



# Planet

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## Planet ESG Action Plan 2021-2023 (Environment) Results

For the past three years, Advantest has been pursuing initiatives in the areas of Environment (E), Social (S), and Governance (G) according to our ESG Action Plan (2021-2023), which was formulated in line with our Second Mid-Term Management Plan (MTP2).






### » Review of ESG Action Plan (Environment)

Advantest has promoted responsible efforts to combat climate change and help reduce CO<sub>2</sub> emissions. Specifically, we were able to exceed our initial targets for Scope 1+2 GHG emissions by further increasing our utilization of renewable energy in Japan and overseas. We will continue to promote further activities to achieve net-zero GHG emissions in Scopes 1+2 by FY2050.

Furthermore, we have also requested our suppliers to consider the use of renewable energy, given the pressure to reduce GHG emissions not only within our own company but also across our entire supply chain. Since many of our suppliers have adopted renewable energy sourcing, we have been able to achieve our target values.

In contrast, with regard to our target for CO<sub>2</sub> equivalent emissions (basic unit) per test, we formulated a method to calculate these emissions but were forced to revise our target since our initial target was unachievable owing to changes in market trends such as increased demand for AI semiconductors. In the Sustainability Action Plan of our Third Mid-Term Management Plan (MTP3), we have set a new target of "Improving the environmental performance of our products" and will continue to work to achieve it.

### ESG Action Plan (Environment) 2021-2023 Results

ESG	Key Issue	Executive in charge	Goal	KPI	2021	2022	2023	2023	2030
					Results			Target	
<b>E</b> (Environment)     	<b>Climate Change (Scope 1+2)</b>	CSO	Reduce GHG emissions from business activities by 60% by 2030 (vs.FY2018)	GHG emissions reduction amount/rate	34%	46%	53%	40%	60%
			Raise renewable energy usage to 70% by2030, Group-wide	Renewable energy sourcing rate	54%	63%	65%	55%	70%
		CPO	Reduce production times by 30% through production process reviews (vs.FY2020)	Production time reduction for target models (vs.FY2020)	21%	37%	28%	30%	TBD <sup>1</sup>
	<b>Value Chain (Scope 3)</b>	CPO	Promote the use of renewable energy by suppliers and contractors	Number of suppliers who have introduced renewable energy	12 companies	22 companies	40 companies	40 companies	TBD <sup>2</sup>
		CTO	Reduce CO <sub>2</sub> -equivalent emissions (basic unit) per test by 50% by 2030	Reduction rate in basic units (vs. FY2018)	Set basic unit calculation definition		Goals under review <sup>3</sup>	20%	50%
	<b>Green Products</b>	CTO	Develop products that are free from polluting substances	Total elimination of PFAS in coolant	New methodology in development established		Release date undisclosed but presently under consideration	Announce release plan	Total elimination of PFAS in next-generation models
	<b>Resource Recycling</b>	CHO	Improve in-house recycling rate by promoting the 3Rs	Waste recycling rate (Japan/overseas)	JPN:64% Other regions:77%	JPN:88% Other regions:74%	JPN:95% Other regions:61%	JPN:90% Other regions:73% or more	JPN:90% Other regions:73% or more
			Maintain Group-wide water usage at FY2016 levels	Water resource usage	236,405 m <sup>3</sup> /year	242,129 m <sup>3</sup> /year	279,740 m <sup>3</sup> /year	288,000 m <sup>3</sup> /year	288,000 m <sup>3</sup> /year
	<b>Biodiversity</b>	CSO	Promote nature conservation activities (protection of endangered species in biotope, tree planting, beach cleanup, etc.)	Planning and implementation rate of nature conservation activities	11 activities planned, 73% implemented	14 activities planned, 100% implemented	18 activities planned, 89% implemented	18 activities planned, 80% implemented	20 activities planned, 80% implemented

\*1: Eligible products and target values are determined on the basis of future product lifecycles

