workplace where individual employees accept diversity, show their maximum performance, and work actively. Advantest is developing a corporate culture where its employees respect each other's differences and show their individuality and abilities to the maximum extent.

Employment Data

Advantest Group has formulated a basic policy to promise that it respects the human rights of individual employees, eliminate discrimination based on race, gender, age, nationality, religion, social status, disability, disease, sexual orientation, and so on. Advantest is also eliminating discrimination in employment and promotion and actively employing, developing, and promoting personnel who can play a leading role in global situations.

The graph below shows the trends in the number of employees.



Number of employees by region

		FY2016			FY2017			FY2018				
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Percentage of female employees	Percentage by region
Japan	Japan	2,124	378	2,502	2,153	400	2,553	2,152	416	2,568	16.2%	52.0%
Overseas	Asia	650	197	847	710	217	927	771	236	1,007	23.4%	20.4%
	Europe	574	113	687	580	125	705	613	128	741	17.3%	15.0%
	North America	445	84	529	448	88	536	512	108	620	17.4%	12.6%
	Overseas total	1,669	394	2,063	1,738	430	2,168	1,896	472	2,368	19.9%	48.0%
Total		3,793	772	4,565	3,891	830	4,721	4,048	888	4,936	18.0%	

*Scope of data: Advantest Group

Number of managers by region

		FY2016			FY2017			FY2018						
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Percentage of female employees	Percentage by region	Number of locally recruited employees	Promotion rate of locally recruited employees
Japan	Japan	524	9	533	513	11	524	503	12	515	2.3%	44.5%	514	99.8%
Overseas	Asia	194	36	230	202	40	242	210	40	250	16.0%	21.6%	233	93.2%
	Europe	166	13	179	163	14	177	170	16	186	8.6%	16.1%	184	98.9%
	North America	177	16	193	176	19	195	187	19	206	9.2%	17.8%	197	95.6%
	Overseas total	537	65	602	541	73	614	567	75	642	11.7%	55.5%	614	95.6%
Total		1,062	74	1,135	1,054	84	1,138	1,070	87	1,157	7.5%		1,128	97.5%

*Scope of data: Advantest Group

*Definition of managers: Level 7 or higher in the 10-level qualification system. In this 10-level qualification system, Job Levels 1 to 6 are applied to general employees and Job Levels 7 to 10 to managers.

*Figures marked with the  symbol are assured by KPMG AZSA Sustainability Co., Ltd.

Number of employees by type

	FY2016			FY2017			FY2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	3,696	718	4,414	3,705	752	4,457	3,827	803	4,630
Non-full-time employees	97	54	151	186	78	264	221	85	306
Total	3,793	772	4,565	3,891	830	4,721	4,048	888	4,936

*Scope of data: Advantest Group

Number of employees by age

	FY2016			FY2017			FY2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age 20-29	268	110	378	283	116	399	329	118	447
Age 30-39	740	178	918	693	179	872	692	197	889
Age 40-49	1,554	286	1,840	1,499	293	1,792	1,411	297	1,708
Age 50-59	1,018	126	1,144	1,099	142	1,241	1,236	163	1,399
Age 60-69	116	18	134	131	22	153	159	28	187
Total	3,696	718	4,414	3,705	752	4,457	3,827	803	4,630

*Scope of data: Advantest Group (full-time employees only)

Number of new employees

		FY2016			FY2017			FY2018				
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Percentage of female employees	Percentage by region
Japan	Japan	7	0	7	8	0	8	20	4	24	16.7%	7.2%
Overseas	Asia	34	10	44	93	20	113	102	24	126	19.0%	37.6%
	Europe	10	5	15	26	14	40	54	10	64	15.6%	19.1%
	North America	15	7	22	29	6	35	95	26	121	21.5%	36.1%
	Overseas total	59	22	81	148	40	188	251	60	311	19.3%	92.8%
Total		66	22	88	156	40	196	271	64	335	19.1%	

*Scope of data: Advantest Group (full-time employees only)

Employee turnover

		FY2016			FY2017			FY2018				
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Percentage of female employees	Percentage by region
Japan	Japan	54	9	63	32	8	40	✓ 28	✓ 5	✓ 33	15.1%	23.6%
Overseas	Asia	31	12	43	30	4	34	✓ 37	✓ 4	✓ 41	9.8%	29.3%
	Europe	5	3	8	24	1	25	✓ 22	✓ 7	✓ 29	24.1%	20.7%
	North America	18	5	23	21	6	27	✓ 32	✓ 5	✓ 37	13.5%	26.4%
	Overseas total	54	20	74	75	11	86	✓ 91	✓ 16	✓ 107	15.0%	76.4%
Total		108	29	137	107	19	126	✓ 119	✓ 21	✓ 140	15.0%	
Turnover rate		2.90%	4.00%	3.00%	2.90%	2.65%	2.85%	3.21%	2.79%	3.14%		

*Scope of data: Advantest Group (full-time employees only)

*Figures marked with the ✓ symbol are assured by KPMG AZSA Sustainability Co., Ltd.

Employment and Utilization of Global Human Resources

In order to further expand its business globally, Advantest has been recruiting personnel who have deep cross-cultural understanding and communication skills and can work in a global arena. In addition, Advantest is promoting the globalization of human resources development and organizations through personnel exchange among group companies.

Advantest is working hard to develop systems, and employ, develop, and assign personnel from a world-wide perspective, involving all the group companies, with the aim of recruiting personnel who can achieve their missions in a global arena. In addition, Advantest will continue personnel exchange among group companies so that employees can experience working in a global environment, and share their skills and know-how through routine work and training in each organization so that individual employees can acquire more advanced skills, including skills to adapt to various business environments.

Advantest is promoting personnel exchange among group companies on a departmental basis, regardless of job type, and has formulated and been globally implementing the "Global Transfer Policy," which enables personnel exchange among different departments.

As of March 2019, 11 out of 24 executive officers, who are management personnel, have foreign nationalities, and employees from nine countries are currently working for Advantest Corporation. Advantest will give fair opportunities to talented personnel, regardless of their nationality, and promote global personnel development and organizational globalization through borderless personnel recruitment and exchange.

Promotion and Utilization of Female Employees

Advantest always accepts diverse values and is promoting the creation of a corporate culture where everyone can work regardless of race, gender, age, and nationality. However, as of March 2019, the percentage of female employees to total employees is 18.0%, and the percentage of female managers to total managers is 7.5%. Increasing the numbers of female employees and managers is an urgent task.

The percentages of female employees and managers in Advantest Corporation are 14.3% and 2.5%. With regard to the percentage of female managers, Advantest set a numerical goal of 3.4% in fiscal 2018 in the General Business Action Plan according to the Act on Promotion of Women's Participation and Advancement in the Workplace, and has been promoting various activities to achieve the goal.

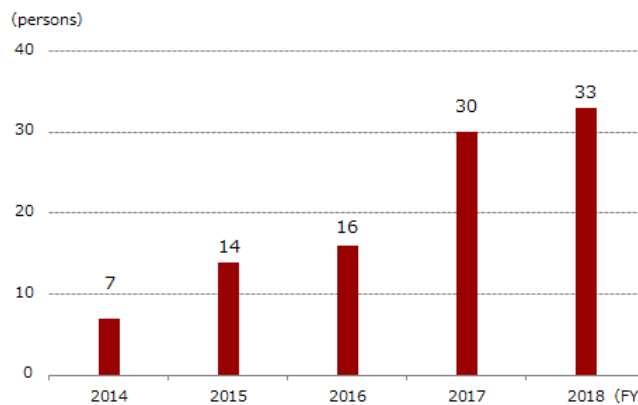
Advantest has been recruiting students with technical background, which caused the percentage of male employees to remain high and has not motivated female students to take entrance exams for Advantest in the recruitment activities. In light of these circumstances, Advantest has strengthened public relations activities for females with a focus on conveying the attraction of Advantest to female students, particularly those with technical background. Advantest used many of its young female employees when visiting laboratories and conducting factory tours in order to shorten the distance between female applicants and Advantest, and also introduced female employees' activities widely in its website and brochures. At recruitment events, Advantest explained about programs and career plans for female employees and introduced how female employees are working in Advantest.

As a result of these activities, the percentage of new female employees to total new employees increased to 33% in fiscal 2019. Advantest will continue efforts to increase the percentage of female employees.

Active Utilization of Senior Employees

Advantest revised the re-employment program for employees who retire at the age of 60 that had been introduced for the utilization of senior employees following the amendments to the Act on Stabilization of Employment of Elderly Persons in April 2013 and the increase of the minimum age for pension eligibility by the government. Advantest is actively utilizing the skills and know-how of experienced employees by employing senior personnel steadily and treating and assigning them to jobs appropriately. In addition, Advantest has established a system to reflect each individual's achievements in their wages to motivate senior personnel and expect them to produce results that match their wages. In fiscal 2018, Advantest introduced a system where employees are allowed to reduce their working hours or days as desired and have a second job on non-working days; two employees have reduced their working hours and three employees have reduced their working days under this system. Advantest believes that this system will allow senior personnel to work more flexibly according to their lifestyles, contributing to further enhancing the work-life balance.

Trends in the number of employees who use the re-employment program



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

Advantest is tallying the number of employees who have started using the re-employment program. (These numbers do not include those who have been using the program since the previous year)

Employment of the Disabled

In order to promote the employment of the disabled, Advantest established a special subsidiary company, Advantest Green Corporation, in September 2004. Since its establishment, this company has been working to promote the employment of the disabled and encourage them to continue to work for a long time under the slogan of "Independence of individuals and growth of society."

Its core business includes landscaping, cleaning, reception work, delivery, sale of bread, and management of dormitories. Advantest Green is providing workplaces where its employees can work comfortably. Advantest Green is working actively with local communities and relevant organizations to develop workplaces where the disabled and non-disabled people can work together.

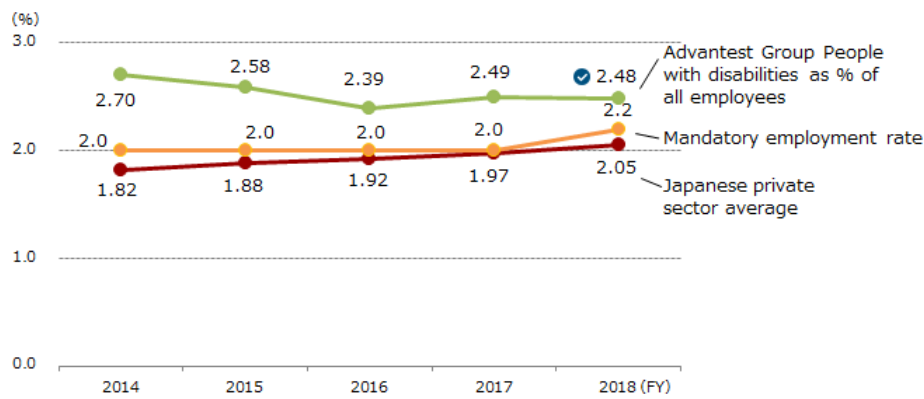
In fiscal 2017, two Advantest Green's disabled employees were awarded for their achievements. This award is given to those who have overcome their disability and achieved excellent results as model professionals. The hard work that the employees have put in for many years has led to this great result.

Advantest's employment rate of the disabled is 2.48% in fiscal 2018, exceeding the mandatory employment rate. Advantest will be actively promoting the employment of the disabled to address a future amendment to the mandatory employment rate.

In addition, Advantest will be developing better workplaces for the disabled through work efficiency improvement by standardizing work procedures, introducing a post-replenishment system, and so on and developing an environment where diverse personnel can exercise their abilities and disabled employees can work with ease. Furthermore, Advantest is considering creating new job categories, and will promote activities that lead to new employment, such as accepting apprentices and holding workshops.

Currently, 12 disabled employees are working in overseas affiliated companies and they are working with high motivation.

Trends in the percentage of disabled employees



*Scope of data: Advantest Group (Japan)

*Figure marked with the symbol is assured by KPMG AZSA Sustainability Co., Ltd.

Supporting Diverse Working Styles

Sustainability Report 2019

Ensuring a Good Work-Life Balance

Advantest believes that the realization of a good work-life balance will ultimately contribute to the improvement of corporate value. We develop an environment that allows our employees to exert their abilities sufficiently, while maintaining a good balance between work and life, so as to support the various lifestyles of our employees and the growth of individuals.

Arrangement of Work-Life Balance Programs

In Advantest, various measures are implemented so that each employee can work with a sense of satisfaction or fulfillment and strike a balance between work and family, including raising children or providing nursing care, while fulfilling their work responsibilities. (Some part-time employees are also eligible)

Work and Childrearing

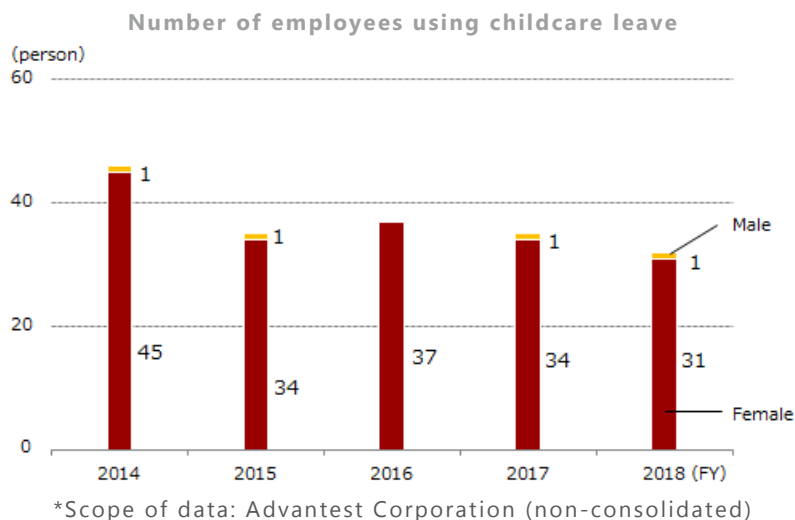
Pregnant employees can receive 100% compensation during pregnancy visits and pregnancy complications leave as well as choose to work shorter hours if directed to by a doctor based on their symptoms. Employees who work while caring for children may use childcare leave for up to two-years and three months. In addition, from April 2019, the period in which employees can choose shorter working hours for childcare has been extended from up to the third grade to up to the sixth grade, in order to make the working environment even more comfortable for employees who are raising children.

It should be noted that re-employment following childcare leave was 100% in fiscal 2018.