\*2: Target values are based on analysis of future major suppliers

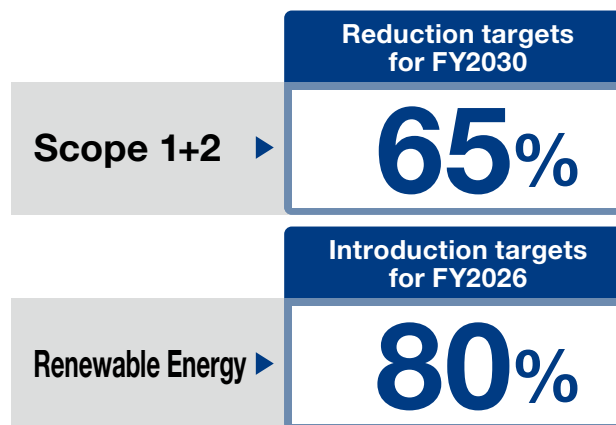
\*3: It is difficult to calculate the reduction rate in basic units, so we are reviewing the goal.

Please see the following URL for more information on TCFD-based climate change-related information disclosure. <https://www.advantest.com/en/about/governance/risk-manage/tcfd/>

## Planet Reduction of GHG Emissions

### » GHG Emissions Reduction Targets for 2030

Advantest previously targeted a 60% reduction of Scope 1 + Scope 2 emissions by FY2030 (compared to FY2018), but we have now raised this target by 5% to a 65% reduction by FY2030 (compared to FY2018). We have also raised our renewable energy sourcing target from 70% by 2030 to 80% by 2026, reflecting our plan to accelerate the reduction of the company's direct and indirect emissions.



\* Our GHG emissions are based on the GHG Protocol, an international standard for calculating and reporting GHG emissions.  
 \* We have obtained third-party certification for some of our environmental performance indicators to enhance the reliability of our reported figures. For details, please refer to our website.

<https://www.advantest.com/en/about/sustainability/third-party/>

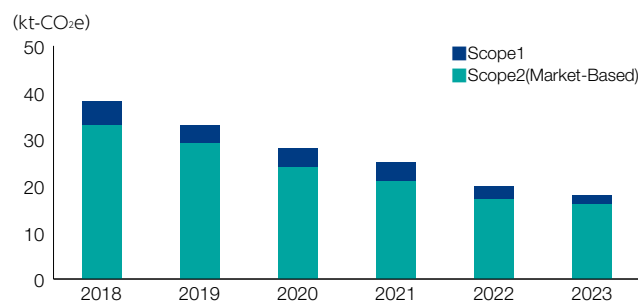
### » Trends and Challenges of GHG Emissions

#### < Scope 1+2 >

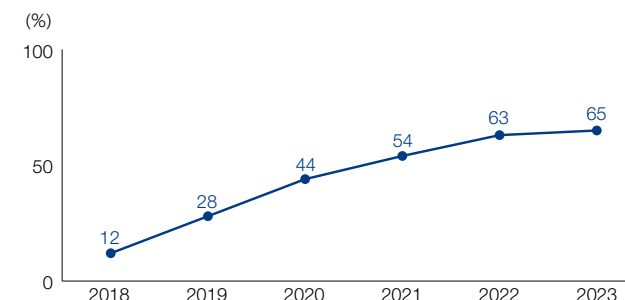
We have made steady progress in reducing emissions from Scope 1 and 2 through the adoption of renewable energy and other measures. In order to further reduce emissions going forward, further adoption of renewable energy will be necessary. However, procuring renewable energy in countries and regions such as South Korea, Taiwan, and Singapore, where renewable energy itself is scarce and difficult to purchase, will present a challenge.

As a member of the RE100 initiative, we expect to encourage governments to increase the supply of renewable energy while continuing to review the status of renewable energy usage in each country with the aim of finding ways to promote further adoption.