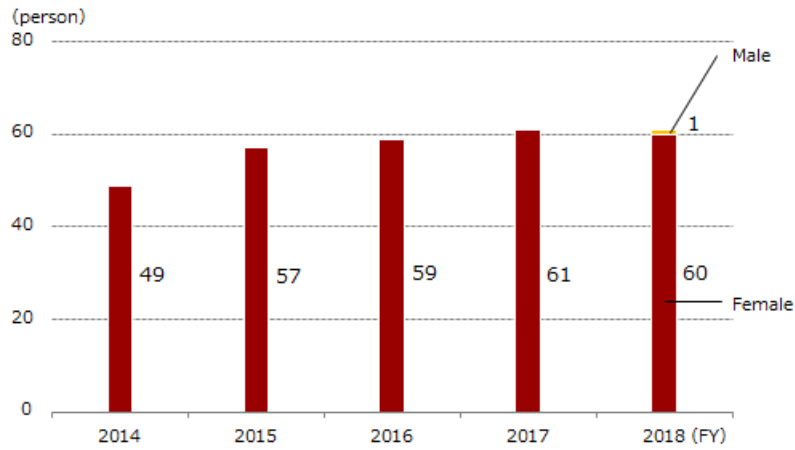
We are also working on the development of an environment in which both male and female employees can work while caring for their children, as well as implementing the "Happy Mom & Dad Project," which includes the provision of personal consultations for male employees who are raising children and their supervisors, guidance for childcare-related systems, and support for using childcare leave.

Work and Nursing Care

If an employee needs to provide nursing care for a family member, they can use caregiving leave for up to three years for each family member. In addition, from April 2019, there is no longer a restriction on the period for which employees can work short hours for caregiving, so that employees can work in accordance with their situation.

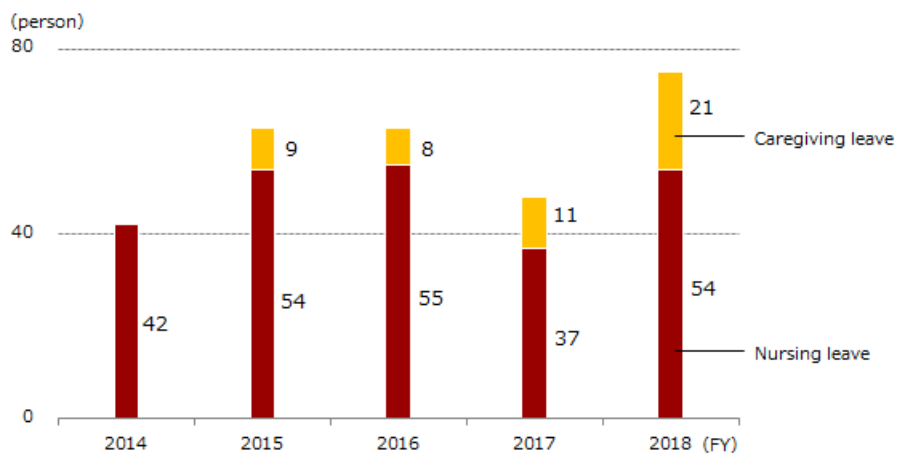


Number of employees using shorter working hours for childcare



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

Number of employees using caregiving and nursing leave



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

In 2007, we placed the "Work-Life Balance Support Guide" website on the company intranet to spread awareness of the various programs that Advantest provides and to encourage utilization. On this website, information on work-life balance programs that can be utilized in each life stage is provided.



The Work-Life Balance Support Guide

Reducing Overtime Hours

Advantest strives to ensure employees work appropriate hours to protect their health and achieve a work-life balance.

The Advantest Corporation (non-consolidated) has set the goals specified below and 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 while striving to reduce the amount of overtime.

Our overtime reduction goals

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

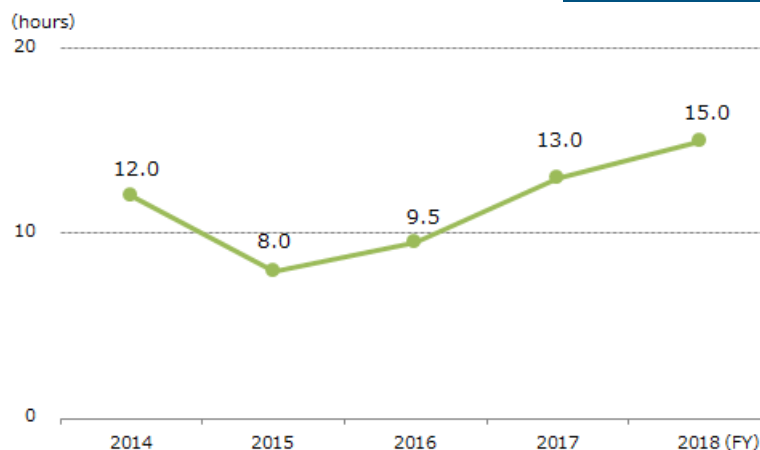
In fiscal 2018, Advantest incorporated an action plan to reduce the amount of overtime based on the Act on Promotion of Women's Participation and Advancement in the Workplace as well as the Act on Advancement of Measures to Support Raising Next-Generation Children and worked to raise awareness on the intranet, in an effort to enable employees to strike a balance between work and life. We made a broadcast each Wednesday to urge employees to leave work on time, and issued notices to supervisors when employees clocked four or more hours of overtime by the 10th day of the month, or seven or more hours by the 20th day of the month, in an effort to further reduce overtime hours.

Although we have been engaging in these efforts, we have not succeeded in our in-house plan to have zero employees working 80 or more monthly overtime hours in fiscal 2018 as well as fewer than 9 average monthly overtime hours a month.

We were unable to achieve these goals due to keeping up with increased production and delivery support as well as dealing with unexpected problems.

The overtime hours per person at the Advantest Corporation (non-consolidated) in fiscal 2018 was an average of 14.8 hours as of March 2019.

Average overtime hours worked per person ▶ Third-party assurance

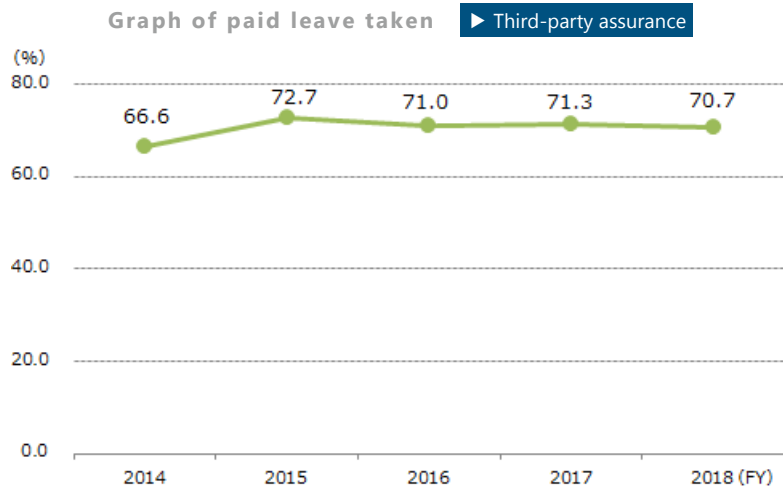


*Scope of data: Advantest Group (Japan, China and Korea)

*Figure marked with the ✔ symbol is assured by KPMG AZSA Sustainability Co., Ltd.

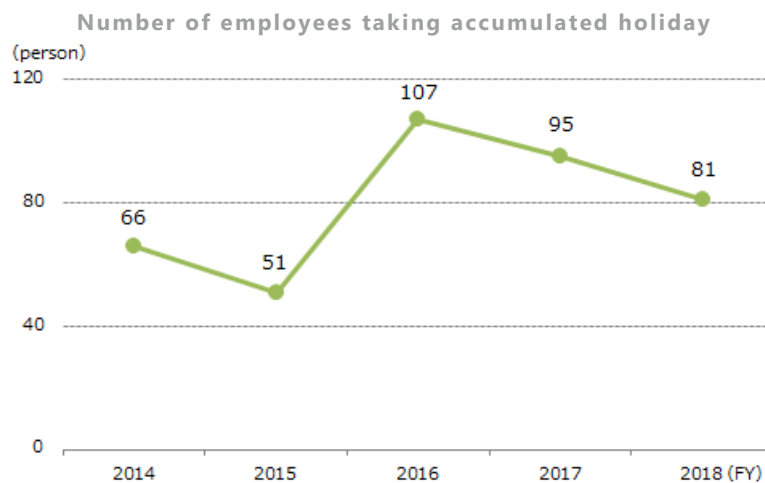
Annual Paid Leave and Other Leave Systems

We encourage employees to take annual paid leave (up to 23 days per year) according to the job schedule of each person, work-life balance and other work conditions to realize a work-life balance at Advantest. In addition to planned paid leave (6 to 12 days each year), we have also introduced multipurpose consecutive leave (3 days a year) and refresh leave (3 days, 5 days and 8 days of leave given to employees after working continuously for 10 years, 20 years and 30 years respectively). Furthermore, annual paid leave that will be lost can be carried over as cumulative paid leave for 5 days a year up to a maximum of 30 days to use for reasons that include injury to the employees themselves or the need to take care of a child or family member as well as volunteering, self-development, infertility treatments or to help with donor activities.



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

*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.



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

Engagement Survey

Advantest has conducted the Global Employee Engagement Survey (hereinafter referred to as "survey") to measure the engagement levels of its employees.

Purpose

Advantest continuously pursues a culture in which all employees are appreciated, respected, and work together to achieve common goals. The purpose of this survey is to provide employees with opportunities to share their thoughts on our company or organization. It stimulates dialog between the manager and team, which creates ideas for improving our company or organization from every level. The survey results provide a clue to knowing what the employees think of their work or work environment and how the company can support its employees. The survey makes it possible to identify the company's strengths and the fields that require improvement through open feedback from employees. In addition, we will take actions for improvements so as to raise the level of employee engagement in work and workplace environments, with the aim of improving the performance of the company as a whole, as well as the performance of individual employees.

Employee engagement

Employee engagement refers to the emotional commitment of employees to their organization or its goals. An employee who is engaged in work does not only do what is minimally required, but goes about his/her work enthusiastically and energetically, with an effort to output more than what is required. According to a survey conducted by Gallup, Inc., engagement among employees worldwide is only 15%. In addition, it has become clear that there is a connection between employee engagement and the following indexes.

- Profitability, customer ratings, and productivity (in direct proportion)
- Turnover, absenteeism, safety incidents, and quality defects (in inverse proportion)

Implementation of survey

The survey during fiscal 2018 was conducted from October 16th to 30th for all 4,827 employees of the Advantest Group who had been employed for three months or longer at that point. The response rate was 91%. The survey was conducted using the platform of Gallup Inc, in an online format in which anonymity is ensured.

Results

Unfortunately, the scores of the 12 key questions in the Gallup survey were lower compared to those of other companies. In particular, situations were assumed from the survey results, where supervisors are not carrying out communication with their subordinates' growth firmly in mind. These results were communicated to all employees by President and CEO Yoshida via e-mail, and were explained by the president and general manager of each department of each affiliate throughout the world to their employees. Although the results were not very good, we believe that the survey was an important step in showing the transparency of the company or the attitude of working on the improvement of engagement.

Future plans

The next important task is for all members of the company, from management staff to line managers and employees, to become involved in the development and execution of action plans based on the survey results. Our goal is to turn the survey result into the improvement of company performance or customer satisfaction, while improving the engagement of employees. Whether the executed action plans have led to the improvement of engagement levels will be checked in the next survey (scheduled to be conducted in fiscal 2020) and later surveys.

| Achieving an Enthusiastic Workplace

Advantest has been striving to realize work-life balance for all employees and achieve a working environment where each employee will be motivated to work.

As a result, Advantest Europe GmbH (Germany) was recognized as one of the Best Employers 2017 presented by Great Place to Work®, an international human resource consulting agency. Great Place to Work® conducts research about the scale, business category and region of companies throughout all of Germany to rank the top 100 Best Employers every year based on whether the company has built a workplace with a clear trust relationship and is able to bring out the full potential of each and every employee. The recognition of Advantest as one of the best employers demonstrates fair and sincere unification of strength between employees as well as management who have a strong sense of unity with the company. Advantest earned the highest marks in a variety of categories in the anonymous benchmark test for employees about the corporate climate conducted by Great Place to Work®.

Each Group company will endeavor to reform work styles to achieve a working environment where each employee will be motivated to work.

Human Resources Development, Fair Evaluation and Treatment

Sustainability Report 2019

Human Resource Development Policy

Making investments in human resources is essential to implement the mid- and long-term strategy, and we will strengthen the foundation to expand our business through the development of global and frontier human resources.

To enhance corporate value, we need to ensure that employees clearly understand their role and make efforts 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 turning innovative ideas into products and delivering them to the market.

Therefore, Advantest has drafted a Human Resource Development Policy and strives to develop human resources based on the policies below.

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.



Approach to Materiality in Training and Development

To enhance corporate value, we need to ensure that employees clearly understand their role and make the effort to develop their capabilities. We recognize training and development as an important CSR theme based on these needs.

Supervising division	Human Resource Department
KPI	Average number of hours of training per employee per year
FY2018 target	To enhance training reflected in the character of every employee who joins the company each year and the policies of society as a way to cultivate the fundamental skills of junior employees.
Results achieved in fiscal 2018	11.2 hours (training hours: 22,860 hours)
Boundary	Advantest Corporation (non-consolidated) in Japan
Relevant policies	Human Resource Development Policy
Relevant commitments	–
Responsible department/division	Human Resource Department
Management resources	Education training budget for human resource supervisors: 65,400 thousand yen; Seven staff (three from Human Resource Department and four from AAY)
Relevant complaint processing policy	Handled based on surveys conducted after training is held
Assessment	✓

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, we will continue to make improvements to adapt the training program to the changing environment.

To adapt to the business environment that is drastically changing due to globalization, we are strengthening the human resources development training system in line with the above-mentioned human resources 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.

At each Group company, we will also provide a wide range of education to increase the skills and expertise of individuals based on the needs in each country and region in addition to education through day-to-day operations.

For example, Advantest (China) Co., Ltd. regularly holds events under the name of Training Day. Several seminars based on themes are provided by internal instructors. These seminars create a culture of mutual learning through both instructor assessment and a commendation system. These efforts aim to share information between Group companies and engage in even better activities throughout the entire Group.

At the Advantest Corporation (non-consolidated) in fiscal 2018, a total of 1,984 employees received training of some kind, and the average number of training hours per employees was 11.2 hours for 22,860 hours of total lesson time.

Training category	Target	Number of trainees	Lesson time (hours)
Business Training	Managers, General employees	714	✔ 3,226H
Technical Training	Managers, General employees	493	✔ 2,225H
e-learning	Managers	23	✔ 1,125H
English	Managers, General employees	46	✔ 928H
External Seminars	Managers, General employees	175	✔ 1,480H
New Employee Training	General employees	20	✔ 12,850H
TOEIC	Managers, General employees	513	✔ 1,026H
Total		1,984	✔ 22,860H

*Data range for tabulation: Advantest Corporation (non-consolidated) data

*Figures marked with the ✔ symbol are assured by KPMG AZSA Sustainability Co., Ltd.

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 2018, approximately 500 engineers participated in the various technology seminars that were provided.

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 future generations.

| New Employee Education and Training

Advantest's training program for new employees starts with three weeks of basic business training 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, intellectual property, etc., and go on to learn the necessary skills as Advantest engineers through manufacturing training to learn the basics of manufacturing and through CAD practical development training, which offers hands-on experience in the basic tasks of developing products. New administrative employees do training in the two fields of sales 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	Basic business training (3 weeks)	Basic engineering training (2 months) - Device measurement training - Quality assurance training - Intellectual property training - Screw fastening, soldering, etc.	CAD Practice Training (3 weeks)	Manufacturing training (3 months)
Administrative roles		Department exercises (5.5 months) - Sales training - Management training		

| Global Human Resource System

Advantest engages in a wide range of initiatives both common worldwide as well as unique to each country to develop global and frontier human resources.

Regular Global HR Meetings are held to share the status and efforts in each country and to create a place for debates about solving personnel issues shared throughout the Group.

Human resource managers from each group company gathered at the fiscal 2018 Global HR Meeting in Japan to announce the endeavors and challenges of each country. We have also deepened exchanges through discussions about further globalization such as the introduction of Group-wide human resource policies as well as new systems.

Fair Evaluation and Treatment

We evaluate and develop the career of the employees by reflecting the goals set at the beginning of the period, communicating with superiors during the period as necessary, and conducting an evaluation interview at the end of the year. This interview is carried out for regular employees and some contract and temporary staff.

Advantest Resource Management System (ARMS)

At present, our overseas sales ratio is over 90%, and among our 4,936 employees, more than 48% (2,368) 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 are for 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 our 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 the new common global system, with every employee receiving an evaluation/cultivation interview at least once a year.

Seven 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 different backgrounds, and taking decisive steps toward forging an employee recruitment strategy that is in accordance 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 has introduced a point system to determine retirement benefits. In addition, Advantest has introduced a fund-type defined benefit corporate pension system as part of the retirement benefit system, where the retirement benefit can be received as pension under certain conditions. In fiscal 2018, Advantest incorporated a defined contribution corporate pension system as part of its defined benefit corporate pension system and started the defined contribution corporate pension system in addition to the point-based retirement benefit system. As a result, retirement benefits will be divided into a retirement lump sum paid by the Company, the benefit from the fund which can be paid out as pension according to the years of service and the defined contribution.

Occupational Health and Safety

Sustainability Report 2019

Approach to Materiality in Occupational Health and Safety

Advantest sees the assurance of safety and the preservation of the health of our employees as a major prerequisite in executing our business activities, and it recognizes the need to continually raise awareness.

Supervising division	General Affairs Department
KPI	Occurrence rate of occupational accidents (frequency)
FY2018 target	0.0
Results achieved in fiscal 2018	0.3
Boundary	Advantest Group
Relevant policies	Advantest Group Occupational Health and Safety Policy
Relevant commitments	Continuation of "Aiming for Zero Serious Accidents Activity," which is an independent target
Responsible department/division	Activities are executed at each site and the Health and Safety Committee aims to promote those activities.
Relevant complaint processing policy	Operation of the Health and Safety Committee and establishment of the Health Management Office
Assessment	△

Advantest Group Health and Safety Policy

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

1. Health and Safety First

We will make H&S as the first priority for employees in all Advantest operations groups.

2. Compliance with Laws and Regulations

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

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

5. Disclosure of Health and Safety

To raise awareness, we will announce our H&S information to all employees publicly.

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 health and safety committee secretariat meetings throughout the company, and strengthen each location's health and safety activities through this sharing of information about relevant activities.

Members of the company-wide Health and Safety Committee is made up of the heads for the Health and Safety Committees at each business location while the members of the Health and Safety Committees at each business location is composed mostly of representatives of both the company and union employed at the business location.

Organization of Health and Safety Management (Japan)

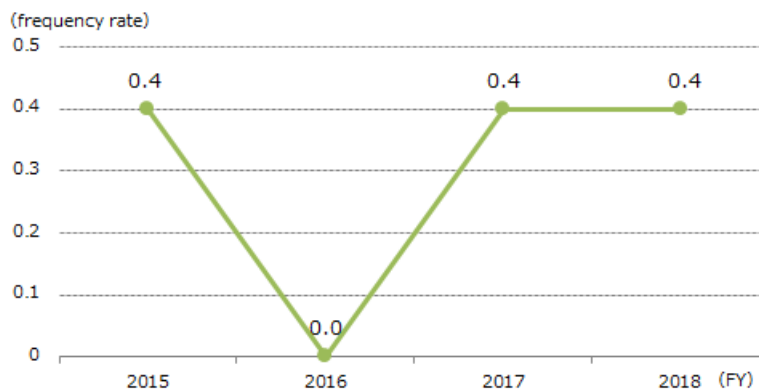


Implementation of Occupational Health and Safety Activities

In fiscal 2018, we started enhancing education to raise safety awareness. We have prepared educational content for employees who have finished certain special education and foreman education courses, as well as safety textbooks summarizing precautions for each task for employees who are working in the factories for the first time, and distributed them to domestic research and development sites and factories. In addition, in Advantest Korea Co., Ltd., an Occupational Safety and Health Management System has been implemented, and it has obtained the ISO 45001 certification.

In fiscal 2019, we will continue to promote education in order to enhance operational safety. In addition, we will promote safety enlightenment by creating and displaying accident case examples in domestic factories with frequent accidents. Furthermore, we will also share information and hold global meetings in Japan with personnel in overseas affiliates who are in charge of safety and health, with the aim of improving health and safety levels.


Occupational accident rate in Japan (frequency rate*) ▶ Third-party assurance



*Number of injuries or deaths due to labor accidents per one million of actual total working hours

*Scope of data: Advantest Group (non-consolidated)

*FY2018 figure is assured by KPMG AZSA Sustainability Co., Ltd.

There have been no fatalities in operations in the last five years. In addition, the rate of occupational accidents (frequency) was  0.3 at affiliate companies worldwide in fiscal 2018.

*Figure marked with the  symbol is assured by KPMG AZSA Sustainability Co., Ltd.

Occupational Health and Safety Education

The Advantest Group regularly conducts occupational health and safety education and strives to build a safe workplace where everyone can work with peace of mind by preventing occupational accidents before they happen and raising awareness about occupational health and safety.

Occupational health and safety results achieved in fiscal 2018

Education category	Target employees	Number of trainees (Total)	Hours of education
General education	Managers, General employees	2,328	1,174
Specialized education (Including overseas)	Managers, General employees	2,998	4,367

Promotion of Health and Productivity Management

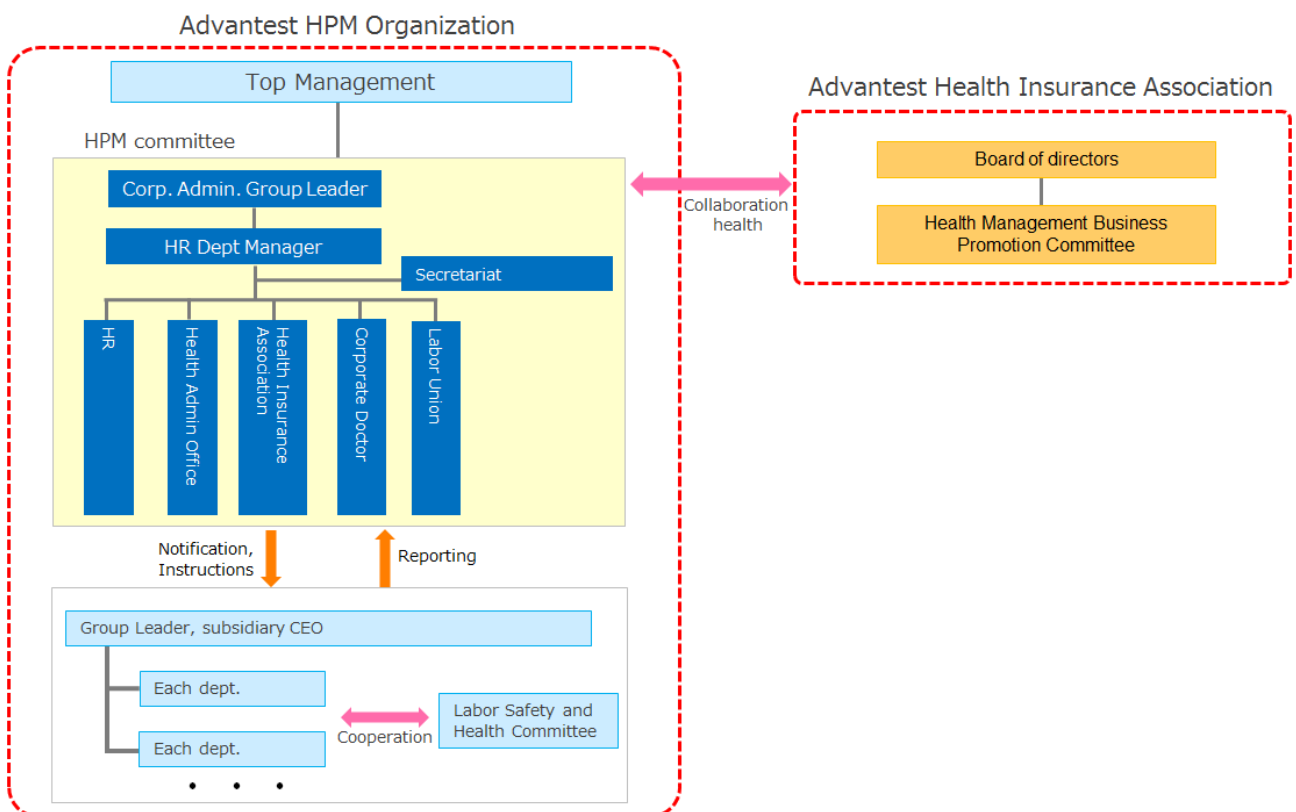
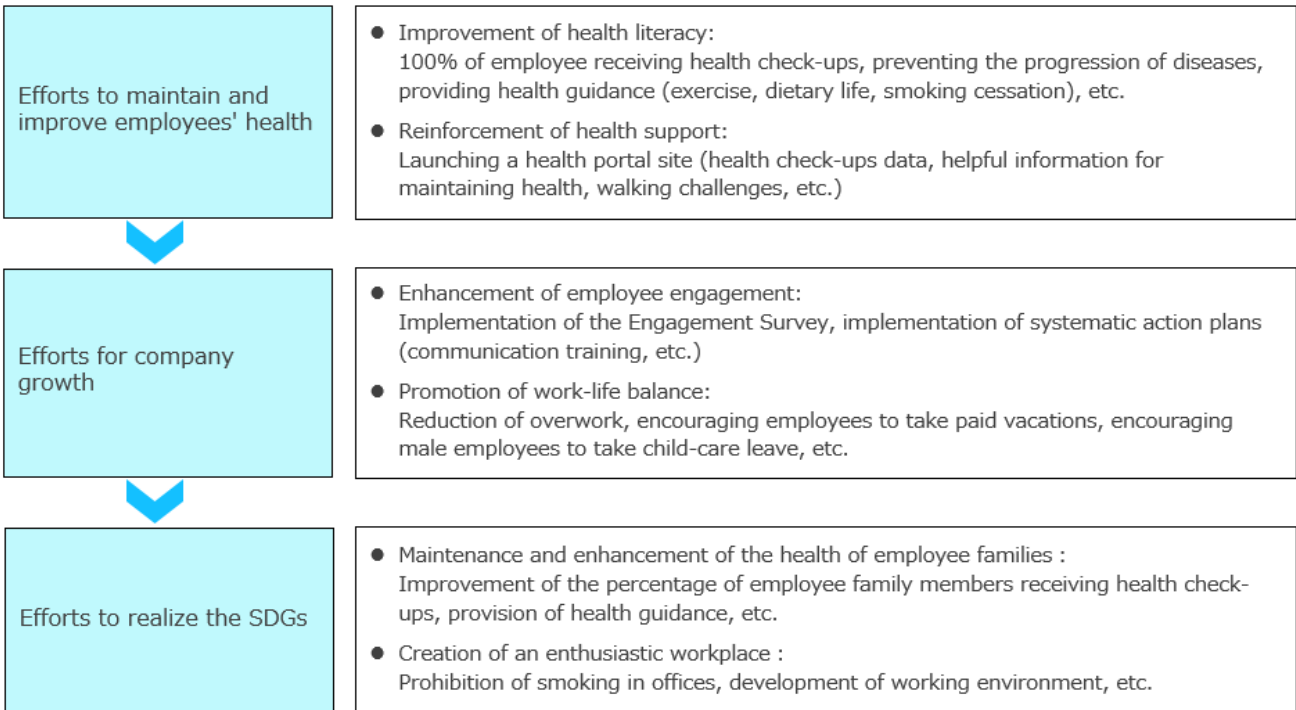
At Advantest, we consider the health management of employees from a managerial standpoint. We proactively work on the maintenance and improvement of employees' health and promote environmental development, in collaboration with the Advantest Health Insurance Society (collaborative health). We aim to become certified as a Health and Productivity Management Organization (White 500), while working toward increasing the vitality and improving the productivity of employees.

Adantest Health and Productivity Management (HPM)

Declaration of HPM policy

In order to realize Advantest's mission, we declare to strive to create a workplace where every employee can work healthy both physically and mentally and to contribute to the achievement of a sustainable society as a corporate citizen.

Based on HPM policy, promote HPM from the following three viewpoints.



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. We introduced stress check in fiscal 2012 before they became required by law because we consider preventative measures as the key to our mental health activities. By quantifying stress (thus making it visible), we promote stress awareness among all employees, which is useful for self-care.

The fiscal 2018 stress check drew an 86.4% response rate. 10% of the employees with the highest diagnosed stress levels were invited to attend health consultations (and 8.2% did). We have also incorporated e-learning to reinforce self-care with a 89% participation rate.

We conducted training aimed at improving workplace environments by utilizing the results of organizational analysis for all managers, which achieved an attendance of 86.4%. In the training, we created the "Workplace Environment Improvement Plan," while sharing the activities of other departments with each other. In particular, for high stress workplaces, we work on improving stress levels by reconfirming the organization analysis results and following up on the implementation situation to create a workplace that mitigates the occurrence of mental health disorders.