#### Scope 1+2 Emissions



#### Renewable energy penetration rate



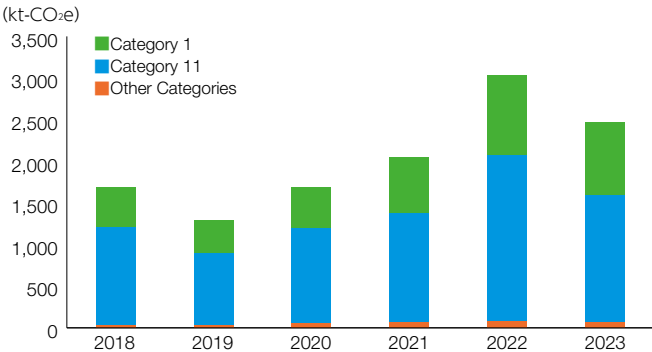
Reduction of GHG Emissions

< Scope 3 >

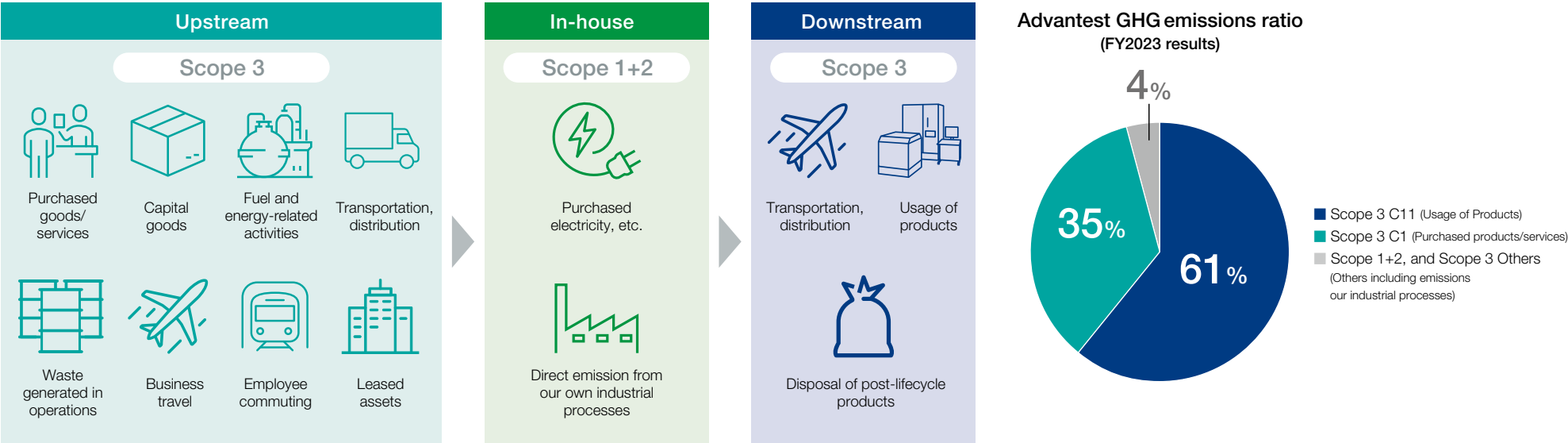
Progress on Scope 3 is lagging our target as of FY2023 due to a significant increase in sales compared to our expectations when the target was set. "Category 1 (C1): Purchased goods/services" and "Category 11 (C11): Usage of products" account for the majority of GHG emissions in Scope 3. For C1, the method of calculating emissions where C1 increases in proportion to the purchase price poses a challenge. We will promote the reduction of GHG emissions by establishing a calculation method that reflects the values of

Scopes 1, 2, and 3 of our suppliers in C1, and by requesting our suppliers' support in reducing Scope 1, 2, and 3 values. For C11, likewise, the method of calculating emissions where C11 increases in proportion to the number of sold products poses a challenge. We will promote the reduction of GHG emissions by establishing a calculation method that reflects our customers' renewable energy values in C11 and by seeking cooperation from our customers to increase their renewable energy sourcing rates.