We have also formulated recovery plans with industrial doctors from the latest reports as well as provide support for employees to return to the workplace after taking a break so they can take time off without worry even if their mental state worsens due to a variety of stress. In addition, an eight-step process has been set up so that employees can take leave and return to work even if their mental health has deteriorated due to various stresses.

Specifically, support for returning to work includes the formulation of a return plan through interviews with occupational physicians based on recent reports, and follow-up interviews after returning to work. By doing this, we will take measures to avoid overstressing people and the workplace.

Health Consultations

At Advantest's Health Management Office, a comprehensive range of health professionals (including occupational health physicians, clinical psychologists, public health nurses, nurses, and industrial counselors) 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 2018, counseling services were provided on 947 occasions.

Health Check-ups and Health Guidance

Advantest provides regular health check-ups to maintain and improve the health of employees in addition to regular physicals through subsidies from the health insurance society. We provide health check-ups once or twice each year both in domestic and overseas bases, with an examination rate of 90% or higher.

In fiscal 2018, we achieved a 100% examination rate for domestic employees. In addition, we have provided health guidance, email support, staff, and consultation with industrial physician as well as other medical measures for the main purpose of improving lifestyle diseases for 97% of the 71% of Group employees who were diagnosed throughout Japan. Part of our measures include promoting projects that allow employees who do not have the habit of exercising to start doing so easily, including organizing yoga trial lessons during lunchtime.

*The rate for the health guidance implementation is as of April 19, 2019.

Respecting and Protecting Human Rights

Sustainability Report 2019

System to Promote the Respect and Protection of Human Rights

Focused around the Corporate Ethics Office and the Compliance 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).

Creating a Workplace that Respects Human Rights

Advantest believes considerations to human rights are a vital element in expanding businesses globally. We support international standards related to human rights such as the Universal Declaration of Human Rights while complying with the laws and regulations in each country and region. Advantest respects basic human rights.

In addition, we have signed the United Nations Global Compact (UNGC), a global sustainability initiative, and participated in Global Compact Network Japan, a local network in Japan. We support the "Ten Principles of the UN Global Compact," which are universal principles covering human rights, labor, the environment, and anti-corruption that companies should abide by, and promote efforts in each of these fields.

The ADVANTEST Way incorporates a pledge that we will respect human rights without discriminating on the basis of race, gender, age, nationality, religion, social origin, physical disabilities, disease, sexual orientation or any other factors. We have established a manual for human rights and discrimination and prevention guidelines for harassment as well as promoted the protection and respect for human rights.

In fiscal 2013, we launched an e-learning program on the ADVANTEST Way for all Group employees. In fiscal 2018, this training was expanded to include all employees in the Advantest Group, both in Japan and overseas.

Harassment Prevention

Advantest created a manual to prevent harassment in July 1999 and worked to prevent all forms of harassment. We made additions and revisions to this manual about harassment to include pregnancy, childbirth and parental leave following amendments to the Equal Employment Opportunity Law as well as the Child Care and Family Care Leave Law in January 2017. This manual has been published on the intranet for employees to refer to easily.

The key points are as follows.

1. Recent harassment trends
2. Sexual harassment in the workplace
3. Workplace bullying in the workplace
4. Workplace pregnancy, childbirth and parental leave harassment
5. Impact of harassment
6. Harassment from a legal and regulatory perspective
7. Harassment prevention measures
8. Dealing with harassment

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

To enhance employee understanding of harassment prevention, every year starting from April 2006 the training provided for new employees and for new managers has incorporated training in harassment prevention as well as human rights education. In fiscal 2018, we conducted training concerning harassment for all the Board of Directors and senior management.

Labor-Management Dialog

Advantest respects the basic human rights of freedom of association and collective bargaining. In countries and regions permitting the formation of labor unions, Advantest recognizes the right of a union to organize, the right for collective bargaining and the right to hold strikes through labor agreements. Even in countries and regions which do not permit the formation of unions due to laws and regulations or labor practices, we strive to build sound relationships and solve problems through dialogs between labor and management with the goal of fostering freedom of association and collective bargaining.

For Advantest Corporation (non-consolidated), labor unions currently representing our employees include company union JEIU, in which 68% of all employees and over 99.6% of our general employees are members, 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 together to respond to issues regarding the operation of the health and safety committees, human rights issues and HR claims management.

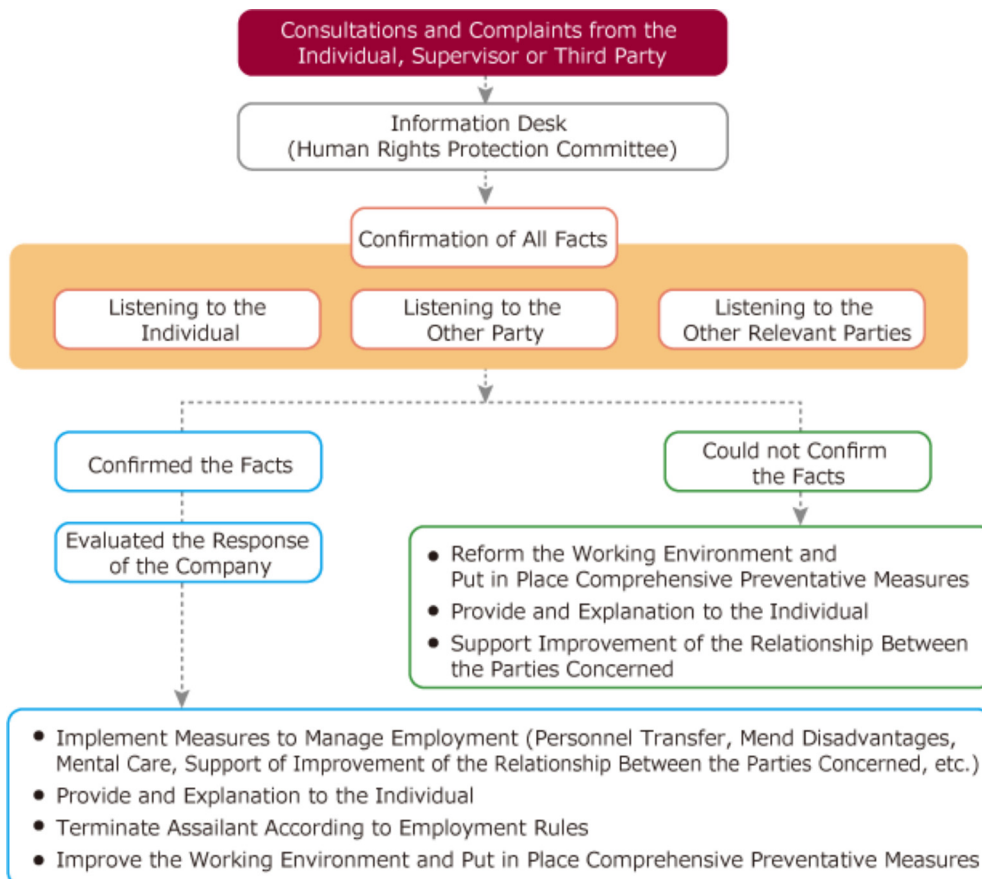
Reporting and Consultation Framework for Human Rights Issues

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.

Moreover, in Japan, we have established a Human Rights Protection Committee together with the labor union to handle consultations about domestic human rights issues. There were two consultations about harassment across the board in fiscal 2018. The Human Rights Protection Committee is properly responding to all incidents to seek a rapid resolution after making every consideration to the privacy of the employees concerned.

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

Flow of response to consultations and complaints



Membership of Civil Society

Sustainability Report 2019

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, attaches great importance to the awareness 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.

[The ADVANTEST Way >](#)

Prevention of Bribery and Other Corrupt Practices

As a supplement to The ADVANTEST Way, Advantest has also formulated an Anti-corruption and Anti-bribery Policy, which clarifies, in detail, Advantest's rules in relation to the 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 (e-learning) every year.

In fiscal 2018, there was no incident that violated the internal regulations related to anti-corruption and anti-bribery.

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 2018, Advantest was not the subject of any legal action relating to bribery or other corrupt practices.

Social Contribution Activities

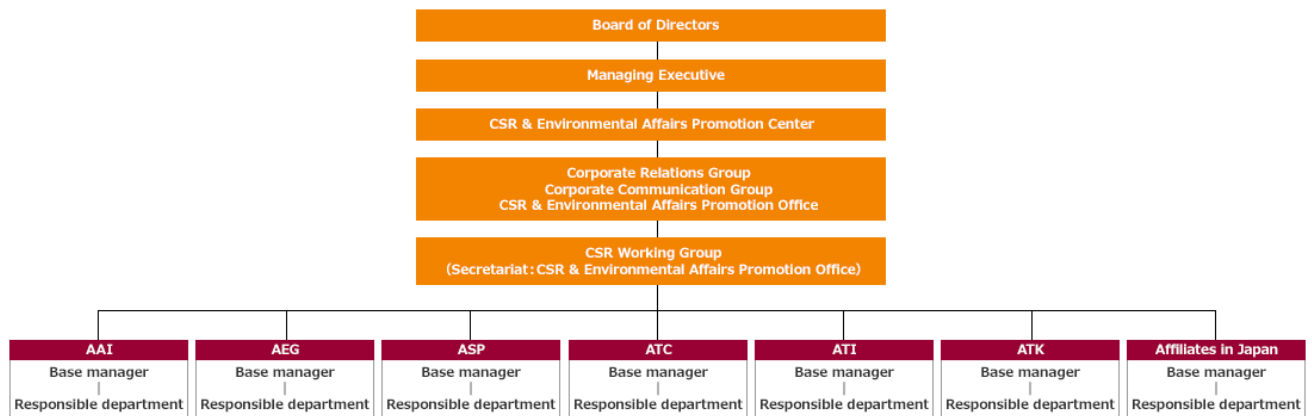
Stance towards social contribution activities

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. 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.

Promotional system

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.

Advantest's organization for promoting CSR



1 : CSR Management Activities Related to Each Region to be Promoted by Subsidiaries in Each Region

2 : Global CSR Initiatives and CSR Activities Related to Business Operations
(e.g Customer Relations, Quality Assurance, Governance and Compliance to be Promoted by the CSR Working Group)

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 2018

In America, Advantest has participated in activities for NPO Rebuilding Together Silicon Valley over 14 years to promote housing repairs for disadvantaged people.



In Korea, we make donations and participate as volunteers in sports events for people with visual impairment and educational events on visual impairment. (Left picture)



In Taiwan, we periodically visit elderly people who do not have relatives and conduct charity work for deprived children. (Right picture)

In Japan, volunteer employees hold craft workshops and visit elementary schools to convey the joy of science to children.



In Singapore, our employees and their families clean up beaches near their workplaces once a year. (Left picture)



In Japan, we have participated in forest conservation activities in the Gunma Prefecture, where our business establishment is located, for 12 consecutive years. (Right picture)



Supporting Product Safety and Quality

Sustainability Report 2019

Materiality to Respond to Product Liability

[Approach to Materiality in Customer Health and Safety >](#)

[Approach to Materiality in Product Service Compliance >](#)

Approach to Materiality in Customer Health and Safety

Modern society views product safety with even greater importance. We recognize that it is vital to continue our work to more readily respond to this societal expectation.

Supervising division	QA, Field Service
KPI	Number of non-compliance of own safety standards
FY2018 target	0
Results achieved in fiscal 2018	0
Boundary	Advantest Group
Relevant policies	Advantest Product Safety Charter, Product Safety Promotion Regulations
Relevant commitments	—
Responsible department/division	PL Committee
Management resources	This committee is chaired by the head of the Quality Assurance Group and is made up of a total of 21 people.
Relevant complaint processing policy	—
Assessment	✓

| Approach to Materiality in Product Service Compliance

Adherence to laws related to products and services is a corporate social responsibility that we believe is important to a broad array of quality management.

Supervising division	QA
KPI	Number of non-compliance relating to products/services
FY2018 target	0
Results achieved in fiscal 2018	0
Boundary	Advantest Group
Relevant policies	Advantest Product Safety Charter, Product Safety Promotion Regulations
Relevant commitments	—
Responsible department/division	PL Committee
Management resources	This committee is chaired by the head of the Quality Assurance Group and is made up of a total of 21 people.
Relevant complaint processing policy	—
Assessment	✓

| 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 company-wide 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 2018, we commissioned external specialists to undertake inspections of the safety and durability of Advantest's 21 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 2018 there were no violations of the standards specified in Advantest's Product Safety Promotion Regulations.

Furthermore, Advantest operates a 10 m Radio Anechoic Chamber (EMC Center) that complies with the EMC Act required for the sale of products worldwide.

Europe (CE Marking) and Korea (KC Marking) in particular have strict EMC laws and regulations.

Even in America, Advantest is complying with American EMC laws and regulations (FCC) due to a risk of litigation caused by noise in the surrounding environment when operating products as well as strict customer requirements.

The EMC Center is run by staff who have acquired the ISO17025 international standards regulating the operation of test facilities, in addition to EMC engineers who have been certified under the International Association for Radio, Telecommunications and Electromagnetics (iNARTE) and use genuine products in certified in-house testing.

The facilities of the EMC center also put in place an environment that is capable of testing large industrial machinery that is only available in a few places in Japan thanks to equipment that include a turntable with an 8 meter diameter to equip with products, a 3-phase power supply able to supply a total of 48 KVA power capacity that can withstand 10 t, and equipment that can provide water cooling.

Advantest collects information about EMC laws and regulations by participating in the KEC Electronic Industry Development Center (KEC) working group and providing EMC regulatory information to the semiconductor manufacturing industry through the Semiconductor Equipment Association of Japan (SEAJ) because the Company needs to collect information about each country of origin and monitor the latest legislative trends.

| Advantest Group Quality Policy

"Customer Satisfaction" is the fundamental basis of all our activity.

**Elaborate on quality from the design stage,
promote the optimization of the entire manufacturing process
and offer high-quality products that our customers expect in a timely way.**

| 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 the 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.

Furthermore, the entire Group (eight countries and 21 sites) is advancing system integration and has acquired the ISO9001 Global Integration Certification as of April 25, 2018 to strengthen global quality management systems.

In the future, we aim to strengthen and expand quality control while maintaining this framework.

| Design Review System Aimed at Improving Quality

Customers constantly demand functionality, performance and quality in Advantest products. In response, our circuitry has become increasingly bigger and complex. 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, 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 the 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.

| 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. Based 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 when using our products.

In addition, by decreasing the number of rejected parts, we decrease the need for their exchange and disposal, and thus contribute to reducing the environmental impact.

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*1 so that systems will operate without malfunction over longer duration of use, while also reducing MTTR*2 so that systems will be more readily serviceable when a malfunction does occur.

*1 To improve MTBF : MTBF: Mean Time Between Failure

*2 To reduce MTTR: MTTR: Mean Time To Repair

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 before development is completed, and after it has been confirmed that quality standards have been met, products are shipped.

Beginning in 2012, process improvement activity using the "Toyota development process"*1 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

Basic Policy for Improving Customer Satisfaction

Customer satisfaction is the most fundamental principle underpinning Advantest's business. Our product quality policy that is shared throughout the Group – elaborate on quality from the design stage, promote the optimization of the entire manufacturing process, and offer high-quality products that our customers expect in a timely way – 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

Markets related to semiconductors in recent years are developing semiconductor technologies to support digital innovation represented primarily by IoT, cutting-edge driver assistance system and artificial intelligence, in addition to rapid capital investment amidst circumstances that include smartphones with higher functionality and a growth in the number of units sold, evolution of electric vehicles, and an increase in investments related to data centers. Advantest also faces the important challenge of actively providing products and services quickly to respond to fluctuations in the market and the evolution of technology. In line with this, we integrated the marketing of our business divisions into the sales headquarters in December 2016 before integrating system solutions in June 2017.

With this integration of marketing, we are able to fully grasp the market and requirements of customers in a timely manner and give feedback on these requirements to business divisions to allow for more efficient product development and provision to our customers. The integration of system solutions also establishes more robust technical support for customers.

We aim to further improve customer satisfaction through this measure.

| 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. The 12th VOICE Developer Conference held in fiscal 2018 spanned the Pacific Ocean in May at a venue in San Diego, California and another in Hsinchu, Taiwan. Sponsorship was provided by 24 companies, four of which were new sponsors, and 177 papers were submitted from 13 countries. In San Diego, 66 technical papers were presented, and 25 were presented in Taiwan, from among the submitted papers. More than half of these technical papers were authored independently or co-authored with Advantest by approximately 27 user companies.



Scene of presentation

The event is scheduled to be held in America and Singapore in 2019, and we will work so that the event can provide even more complete content.

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. They were held in Tokyo and Munich in October and in the Philippines in December in 2018. They were held in Tokyo for six consecutive years. They were attended by many visitors in each country.

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.

| 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.

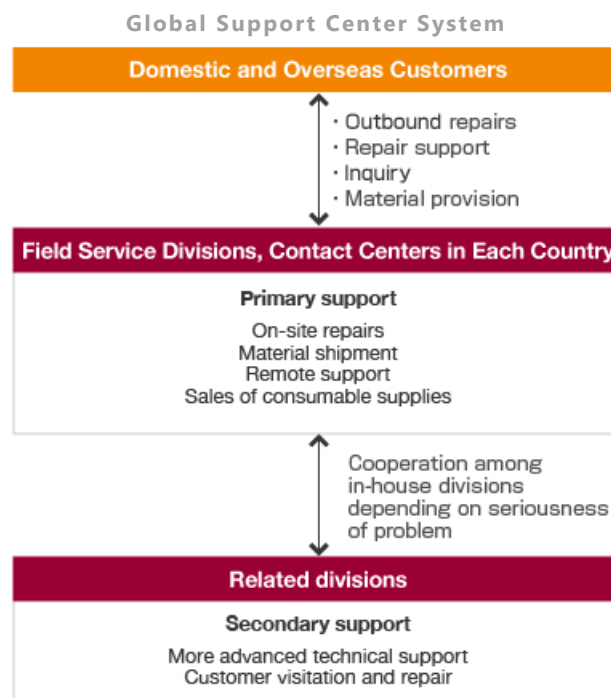
Better Customer Support with a Global Focus

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 place expert support teams in product development bases to carry out secondary support, allowing us to respond appropriately based on 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 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. We also offer device measurement training to our customers, and provide professional advice in that regard.



Recipient of the "10 BEST" Customer Satisfaction Award for the 31st Consecutive Year, on the Basis of the VLSI Research Survey

Advantest aims to grasp customer needs accurately and strives to provide customers with high-performance, high-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 31st year in a row.



VLSI Research: 10 BEST

Intellectual Property Protection

Sustainability Report 2019

Approach to Materiality in the Protection of Intellectual Property

The strength of Advantest is its state-of-the-art technological capabilities. Therefore, in order to survive as an enterprise, we believe it is vital to provide employees with periodic education about intellectual property with the purpose of protecting and managing our intellectual property properly as the source of our competitiveness.

Supervising division	Intellectual Property Management
KPI	Ratio of e-learning students in periodic education about intellectual property
FY2018 target	100%
Results achieved in fiscal 2018	100%
Boundary	Advantest Group
Relevant policies	IP Management Policy and relevant agreements and bylaws
Relevant commitments	—
Responsible department/division	Intellectual Property Management
Relevant complaint processing policy	—
Assessment	✓

Basic Stance

The guiding principles underlying Advantest's intellectual property management emphasize compliance with intellectual property laws and regulations and the need to respect the intellectual property of third parties.

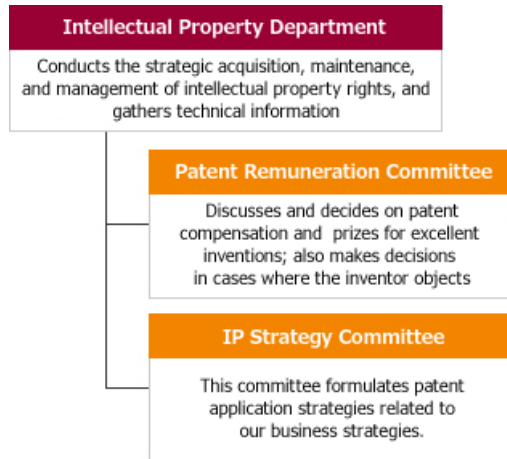
Organization of Intellectual Property Management

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

IP strategic committee members who are selected by business leaders formulate patent application strategies related to our business strategies.

Employees in charge of intellectual property meet periodically with each IP strategy committee member to conduct intellectual property activities related to our businesses.

Organization of intellectual property management



Employee Education about Intellectual Property

At Advantest, in order to improve awareness of intellectual property among all employees, we are conducting training for new technical employees and e-learning for all Group employees every year.

Disputes and Litigation Relating to Intellectual Property

As of March 31, 2019 there were no such disputes.

Corporate Governance

Sustainability Report 2019

Our Stance on Corporate Governance

Advantest's corporate mission is "Enabling Leading-Edge Technologies". Advantest constantly encourages self-study and carries out cutting-edge technological development to provide technologies, products and services that will satisfy customers around the world.

In accordance with the corporate mission of the preceding paragraph, and in response to the mandate from stakeholders, Advantest aims to achieve a sustainable level of business development of the Advantest Group and to enhance corporate value over the mid-to-long term. To that end, Advantest will establish a fair and efficient and transparent governance system. Above is a basic view on Advantest's corporate governance.

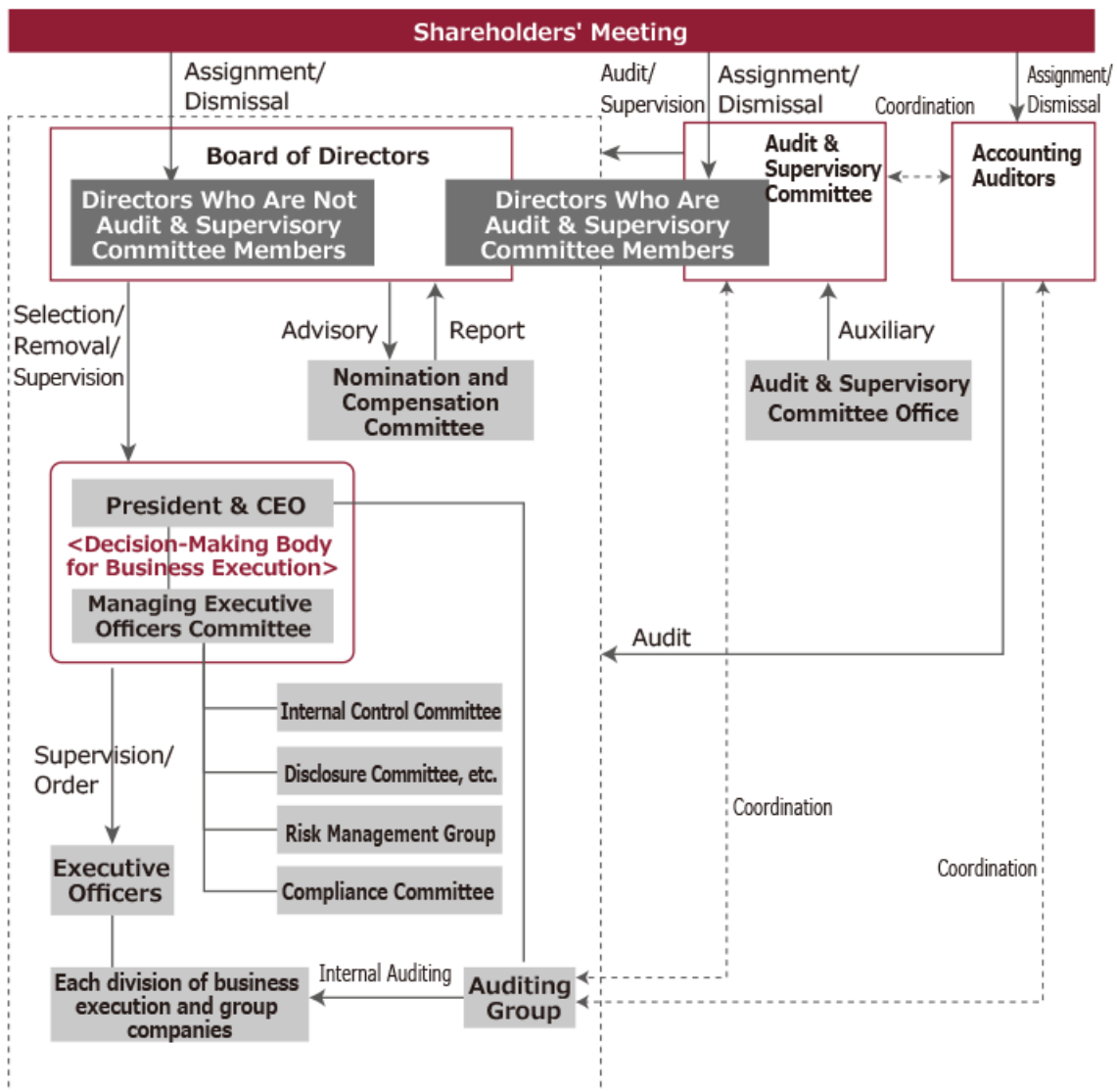
 [Advantest Corporate Governance Policy](#) >

Management Structure

The global business environment is changing more rapidly than ever before, due to factors such as technological advancement and the expansion of protectionist trade policies. 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.

We have become a company with an Audit and Supervisory Committee since June 2015. Advantest further strengthened its corporate governance and Board of Directors' audit function as a company with an Audit and Supervisory Committee, where the committee members use their voting rights in Board of Directors Meetings with the aim of further increasing our corporate value. Furthermore, we have established a structure that can quickly respond to the rapidly changing business environment, and in order to strengthen our corporate governance, we introduced an Executive Officer system in 2003.

Corporate governance structure



List of Governance Systems (As of June 26, 2019)	
Structure	Company with an Audit and Supervisory Committee
Executive Officer System	In place
Number of Directors	10
Number of Outside Directors	5
Number of Non-Japanese Directors	2
Term of Office for Directors who are Not Audit and Supervisory Committee members	1 year
Number of Directors who are Audit and Supervisory Committee members	3
Number of Outside Directors	2
Term of Office for Directors who are Audit and Supervisory Committee members	2 years
Nomination and Compensation Committee	In place
Nomination and Compensation Committee Members	3 (Directors) (Two of which are outside Directors)
Nomination and Compensation Committee Chair	Outside Director
Number of Board of Directors Meetings Held in FY2018	14
Performance-based Remuneration System	In place
Executive Officer System	In place
Executive Officers	24
Non-Japanese Executive Officers	10

Please see the information below for the Corporate Governance Report.

 [Corporate Governance Report >](#)

Board of Directors

The Board of Directors of Advantest, as a management decision-making body, shall make decisions on significant matters with respect to the management policies and management strategies for Advantest group, and in its capacity to supervise management, the Board of Directors shall monitor and supervise the status of exercise of duties by Executive Officers. Advantest strengthens the oversight and supervision functions of the Board of Directors so as to appoint multiple outside directors as members of the Board of Directors.. Currently, our Board of Directors is made up of 10 Directors (five outside Directors and five internal Directors), two of which are non-Japanese Directors and one is a female Director. The Board of Directors meets once a month as a general rule for approximately three to four hours. The materials for the meetings are handed out to each Director in advance so that everyone will be well informed of the information for the meeting in advance. In order to ensure that the will of our diverse Board of Directors is communicated clearly, we bring in a simultaneous interpreter to Board of Directors meetings so that every Director can speak freely in both Japanese and English. We also prepare the materials and meeting minutes in English.

We expect our five outside Directors to make decisions and conduct audits from an independent standpoint to leverage the expertise and experience of each Director in our management. In addition, Advantest has built a system to ensure sound management by requiring business managers who are not Directors as well as executive Directors to report to the Board of Directors the status of business execution as well as strengthening the sharing of information and auditing functions.

The attendance of all outside Directors to the Board of Directors meetings exceeded 90% in FY2018.

The main agenda items to be resolved or reported by the Board of Directors were decisions on matters to be discussed at the basic management policy, the Executive Officer personnel, agenda submitted to the General Meeting of Shareholders, budget / financial settlement, and acquisition or sales of businesses etc. At a Board of Directors' meeting, all directors answered a questionnaire to evaluate the effectiveness of their roles and obligations. Advantest analyzed our organization, operation and discussion status by collecting opinions.

(Result of FY2017 and action in FY2018)

It was pointed out that there is room for further improvement in improving the effectiveness of the successor plan such as for the representative director, and the election and dismissal process of the management team and training for the Directors. Based on the item pointed out above, the Board of Directors discusses the succession plan and dismissal process and Advantest describes the result in the "Advantest Corporate Governance Policy" and the "Corporate Governance report". Advantest will provide corporate governance training to the members of Board of Directors and Executive Officers (including foreigners). Advantest will provide other training as necessary. The points where improvement is needed will be addressed in future. In addition, there were indications about improving the diversity of the members of the Board of Directors. One new female director was appointed at the annual General Meeting of Shareholders of June 27, 2018.

(Result of FY2018)

Followings are the main items that were pointed out. Advantest will consider taking action on these items.

- Succession plan of Representative Director
- Reanalysis of risks that influence our business
- Investigation of director training menu

[Directors and Executive Officers >](#)

Assembly of Outside Directors

For outside Directors, we held an inspection tour to research centers and factories, as well as business briefings by managers of business locations, in order to promote understanding of the matters approved by the Board of Directors and to stimulate lively debates in FY2018. All four outside Directors (at that time) attended the tour and briefings.