Scope 3 Emissions

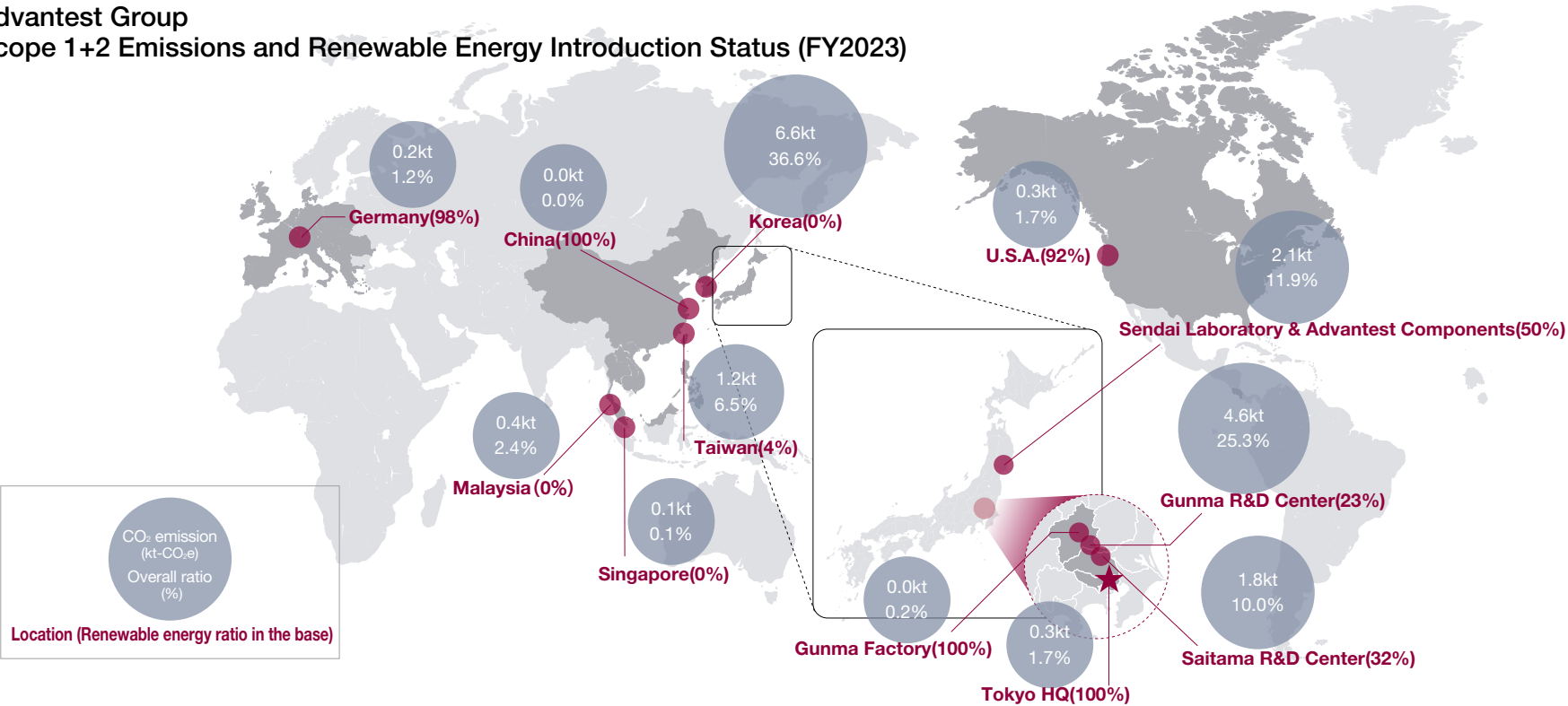


GHG Emissions in Advantest's Supply Chain



Reduction of GHG Emissions

Advantest Group  
Scope 1+2 Emissions and Renewable Energy Introduction Status (FY2023)



Reduction of GHG Emissions in Transportation

Gunma Factory and Advantest Singapore (ASP), where our Parts Center is located, have both introduced GoGreen Plus, a shipping service using Sustainable Aviation Fuel (SAF) provided by DHL Japan (DHL). SAF is a biomass fuel produced from sustainable raw materials (plants such as corn and sugarcane and waste cooking oil from restaurants and homes) that is said to reduce GHG emissions by up to 80% compared to fossil fuels such as conventional jet fuel.

By using this service to transport our products from Malaysia to Japan, we have contributed to a reduction of approximately 56.5 tons equivalent of GHG emissions, in addition to 31.5 tons equivalent for the transportation of parts from Singapore to other countries, for a total reduction of 88.0 tons equivalent of GHG emissions. This has led to contributions to GHG emissions Scope 3 Category 4 (upstream transportation and distribution) and Category 9 (downstream transportation and distribution).

Delivered by



## Planet Advantest's Participation in International Initiatives

In response to the needs of the international community and expectations for the semiconductor industry to play a significant role in combating climate change, the Advantest Group supports international climate initiatives through sponsorship and participation, working with domestic and international stakeholders on our shared goal of creating a sustainable future.

### Participation in International Climate Change Initiatives



### UN Global Compact Annual Forum 2024

In March 2024, the United Nations Global Compact held an annual general meeting (ALNF: Annual Local Network Forum) in Japan, and approximately 153 officials from the UN Global Compact and local networks in 58 countries visited Japan. Mr. Yoshiaki Yoshida, then President and CEO, attended the high-level meeting held in conjunction with the ALNF and introduced the highlights of Advantest's efforts to address climate change to Sanda Ojambo, Assistant Secretary-General and CEO of the United Nations Global Compact, and executives from participating Japanese companies.



©UN Global Compact/Robichon



## Planet Biodiversity

### » Biodiversity Conservation Initiatives

In recognition of the significance of biodiversity in supporting prosperity and health, the Advantest Group has laid out biodiversity conservation initiatives in accordance with The Advantest Group's Guidelines of Action for Biodiversity. Our primary focus is on activities to conserve biodiversity in our own biotope. Since 2001, Advantest has maintained a biotope on the grounds of our Gunma R&D Center, our largest site in Japan, with the aim of helping to recreate the original, natural landscape of the Kanto Plain--a landscape that is fast being lost to development. This biotope is one of the largest of its kind established by a private company in Japan. For more than 20 years, Advantest's biotope has provided a venue where Advantest employees can learn about the importance of protecting the global environment and where communication with local residents flourishes.

\*Please see the following URL for Advantest Group's Guidelines of Action for Biodiversity.



<https://www.advantest.com/en/about/sustainability/environment/environmental-communication/#anc-2>



Advantest biotope adjacent to Gunma R&D Center

### » Biotope Monitoring Surveys with Gunma University

As a joint research project with Gunma University, we conduct monitoring surveys of the biotope every year. The biotope plays an important role not only in achieving a stable natural environment in the region but also in combating climate change: it protects and nurtures endangered species, adds to our knowledge of them, fixes CO<sub>2</sub> in the biotope forest, and allows us to contribute scientifically by investigating the CO<sub>2</sub> fixation rate.

### » Biotope Monitoring Surveys with Gunma University

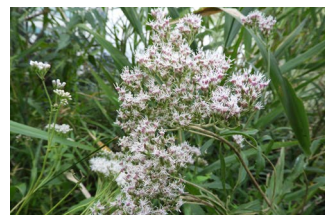
Since 2022, Advantest has been a member of the 30by30 Alliance for Biodiversity\*<sup>1</sup>. To achieve the goals of this initiative, we will continue our conservation activities with the aim of certifying our biotope as a "nature symbiosis site"\*<sup>2</sup>.

\*1: A global initiative committed to conserving or protecting at least 30% of the Earth's natural land and sea areas by 2030.

\*2: An area where biodiversity is being conserved through the efforts of the private sector as recognized by the national government.



A goshawk flies to the biotope and rests in the pond.