Director Training

In order to provide opportunities to learn the information and expertise required to deepen the understanding of the role and responsibilities of Directors, we have conducted training on corporate governance for Directors and Executive Officers (including non-Japanese Directors and Executive Officers). In addition, in FY 2018, all nine Directors (at that time) visited a development site in Germany, so that they can confirm the current development situation and efforts for the future.

Nomination and Compensation Committee

In 2005, Advantest established a Nomination and Compensation Committee as a discretionary institution. The Nomination and Compensation Committee consists of three Directors (including two outside Directors selected by the Board of Directors' resolution), with an outside Director serving as the chairperson of the committee. The Nomination and Compensation Committee, in consultation with the Board of Directors, discusses matters relating to the nomination and compensation of Directors and Executive Officers, and makes proposals to the Board of Directors. The Committee was held 14 times during FY 2018, and a review of the Directors and Executive Officers Nomination/Dismissal Policy and Procedures and the Directors and Executive Officers Compensation Policy and Procedures and discussions on the revision of the Directors' compensation system based on the review were conducted and suggested to the Board of Directors.

* The number of people given is correct as of June 26, 2019.

We have established a policy and procedures to assure the objectivity and transparency of the nomination and compensation of Directors, which are publicly available on the website.

 [Directors and Executive Officers Nomination/Dismissal Policy and Procedures >](#)

 [Directors and Executive Officers Compensation Policy and Procedure >](#)

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*, 10 of whom are not citizens of Japan (America: 3; Europe: 3; Asia: 4; Percent of non-Japanese: 41%) and appointed to enhance the integration of the company's global operations.

* The number of people given is correct as of June 26, 2019.

[List of Directors >](#)

Executive Compensation

In response to consultation from the Board of Directors, the Nomination and Compensation Committee deliberates and proposes the Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) and Executive Officers to the Board of Directors. The Board of Directors deliberates and determines the compensation based on the proposal from the Nomination and Compensation Committee. The Audit and Supervisory Committee deliberates and determines the compensation for Directors who are Audit and Supervisory Committee members.

Executive compensation for FY 2018 is as follows.

Classification	Number of persons receiving compensation	Compensation amount
Directors (Excluding Directors who are Audit and Supervisory Committee members)	6	371 million yen
Directors who are Audit and Supervisory Committee members	4	65 million yen
Total	10	436 million yen

1. The amounts of remuneration set forth above include compensation in the form of stock options.
2. The amounts of remuneration set forth above includes the aggregate amount of remuneration for 2 outside Directors (excluding Audit and Supervisory Committee members), 3 outside Directors (Audit and Supervisory Committee members) in the amount of ¥42 million.

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.

Advantest has also established an Internal Control Committee with related Directors, including the presidents of overseas affiliates, as members, and we operate the internal control systems in a unified manner based on the policies set by the Committee. From FY 2018, outside Directors have also started to attend the Internal Control Committee to supervise management.

| Auditing System

Audit and Supervisory Committee

The Audit and Supervisory Committee investigates the status of business and property, based on the audit policy and audit plan formulated by the Audit and Supervisory Committee. In addition, the Audit and Supervisory Committee will audit the execution of duties by Directors, Executive Officers and other business executing agencies through collaboration with internal control teams and Accounting Auditors. Advantest's Audit and Supervisory Committee composed of one inside director* and two outside directors*. Audit and Supervisory Committee has appointed one person as a standing Audit and Supervisory Committee member. Those Directors who are Audit and Supervisory Committee members are appointed by the General Meeting of Shareholders separately from other Directors who are not Audit and Supervisory Committee members. The Audit and Supervisory Committee, the Auditing Group and other internal control departments, the Accounting Auditors, and the corporate auditors of each Advantest group collaborate with one another so as to carry out regular discussions or timely meetings.

* The number of people given is correct as of June 26, 2019.

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 Accounting Auditor, and undergoes the specified 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 making 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 2019

Internal Control and Risk Management

Advantest has established a Basic Policy for Systems for Ensuring the Appropriateness of the Business based on the Companies Act, and implements the development, maintenance, and operation of internal control systems to ensure appropriate business operations and control risks. Concerning potential risks in the management environment, business activities and company assets of the group, we identify and categorize the risk factors for each important business process and analyze the size, occurrence probability, and frequency of the risks. We also document policies and procedures concerning appropriate responses to the risks as a part of important internal control activities. We have also established the Internal Control Committee to promote internal control systems. The President & CEO, who is the head of business execution, serves as the Chairman of this Committee, and the members are the representatives of each business location and affiliates of the Advantest Group. The Committee is held every half year, and risks are analyzed after the risks recognized by each department are aggregated by each risk category based on the risk assessment of each department to grasp company-wide trends. In addition, case examples of activities by each department are reported, in an effort to promote the risk management system. The Committee also reports important risks to the Board of Directors.

Systems for Disasters and Other Emergency Situations

The Advantest Group has established the Risk Management Group, and 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.

In December 2001, Advantest established a Risk Management Group with the Company's president as its head. When any of the above events occur, the Risk Management Group 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 >](#)

Practice of Risk Management

Advantest has established a risk management system with the Internal Control Committee at the center, in which risks related to each sector and affiliate company are identified and risk assessment is conducted to determine how to respond to risks.

We will monitor the state of our risk management and practice the plan-do-check-action cycle to review and improve the system in the future.

- Risks identified by risk assessment: 333 risks

In fiscal 2018, issues such as export controls related to the trade friction between the U.S. and China and approaches for maintaining production quality were discussed.

The number of risks identified by risk assessment has increased by 31 compared to the previous fiscal year. This is because more risks that need to be addressed have become recognized and are managed due to the increase in the risk management awareness in each department and affiliate.

Cultivating a Risk Management Culture

Advantest conducts risk management education for every employee for the purpose of correctly recognizing and properly handling the risks that the company faces.

Employee Training Conducted in FY2018

Name of Training	Scope	Attendance Rate
Code of Conduct Training	Advantest Group	100.0%
Anti-corruption and Bribery Prevention Training	Advantest Group	100.0%
Intellectual Property Management Training	Advantest Group	100.0%
Occupational Health and Safety	Employees in Japan	95.8%
ISO14001 Environmental Education	Advantest Group	99.1%
Specialized Chemical Substance Training	Employees who interact with chemical substances	100.0%

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 2018

In fiscal 2018, management reviews were conducted about the role, policies, and state of activities of the Risk Management Group in April. Based on these reviews, the Business Continuity Plan was reviewed and shared for each function of the Risk Management Group. In addition, internal regulations related to business continuity were also provided.

Disaster Responses

June 2018 Osaka Earthquake: Safety confirmation was performed for all domestic companies.

July 2018 The Western Japan Floods: Safety confirmation was performed for all domestic companies.

September 2018 Hokkaido Eastern Iburi Earthquake: Safety confirmation was performed for all domestic companies.

January 2019 Kumamoto Earthquake: Safety confirmation was performed for all domestic companies.

February 2019 Hokkaido East Central Iburi Earthquake: Safety confirmation was performed for all domestic companies.

| Approach to Materiality in Customer Privacy

Information that we receive from our customers and business partners is information that should be socially protected and it is also thus information asset for the company. We recognize that the proper protection and management of this information is vital.

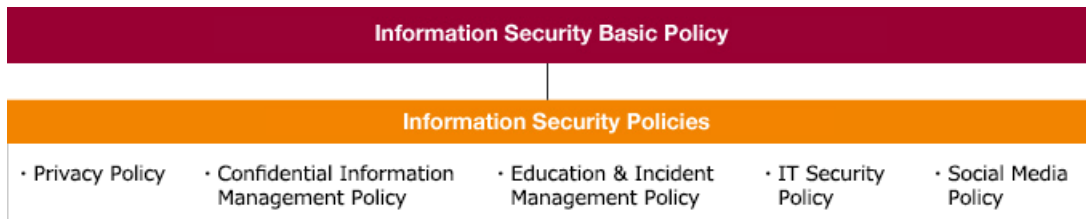
Supervising division	Security departments
KPI	Number of complaints relating to information security
FY2018 target	0
Results achieved in fiscal 2018	0
Boundary	Advantest Group
Relevant policies	Basic Information Security Policy, Privacy Policy
Relevant commitments	—
Responsible department/division	—
Relevant complaint processing policy	We accept inquiries and complaints at the email address below that is available on our website. informationSecurityCommittee@advantest.com
Assessment	✓

Information Security Management Policy

Advantest is fully aware that the 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 five policies: our Privacy Policy, Confidential Information Management Policy, Education & Incident Management Policy, IT Security Policy, and Social Media Policy.

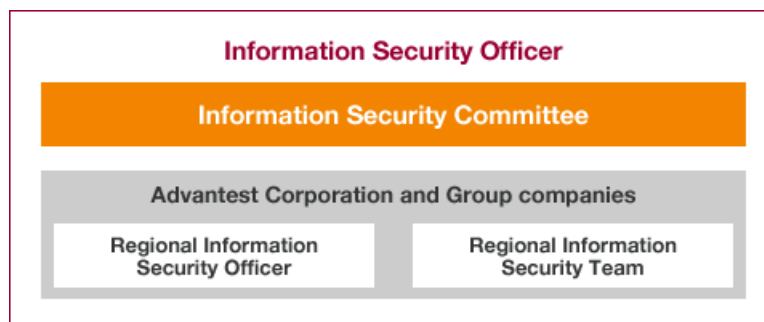


Organization of Information Security Management System

Advantest regards the implementation of information security control 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.



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), as well as training simulating an actual cyber-attack case, 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.

Training/Awareness Raising as Part of the Information Security Training

- Information Security Training through e-learning: 1
- Targeted email threat training: 1
- Awareness raising for all employees: 1
- Broadcast of information to raise awareness: 10

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 rule-based checks and provide feedback to divisions that have been audited.

When updating our rules governing access to information equipment, we removed 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 leaving data behind in the computer after use. We also 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.

We also undergo security assessments and vulnerability tests via an external agency as an objective evaluation of our information security measures. We then refine the points to improve security based on those results to strengthen our level of security.

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 the use of adequate controls governing its storage, disclosure and handling. In fiscal 2018, 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 2018, there were no incidents involving the unauthorized disclosure of important personal information, etc.

[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.

Compliance

Sustainability Report 2019

Our Stance on Compliance

Basic 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 as a basic principle for our management and business execution, which lays out our corporate mission, vision, core values, corporate mantra, ESG for sustainability, and specific ethical standards, in order to enhance our ethical awareness.

[The ADVANTEST Way >](#)

Materiality in Compliance

[Approach to Materiality in Non-discrimination >](#)

[Approach to Materiality in Corruption Prevention >](#)

[Approach to Materiality in Compliance to the Antitrust Act >](#)

[Approach to Materiality in Social Compliance >](#)

Approach to Materiality in Non-discrimination

Advantest considers the elimination of discrimination in any form such as race, gender, age, nationality, and religion vital to creating a company where everyone is enthusiastic in the execution of businesses worldwide.

Supervising division	Human Resource Department
KPI	Number of complaints submitted to the helpline that are properly resolved
FY2018 target	All issues solved
Results achieved in fiscal 2018	2 (currently being handled)
Boundary	Advantest Group
Relevant policies	The ADVANTEST Way
Relevant commitments	—
Responsible department/division	Corporate Ethics Office, Compliance Committee
Relevant complaint processing policy	Corporate Ethics Helpline (Worldwide), Human Rights Protection Committee (Only Japan)
Assessment	✓

Approach to Materiality in Corruption Prevention

Advantest considers the execution of social responsibility without overlooking dishonest acts vital to earning the trust and faith of our stakeholders.

Supervising division	Legal Department
KPI	Number of confirmed incidents of improper behavior
FY2018 target	0
Results achieved in fiscal 2018	0
Boundary	Advantest Group
Relevant policies	The ADVANTEST Way
Relevant commitments	FCPA, Unfair Competition Prevention Act
Responsible department/division	Auditing team and legal divisions
Relevant complaint processing policy	Corporate Ethics Helpline
Assessment	✓

Approach to Materiality in Compliance to the Antitrust Act

Advantest considers the elimination of anticompetitive practices in order to conduct business fairly vital to earning trust from society.

Supervising division	Sales Administration & Business Support Division
KPI	Number of incidents relating to relevant legislation
FY2018 target	0
Results achieved in fiscal 2018	0
Boundary	Advantest Group
Relevant policies	—
Relevant commitments	Antitrust Act
Responsible department/division	Internal audit divisions
Relevant complaint processing policy	Corporate Ethics Helpline
Assessment	✓

Approach to Materiality in Social Compliance

Advantest considers the execution of social responsibility with a high ethical perspective held by each and every employee vital to earning the trust and faith of our stakeholders.

Supervising division	Compliance Committee
KPI	Number of non-compliance instances relating to social issues
FY2018 target	0
Results achieved in fiscal 2018	3
Boundary	Advantest Group
Relevant policies	The ADVANTEST Way
Relevant commitments	—
Responsible department/division	Corporate Ethics Office, Compliance Committee
Relevant complaint processing policy	Corporate Ethics Helpline
Assessment	—

Compliance Promotion System

Advantest gives guidance and advice to all Group employees to ensure that they fully understand and comply with "the ADVANTEST Way" 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," 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 had two issues reported in fiscal 2018, to which the departments in charge responded. We will continue to sincerely respond to such communications so as to maintain Advantest's integrity. In addition, 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

When globally deploying its business, Advantest believes that it is important to ensure thorough legal compliance worldwide and to pay attention to compliance across the Group, after obtaining a good 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" and on the subject of "anti-corruption and anti-bribery."

In fiscal 2018, all of our Group employees completed the e-learning education and agreed to adhere to compliance.