Eupatorium japonicum

### ■ Biodiversity Initiatives in Numbers



Total biotope area

**17,000** m<sup>2</sup>



**120**

native plant species identified in the biotope



**38**

exotic plant species identified in the biotope



Carbon fixation rate (estimated)

**2.46** tons of CO<sub>2</sub> retained/year



# People

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## People ESG Action Plan 2021-2023 (Social) Results

Over the past three years, the Advantest Group has implemented our ESG Action Plan (2021-2023), which set forth four key themes and 11 KPIs for society (S) issues. A brief look back reveals significant achievements.

### » ESG Action Plan (Social) Challenges and Achievements

We achieved our targets for improving the proportion of female employees who return to work after maternity and childcare leave and male employees who take childcare leave.

We have implemented support measures for male employees who are considering taking childcare leave, such as individual consultations and guidance on childcare systems and have also established a childcare leave subsidy system.



On the other hand, we were unable to achieve our target ratio of female managers, and efforts to improve gender diversity remain an ongoing challenge.

In terms of customer satisfaction, the TechInsights Customer Satisfaction Survey named Advantest the SPE industry leader for the fifth consecutive year in 2024.

We continue to focus on improving employee engagement, and we plan to conduct a Gallup survey covering the entire Advantest Group in 2024. Although investment in human capital fell slightly short of our target, METI certified Advantest as one of its “White 500”—the top 500 corporations recognized under the program for promoting health management—for the fourth consecutive year.

We did not achieve our target for occupational safety and health. We will continue to focus on occupational safety and health as one of the key themes of our Sustainability Action Plan (2024-2026), striving to create safe and comfortable workplaces.

### ESG Action Plan (Social) 2021-2023 Results


ESG	Key Issue	Executive in charge	Goal	KPI	2021	2022	2023	2023	2030
					Results			Target	
<b>S</b> (Social)   	<b>ESG management at Supply Chain</b>	CPO	Share and solve/mitigate ESG issues (risk management, human rights/occupational safety, environment, fair trade, compliance, etc.)	Due diligence implementation rate for major suppliers	100%	100%	100%	100%	100%
	<b>Diversity, protection, and respect for human rights</b>	CHO	Fair treatment in gender	Female manager ratio	9.6%	9.0%	9.4%	10.5%	17.0%
			Edification and practice of human rights	Participation rate of educational training	99.5%	84%	100%	100%	100%
			Work-life balance	Return-to-work rate after maternity leave (JPN) Exercise rate of childcare leave by males (JPN)	100% 16%	94% 21%	100% 34%	100% 25%	100% 50%
		CPO	Conflict minerals elimination	Percentage of suppliers confirmed to be free of conflict minerals	63%	65%	60%	100%	100%
	<b>Customer satisfaction, employee engagement</b>	CCRO	Raise customer satisfaction under New Normal circumstances	Ranking of TechInsights customer satisfaction survey	1st	1st	1st	1st	1st
		CHO	Edification and improvement of attractive corporate culture	Score of Gallup survey	3.6	Survey not conducted	Survey not conducted Implemented once every 3 years	3.8	4.1
	<b>Investing in human capital</b>	CFO	Maintaining and enhancing occupational safety and health	Occupational accident rate (frequency rate)	0.35	0.47	1.03	0.00	0.00
			Promotion of health management	To be selected in White 500 (JPN)	selected	selected	selected	selected	selected
		CHO	Employee capacity building	Education and training expenses	3.9	4.8	5.5	6.0	10.0

## People Respect for Human Rights

### » Advantest Group Human Rights Policy

As a global semiconductor business provider, we recognize that respect for the human rights of people all around the world is essential for our business to achieve sustainable growth. We support and respect internationally recognized human rights principles, including the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, and the Guiding Principles on Business and Human Rights (UNGPR), and are committed to making these standards of conduct the foundation of our business activities. With the appointment of our new Group CEO in April 2024, we have once again reviewed the Advantest Group Human Rights Policy based on these international norms. In revising the policy, we interviewed not only relevant departments within the company, including the labor union, but also external human rights experts and other stakeholders and updated the policy based on their opinions and advice.