About the Advantest Group

Sustainability Report 2019

Corporate Overview

Organizational Profile

Registered Name	ADVANTEST CORPORATION
Head Office	Shin Marunouchi Center Bldg., 1-6-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005
Representative Director, President & CEO	Yoshiaki Yoshida
Capital	32,363 million yen (as of March 31, 2019)
Stock Exchange Listings	Tokyo Stock Exchange, 1st Section (Code: 6857)
No. of Shareholders	33,227
No. of Shares Outstanding	199,566,770 shares
No. of Consolidated Affiliates	29 (8 in Japan and 21 overseas)

(As of March 31, 2019)

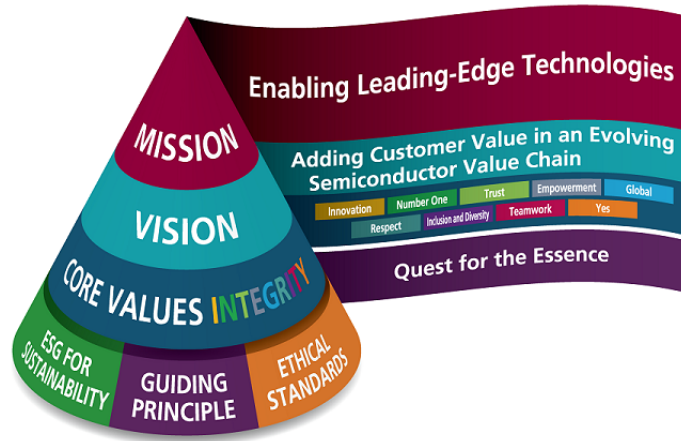
The Advantest Group's Global Network

(As of March 31, 2019)



The Advantest Way

The Advantest Way 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 >

Business Fields and Main Products

Semiconductor and Component Test System

ATE Business

Semiconductors are a core electronic component used in a variety of devices, such as smartphones, personal computers, household electrical appliances, and motor vehicles, which are indispensable to the lives of people. The types of semiconductors are broad from logic ICs and analog ICs to memory ICs. Each type of semiconductor has its own unique functionality and circuitry with performance rapidly advancing each day.

Automated Testing Equipment (ATE) verify the quality, performance and reliability of semiconductors by electrically testing these complex and multifarious functions of semiconductors with high accuracy. The automated testing technologies from Advantest at the top of the industry are contributing to higher efficiency in production on customer sites, technological innovations of the electronics industry, and greater safety, security and comfort for society.

SoC Test System



V93000
SoC Test System



T2000
SoC Test System



T6391
Display Driver Test System

Memory Test System



T5503HS2
Memory Test System



T5833
Memory Test System



B6700
Burn-in Test System

| Mechatronics System

Device Interface/Test Handler Business

We provide peripheral devices for semiconductor testing such as device interfaces necessary when electrically connecting test systems and semiconductors as well as test handlers that transport packaged semiconductors to test systems.



HIFIX



M4872
SoC Test Handler

Nanotechnology Business

We are providing devices that conduct fine exposure, processing and measurement using electron beams (EB) for silicon wafers and photomasks. These devices are used in mass production processes of major semiconductor manufacturers and the development of leading-edge semiconductor processes.



E3640
MASK MVM-SEM®

| Services, Support and Other Sectors

Field Services

We are providing comprehensive services that contribute to improving productivity on customer sites, such as early launch of mass production tests for new devices as well as improvements to the operation rate on all test floors, including installation support and maintenance of test services.

SLT Business

We are providing enterprise solid state drives (SSD) that are expanding the adoption of high-end databases, client SSDs that support a generation of IoT, and devices that test the system level.

In addition to the above, we have business departments that conduct the sale of used semiconductors, component test systems, and commercial mechatronic products, a device leasing business, and a new planning business among other ventures.



MPT3000
SSD Multi-protocol Test System

Management Approach

Sustainability Report 2019

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. We are also committed to building collaborative relationships while maintaining good communication with our suppliers who support our business activities to achieve mutual growth.

Identified Materiality Aspects and KPIs, and Targets

Materiality aspect	KPI	Measures implemented	Items related to SDGs
Economic performance	Net sales/operating profit margin, ROE & EPS	Economic Impact	
Conflict minerals	Continuing efforts to use materials with a lower risk by asking business partners to ensure transparency with 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).	Procurement Practices	   
Supplier labor practices assessment	Percentage of new suppliers that were screened using labor practices criteria.	Procurement Practices	
Supplier human rights assessment	Percentage of new suppliers that were screened using human rights criteria	Procurement Practices	  
Supplier assessment for impact on society	Percentage of new suppliers that were screened using criteria for impacts on society	Procurement Practices	
Supplier environmental assessment	Percentage of new suppliers that were screened using environmental impact criteria	Procurement Practices	 

Economic Impact

Sustainability Report 2019

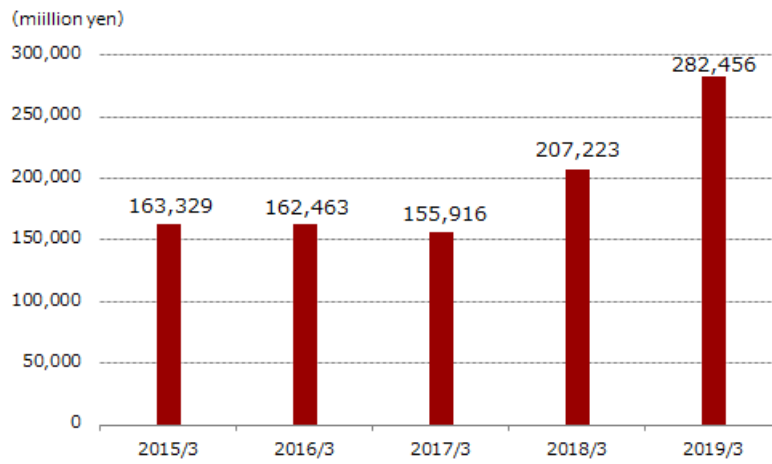
Approach to Materiality in Economic Performance

Advantest considers economic performance such as net sales and operating income, as the foundation and the most important factor for the company to continue ongoing activities.

Supervising division	Management Planning Department
KPI	Sales, operating profit margin, return on equity ratio of net income attributed to the parent (ROE), and basic net earnings per share (EPS)
Results achieved in fiscal 2018	Net sales: 282.5 billion yen; Operating profit margin: 22.9%; ROE: 35.3%; EPS: 302.35 yen
FY2019 target	Net sales: 230 billion yen; Operating profit margin: 13.0%; ROE: 12.6%; EPS: 131.54 yen
FY2020 target	Net sales: 250 billion yen; Operating profit margin: 17.0%; ROE: 18.0%; EPS: 170.00 yen
Boundary	Advantest Group
Relevant policies	Financial Results/Presentation
Relevant commitments	—
Responsible department/division	Board of Directors
Relevant complaint processing policy	—
Assessment	—

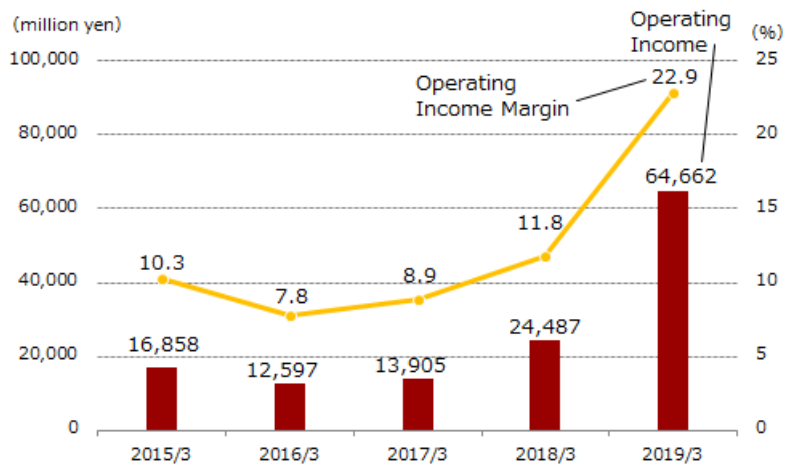
Economic Performance

Change in Net Sale



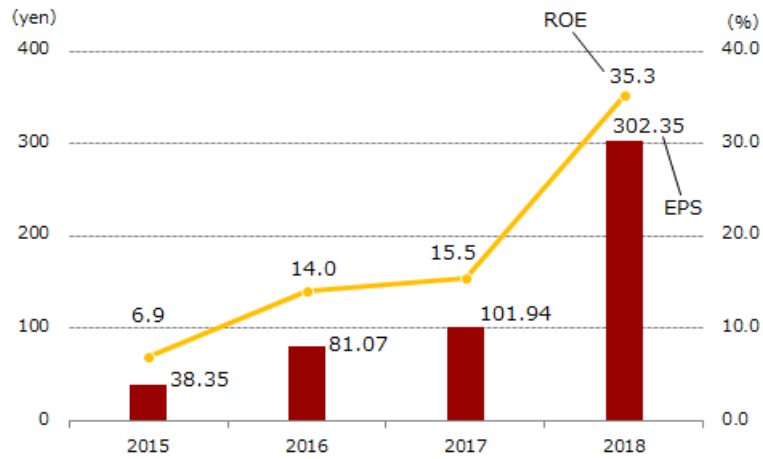
*Based on International Financial Reporting Standards (IFRS)

Change in Operating Income/Operating Profit Margin



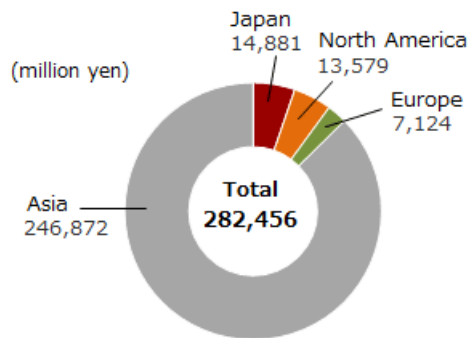
*Based on International Financial Reporting Standards (IFRS)

Change in ROE and EPS



*ROE: Return on equity ratio of net income attributed to the parent; EPS: Basic net earnings per share
 *Based on International Financial Reporting Standards (IFRS)

Sales by Region (fiscal 2018)



For more detailed information, see the "IR Library" section on the Advantest website.

Financial Support Received from the Government

In FY2018, 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 2019

Procurement Policy

The Advantest Group pledges respect for our suppliers, places value on open communication with our suppliers, and emphasizes the maintenance of fair business relationships through sustainability by promoting ESG 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 >](#)

Materiality of Procurement Practices

[Approach to Materiality in Conflict Minerals >](#)

[Approach to Materiality in Supplier Labor Practice Assessment >](#)

[Approach to Materiality in Supplier Human Rights Assessment >](#)

[Approach to Materiality in Assessment of the Supplier Impact on Society >](#)

[Approach to Materiality in Environmental Assessments of Suppliers >](#)

Approach to Materiality in Conflict Minerals

Conflict minerals are not only regulated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, but it is also a major problem faced by society as a whole. Advantest remains aware of the importance of responding to the issue of conflict minerals, which also has deep ties to efforts conducted by the entire industry.

Supervising division	Procurement Administrative Department
KPI	Continuing efforts to use materials with a lower risk by asking business partners to ensure transparency with 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).
FY2018 target	Continuing efforts to use materials with a lower risk by asking business partners to ensure transparency with 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).
Results achieved in fiscal 2018	<ul style="list-style-type: none"> ▶ Conducted surveys and gathered answers related to relevant business suppliers ▶ Implemented activities according to the policy on responsible minerals trade as a member of JEITA
Boundary	Advantest Group
Relevant policies	Procurement Policy (3. Supplier Expectations)
Relevant commitments	Sec. 1502 of the Dodd-Frank Act (Conflict minerals) and other relevant regulations
Responsible department/division	CSR & Environmental Affairs Promotion Office/Procurement Administrative Department
Relevant complaint processing policy	Establishment of a contact window
Assessment	✓

| Approach to Materiality in Supplier Labor Practice Assessment

Advantest considers the execution of its own businesses in accordance with human rights and labor practices important for a broad range of stakeholders, including our business partners.

Supervising division	Procurement Administrative Department
KPI	Percentage of new suppliers that were screened using labor practices criteria.
FY2018 target	100%
Results achieved in fiscal 2018	<ul style="list-style-type: none"> ▶ FY2018: 1 of 1 new suppliers ▶ Revised the evaluation sheets when hiring new suppliers and assessed the existence of a code of conduct. ▶ Examined labor practices assessment method for new suppliers and formulated future policies.
Boundary	Advantest Group
Relevant policies	Procurement Basic Policy, Advantest CSR Procurement Guidebook
Relevant commitments	Labor Standards Law, Industrial Safety and Health Act, RBA Code of Conduct
Responsible department/division	Purchasing (Purchasing Department/Procurement Administrative Department)
Relevant complaint processing policy	Establishment of a contact window
Assessment	—

| Approach to Materiality in Supplier Human Rights Assessment

Advantest recognizes the influence that it has as a company on human rights violations in components, materials as well as manufacturing processes and it considers the broad protection of human rights, including our suppliers, to be vital.

Supervising division	Procurement Administrative Department
KPI	Percentage of new suppliers that were screened using human rights criteria
FY2018 target	100%
Results achieved in fiscal 2018	<ul style="list-style-type: none"> ▶ FY2018: 1 of 1 new suppliers ▶ Assessed the existence of a code of conduct using the evaluation sheets when hiring new suppliers.
Boundary	Advantest Group
Relevant policies	Advantest CSR Procurement Guidebook, Advantest Procurement Policy
Relevant commitments	RBA Code of Conduct
Responsible department/division	Purchasing (Purchasing Department/Procurement Administrative Department)
Relevant complaint processing policy	Establishment of a contact window
Assessment	—

| Approach to Materiality in Assessment of the Supplier Impact on Society

Advantest recognizes that compliance proposals and adherence to social norms in components, materials as well as manufacturing processes also affect the company and it considers the fulfillment of its social responsibility throughout the entire supply chain, including all of its business partners, to be vital.

Supervising division	Procurement Administrative Department
KPI	Percentage of new suppliers that were screened using criteria for impacts on society
FY2018 target	100%
Results achieved in fiscal 2018	<ul style="list-style-type: none"> ▶ FY2018: 1 of 1 new suppliers ▶ Assessed the existence of a code of conduct using the evaluation sheets when hiring new suppliers. ▶ Checked whether our procurement policy was understood and coordination can be maintained when hiring new suppliers.
Boundary	Advantest Group
Relevant policies	Procurement Policy, Advantest CSR Procurement Guidebook
Relevant commitments	RBA Code of Conduct
Responsible department/division	—
Relevant complaint processing policy	Establishment of a contact window
Assessment	—

Approach to Materiality in Environmental Assessments of Suppliers

Advantest considers the development of high-quality green products vital by working from the perspective of environmental conservation in components, materials as well as manufacturing processes.

Supervising division	Procurement Administrative Department
KPI	Percentage of new suppliers that were screened using environmental impact criteria
FY2018 target	100%
Results achieved in fiscal 2018	<ul style="list-style-type: none"> ▶ FY2018: 1 of 1 new suppliers ▶ Examined labor practices assessment method for new suppliers and formulated future policies.
Boundary	Advantest Group
Relevant policies	<ul style="list-style-type: none"> ▶ Advantest Group Environmental Policy ▶ Advantest Green Procurement Guidelines ▶ Procurement Policy ▶ Advantest CSR Procurement Guidebook
Relevant commitments	RoHS Directive and regulation and reference values in environmental laws from each municipality
Responsible department/division	CSR & Environmental Affairs Promotion Center/Environmental Management Officer
Relevant complaint processing policy	Establishment of a contact window
Assessment	✓

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 yearly audit by the Audit Division to ensure that there are no problems and that normal trade practices are being followed. In addition, every year we implement an internal control audit using an external organization and we were able to confirm again in fiscal 2018 that there were no problems.