\*Please see the following URL for the full text of the Advantest Group Human Rights Policy.

 <https://www.advantest.com/en/about/sustainability/society/human-rights/#anc-1>

### » Advantest Group Priority Issues Related to Human Rights

We have identified the following six priority human rights issues based on their relevance to our business.

Within the framework of these priority issues, we have begun to assess and identify human rights risks and undertake human rights due diligence in a variety of ways to prevent and mitigate adverse human rights impacts.

### » Human Rights Due Diligence Assessment by an External Sustainability Rating Provider

In order to understand whether our business activities have adverse impacts on people, including stakeholders in our supply chain, we have adopted the below assessment mechanism to identify and evaluate human rights risks and to prevent and mitigate them.

We also actively undergo assessments by external sustainability organizations to ensure that our human rights initiatives meet internationally required standards. In FY2023, we performed a

self-assessment provided by EcoVadis to determine the gap between our human rights efforts and international standards, and took corrective actions based on the results. This sustainability assessment is based on four themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. Many global companies refer to this assessment as an important criterion in selecting their suppliers. Based on our performance, EcoVadis awarded Advantest their Bronze Medal, which is reserved for companies that rank in the top 35% of the companies on their scoreboard. Going forward, we will continue to promote our human rights initiatives with the aim of receiving an even better assessment in the future.

### Advantest's Responses to Priority Human Rights Issues

Priority Human Rights Issues	Employee	Supplier	Business Partner (Community)	Advantest's Response	
				Risk Assessment	Training and Others
1 Discrimination	●	●	●	- Compliance Survey	- The Advantest Way - Compliance Education
2 Child labor, forced labor	●	●	●	- Suppliers Assessment - RBA SAQ, VAP - EcoVadis SAQ	- The Advantest Way - Sustainability Training
3 Basic labor rights	●	●	●	- Suppliers Assessment - RBA SAQ, VAP - EcoVadis SAQ	- The Advantest Way
4 Fair wages, working hours	●	●	—	- Suppliers Assessment - RBA SAQ, VAP - EcoVadis SAQ	- Compliance with laws and regulations of each country
5 Safe working environments, health management	●	●	●	- CSR survey of contractors - RBA SAQ, VAP - EcoVadis SAQ - Stress Check	- Occupational health and safety Training - Interviews with industrial physicians
6 Violence, harassment	●	●	—	- Compliance Survey	- The Advantest Way - Sustainability Training

# People Respecting Human Rights in the Supply Chain

To ensure that our business activities are conducted with due respect for human rights, not only within Advantest but also in our supply chain, we incorporate human rights into our supplier selection process and trade terms, encourage our suppliers to embrace responsible corporate behaviors, and publish a Supply Chain CSR Guidebook based on the RBA Code of Conduct, aiming to comply with international standards on human rights and labor together with our suppliers.

## » Supply Chain Due Diligence

As part of our supply chain due diligence, Advantest uses multiple approaches to risk-based assessment and monitoring. In particular, we recognize that some raw materials for semiconductors and manufacturing equipment contain minerals that are implicated in conflict, environmental issues, and human rights violations. To help stem the circulation of conflict minerals from upstream to downstream in the semiconductor industry supply chain, we have been investigating our partners for any use of the conflict minerals represented by 3TG (tantalum, tin, tungsten, and gold) since 2013. In FY2024, we expanded our scope to include additional minerals such as cobalt and mica.