Moreover, for outstanding orders, we check the status at the end of each month to ensure that there are no acceptance inspection omissions; and for orders where the acceptance inspection takes 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

We have held seminars on a subcontractors law, with participation not restricted to the purchasing department staff. Moreover, we began employee e-learning about the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors in fiscal 2016 to raise greater awareness about this law. We also implemented follow-up training with internal instructors to each of our business groups. 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 for suppliers

Advantest has published its Procurement Policy and the Advantest CSR Procurement Guidebook on its homepage as a way of fulfilling its social responsibility in a supply chain that includes all of its business partners, and it asks these business partners to adhere to relevant laws and ordinances as well as social norms.

We evaluate our business partners on QCD* every quarter and carry out an annual CSR questionnaire for our business partners who have a significant impact on the procurement of Advantest. We devise the questions and conduct this survey to match the perception of all of our business partners by re-examining the priority issues of our company and questions every year based on an analysis of the assessment results for the previous year with a focus on the Advantest CSR Procurement Guidebook. Furthermore, by creating materials that bring together the answers for each business partner to provide feedback independently about areas that have been highly evaluated and areas where improvements are requested, we are building a bond in which we will grow together with these business partners.

For fiscal 2018 survey, we carried out the questionnaire in April 2019 and obtained the answers from each company. 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 in accordance with the Advantest Procurement Guidebook by making approaches to further instill the Advantest Procurement Policy as the priority issue in fiscal 2018. When we observed a case that may be deviating from our guideline, we individually sent a feedback sheet with improvement items described and requested them to cooperate with us for improvement. We will conduct another questionnaire in fiscal 2019 based on the results from the questionnaire conducted in fiscal 2018 and confirm our business partners' response to our procurement policy.

* QCD: abbreviation of Quality, Cost, Delivery

Set up of inquiry and reporting window

When trading 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 be reported to the [Contact Window](#) on our website. In fiscal 2018 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 recurrence.

Measures against procurement risks

Advantest promotes purchasing from multiple procurement sources as a general rule as a contingency for the procurement of components from the perspective of BCP. In addition, we created a BCP map of our suppliers and manufacturing bases to speed up information collection and countermeasure examination in case of a disaster.



Supply Chain BCP Map

Response to Conflict Minerals

Implementation 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 the use of conflict minerals through a RMI* report (conflict mineral reporting template (CMRT)) and releasing the results.

* RMI: [Responsible Minerals Initiative](#)

Third-Party Assurance

Third-Party Assurance

To further strengthen the reliability of our social and environmental performance indicators (human resource, labor and environmental data)*, the integrity of our data has been assured by KPMG AZSA Sustainability Co., Ltd. since FY2018.

*Figures subject to such third-party assurance are marked with the Third-Party Assurance  symbol.



Advantest Sustainability Report 2019 Independent Assurance Report

GRI Standard

Sustainability Report 2019

* This report refers to information related to items in the GRI Standards as a reference and does not indicate compliance with the GRI Standards.

102: General Disclosures

GRI Items	GRI Index	Page to Refer
1. Organizational profile		
102-1	Name of the organization	▶ About Advantest Group
102-2	Activities, brands, products, and services	▶ Products ▶ Global Services
102-3	Location of headquarters	▶ About Advantest Group
102-4	Location of operations	▶ About Advantest Group
102-5	Ownership and legal form	▶ About Advantest Group
102-6	Markets served	▶ About Advantest Group ▶ Investors
102-7	Scale of the organization	▶ About Advantest Group ▶ Employment and Diversity
102-8	Information on employees and other workers	▶ About Advantest Group ▶ Employment and Diversity
102-9	Supply chain	▶ Procurement Policy ▶ Procurement Practices
102-10	Significant changes to the organization and its supply chain	▶ Investors
102-11	Precautionary Principle or approach	▶ Materiality for the Advantest Group
102-12	External initiatives	▶ Advantest's Sustainability ▶ Procurement Practices
102-13	Membership of associations	▶ Advantest's Sustainability ▶ Procurement Practices
2. Strategy		
102-14	Statement from a senior decision-maker	▶ Message from CEO
102-15	Key impacts, risks, and opportunities	▶ Message from CEO ▶ Risk Management ▶ Annual / Quarterly Financial Report

GRI Items	GRI Index	Page to Refer
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> ▶ About Advantest Group ▶ Advantest's Sustainability
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> ▶ Compliance
4. Governance		
102-18	Governance structure	<ul style="list-style-type: none"> ▶ Corporate Governance
102-19	Delegating authority	<ul style="list-style-type: none"> ▶ Advantest's Sustainability
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> ▶ Advantest's Sustainability
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> ▶ Advantest's Sustainability
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> ▶ Corporate Governance
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> ▶ Corporate Governance
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> ▶ Corporate Governance
102-25	Conflicts of interest	-
102-26	Role of highest governance body in setting purpose, values, and strategies	<ul style="list-style-type: none"> ▶ Advantest's Sustainability
102-27	Collective knowledge of the highest governance body	-
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> ▶ Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> ▶ Corporate Governance ▶ Risk Management
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> ▶ Risk Management
102-31	Review of economic, environmental, and social topics	-
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> ▶ Materiality for the Advantest Group
102-33	Communicating critical concerns	<ul style="list-style-type: none"> ▶ Corporate Governance ▶ Compliance ▶ Risk Management ▶ Advantest's Sustainability
102-34	Nature and total number of critical concerns	-
102-35	Remuneration policies	<ul style="list-style-type: none"> ▶ Corporate Governance ▶ Annual / Quarterly Financial Report
102-36	Process for determining remuneration	<ul style="list-style-type: none"> ▶ Corporate Governance ▶ Annual / Quarterly Financial Report

GRI Items	GRI Index	Page to Refer
102-37	Stakeholders' involvement in remuneration	–
102-38	Annual total compensation ratio	–
102-39	Percentage increase in annual total compensation ratio	–
5. Stakeholder engagement		
102-40	List of stakeholder groups	▶ Communication with Stakeholders
102-41	Collective bargaining agreements	▶ Respecting and Protecting Human Rights ▶ Annual / Quarterly Financial Report
102-42	Identifying and selecting stakeholders	▶ Communication with Stakeholders
102-43	Approach to stakeholder engagement	▶ Communication with Stakeholders ▶ Supporting Product Safety and Quality
102-44	Key topics and concerns raised	–
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	▶ Editorial Note ▶ Annual / Quarterly Financial Report
102-46	Defining report content and topic boundaries	–
102-47	List of material topics	▶ Materiality for the Advantest Group ▶ Management Approach (Economy) ▶ Management Approach (Environment) ▶ Management Approach (Society)
102-48	Restatements of information	–
102-49	Changes in reporting	–
102-50	Reporting period	▶ Editorial Note
102-51	Date of most recent report	▶ Editorial Note
102-52	Reporting cycle	▶ Editorial Note
102-53	Contact point for questions regarding the report	▶ Editorial Note
102-54	Claims of reporting in accordance with the GRI Standards	▶ Editorial Note
102-55	GRI content index	▶ Editorial Note
102-56	External assurance	–

200: Economic

GRI Items	GRI Index	Page to Refer
201 : Economic Performance		
201-1	Direct economic value generated and distributed	▶ Annual / Quarterly Financial Report
201-2	Financial implications and other risks and opportunities due to climate change	▶ Risk Management ▶ Environmental Action Plan ▶ Green Products ▶ Environmental Accounting Results ▶ Annual / Quarterly Financial Report
201-3	Defined benefit plan obligations and other retirement plans	▶ Human Resources Development, Fair Evaluation and Treatment
201-4	Financial assistance received from the government	-
202 : Market Presence		
202-1	Ratio of standard entry level wage by gender compared to the local minimum wage	-
202-2	Proportion of senior management hired from the local community	▶ Employment and Diversity
203 : Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	-
203-2	Significant indirect economic impacts	-
204 : Procurement Practices		
204-1	Proportion of spending on local suppliers	-
205 : Anti-corruption		
205-1	Operations assessed for risks related to corruption	▶ Procurement Practices
205-2	Communication and training about anti-corruption policies and procedures	▶ Membership of Civil Society
205-3	Confirmed incidents of corruption and actions taken	▶ Membership of Civil Society
206 : Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	▶ Membership of Civil Society

300: Environmental

GRI Items	GRI Index	Page to Refer
301 : Materials		
301-1	Materials used by weight or volume	▶ Environmental Data
301-2	Recycled input materials used	▶ Recycling Resources
301-3	Reclaimed products and their packaging materials	▶ Product Recycling
302 : Energy		
302-1	Energy consumption within the organization	▶ Environmental Data
302-2	Energy consumption outside of the organization	-
302-3	Energy intensity	-
302-4	Reduction of energy consumption	▶ Environmental Action Plan ▶ Mitigation of Climate Change (Global Warming Prevention) ▶ Environmental Data
302-5	Reductions in energy requirements of products and services	▶ Environmental Action Plan ▶ Green Products ▶ Mitigation of Climate Change (Global Warming Prevention)
303 : Water and Waste Water		
303-1	Interaction with water as shared resource	▶ Recycling Resources ▶ Environmental Data
303-2	Management of impact related to waste water	▶ Recycling Resources ▶ Environmental Data
303-3	Water intake	▶ Recycling Resources ▶ Environmental Data
303-4	Waste water	▶ Recycling Resources ▶ Environmental Data
303-5	Water consumption	▶ Recycling Resources ▶ Environmental Data
304 : Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value	▶ Biotope

GRI Items	GRI Index	Page to Refer
	outside protected areas	
304-2	Significant impacts of activities, products, and services on biodiversity	–
304-3	Habitats protected or restored	▶ Biotope
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–
305 : Emissions		
305-1	Direct (Scope 1) GHG emissions	▶ Mitigation of Climate Change (Global Warming Prevention) ▶ Environmental Data
305-2	Energy indirect (Scope 2) GHG emissions	▶ Mitigation of Climate Change (Global Warming Prevention) ▶ Environmental Data
305-3	Other indirect (Scope 3) GHG emissions	▶ Mitigation of Climate Change (Global Warming Prevention)
305-4	GHG emissions intensity	▶ Mitigation of Climate Change (Global Warming Prevention)
305-5	Reduction of GHG emissions	▶ Mitigation of Climate Change (Global Warming Prevention) ▶ Environmental Data
305-6	Emissions of ozone-depleting substances (ODS)	–
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	▶ Environmental Data
306 : Effluents and Waste		
306-1	Water discharge by quality and destination	▶ Recycling Resources ▶ Environmental Data
306-2	Waste by type and disposal method	▶ Recycling Resources ▶ Environmental Data
306-3	Significant spills	▶ Environmental Management ▶ Environmental Communication / Environmental Contribution Activities
306-4	Transport of hazardous waste	▶ Environmental Data

GRI Items	GRI Index	Page to Refer
306-5	Water bodies affected by water discharge and/or runoff	▶ Recycling Resources
307 : Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	▶ Environmental Management ▶ Environmental Communication / Environmental Contribution Activities
308 : Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	▶ Procurement Practices
308-2	Negative environmental impacts in the supply chain and actions taken	▶ Procurement Practices

400: Social

GRI Items	GRI Index	Page to Refer
401 : Employment		
401-1	New employee hires and employee turnover	▶ Employment and Diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	▶ Supporting Diverse Working Styles ▶ Human Resources Development, Fair Evaluation and Treatment
401-3	Parental leave	▶ Supporting Diverse Working Styles
402 : Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	-
403 : Occupational Health and Safety		
403-1	Occupational health and safety management	▶ Occupational Health and Safety
403-2	Specification of hazard, risk evaluation and accident investigation	▶ Occupational Health and Safety
403-3	Occupational health service	▶ Occupational Health and Safety
403-4	Participation, consultation and communication with	▶ Respecting and Protecting Human Rights ▶ Occupational Health and Safety

GRI Items	GRI Index	Page to Refer
	workers about occupational health and safety	
403-5	Training for workers regarding occupational health and safety	<ul style="list-style-type: none"> ▶ Risk Management ▶ Occupational Health and Safety
403-6	Promotion of the health of workers	<ul style="list-style-type: none"> ▶ Occupational Health and Safety
403-7	Prevention and mitigation of the effect of occupational safety & health connected directly by business relationships	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Supporting Product Safety and Quality
403-8	Workers who are eligible for the occupational health and safety management system	<ul style="list-style-type: none"> ▶ About Advantest Group ▶ Respecting and Protecting Human Rights ▶ Occupational Health and Safety
403-9	Work-related hazard	<ul style="list-style-type: none"> ▶ Occupational Health and Safety
403-10	Work-related sickness or ill health	<ul style="list-style-type: none"> ▶ Occupational Health and Safety
404 : Training and Education		
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> ▶ Human Resources Development, Fair Evaluation and Treatment
404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> ▶ Supporting Diverse Working Styles ▶ Human Resources Development, Fair Evaluation and Treatment
404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> ▶ Human Resources Development, Fair Evaluation and Treatment
405 : Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> ▶ Employment and Diversity ▶ Corporate Governance
405-2	Ratio of basic salary and remuneration of women to men	-
406 : Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Compliance ▶ Respecting and Protecting Human Rights
407 : Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> ▶ Respecting and Protecting Human Rights

GRI Items	GRI Index	Page to Refer
408 : Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Procurement Policy
409 : Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Procurement Policy
410 : Security Practices		
410-1	Security personnel trained in human rights policies or procedures	-
411 : Rights of Indigenous Peoples		
411-1	Incidents of violations involving the rights of indigenous peoples	-
412 : Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	▶ Procurement Practices
412-2	Employee training on human rights policies or procedures	▶ Respecting and Protecting Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Procurement Policy
413 : Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	▶ Membership of Civil Society
413-2	Operations with significant actual and potential negative impacts on local communities	-
414 : Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Procurement Policy
414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> ▶ Procurement Practices ▶ Procurement Policy

GRI Items	GRI Index	Page to Refer
415 : Public Policy		
415-1	Political contributions	-
416 : Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	▶ Supporting Product Safety and Quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	▶ Supporting Product Safety and Quality
417 : Marketing and Labeling		
417-1	Requirements for product and service information and labeling	▶ Green Products ▶ Environmental Risk and Chemical Substance Management ▶ Supporting Product Safety and Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	-
417-3	Incidents of non-compliance concerning marketing communications	-
418 : Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	▶ Risk Management
419 : Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	▶ Supporting Product Safety and Quality ▶ Compliance