### Supplier Assessment Methodology

	Target	Details	Assessment & Response:
<b>General Suppliers</b> <b>Supply Chain CSR Questionnaire</b>	Suppliers accounting for 85% of the Advantest Group's total transaction value	Based on the RBA Code of Conduct, this questionnaire checks supplier status with regard to human rights and labor, occupational safety, environmental conservation, fair trade and ethics, business continuity planning, supply chain management, etc.	Score, check for significant risks, conduct individual interviews and seminars as necessary
<b>Strategic Suppliers</b> <b>Supplier Performance Management Evaluation</b>	Approximately 25 strategic suppliers identified based on sales and procurement risks	This evaluation addresses TQRDCEB (Technology, Quality, Responsiveness, Delivery, Cost, ESG, Business)	Independent evaluation on a scale of 0 to 4 points Provides feedback of assessment results (scores and reasons, requests for improvement, etc.) and joint creation of action plans for the following year
<b>Specific Suppliers</b> <b>Conflict Mineral Investigation</b>	Check for 3TG, cobalt, mica Suppliers using target minerals in key products.	In this investigation we utilize Responsible Minerals Initiative (RMI) templates (Conflict Minerals Reporting Templates)	Confirm number of smelters that are compliant with the relevant standards/certifications. If significant risks are identified, request remediation.



## People Human Capital Strategy / Employee Engagement

### » Human Capital Strategy: Maximization of Individual & Organizational Strengths

Advantest considers human capital to be an essential foundation for achieving the goals of our Grand Design mid/long-term management policy and our mid-term management plan (MTP3). Our human capital strategy is closely aligned with our management strategy. It focuses on maximizing both individual strengths and organizational strength, which are the two “wheels” of value creation. Employee engagement links these two wheels together. We are constantly refining our personnel system to boost engagement and enhance the comprehensive strength of our human capital.

In line with our Basic Policy Regarding Human Capital Development, we promote improvements to our recruitment, skills development, and retention programs. In addition, our Internal Environment Development Policy guides our efforts to increase awareness of our corporate culture and health management measures as we seek to create an environment where diverse human capital can thrive.

\*Please see our website for further details on our human capital management, including our Basic Policy Regarding Human Capital Development.

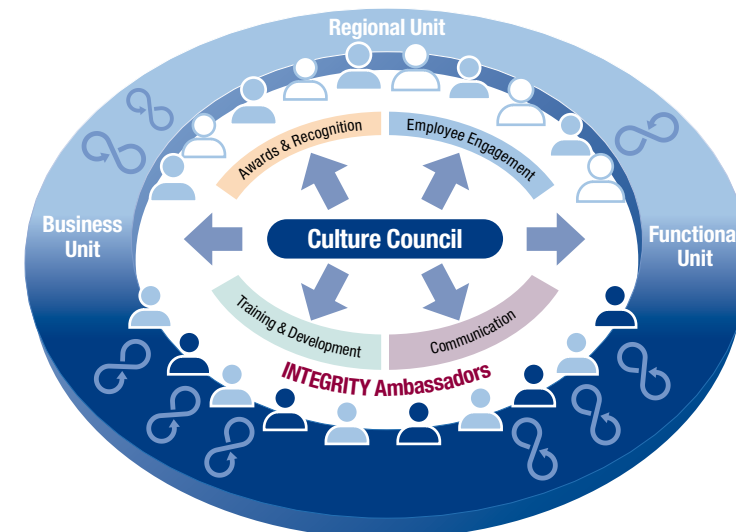
<https://www.advantest.com/en/about/sustainability/society/human-resources-management/#anc-1>

### » Our INTEGRITY Core Values Support Our Growth

The foundation of our human capital strategy is our INTEGRITY core values. In 2019, as the Advantest Group expanded globally, we revised the Advantest Way and established INTEGRITY as core values to be shared throughout the company. Over the past five years, we have implemented an exciting array of activities related to INTEGRITY, and our employees’ enthusiasm for our corporate culture has become an important factor in our growth.

▶ P.11-12 // Group COO Message

### ▶ INTEGRITY Promotion Structure



### < Key Milestones in the Creation of Our INTEGRITY Culture >

#### 2020

- INTEGRITY workshops launched globally
- Cross-organizational mentoring program "Cross 1on1" launched by volunteers

#### 2022

- Launched Culture Council under the leadership of our Group CEO
- 38 INTEGRITY Ambassadors appointed

#### 2024

- Launched “The Advantest Forest” Sponsored Tree Initiative (Related article : P.46)

#### 2019

- Renewal of The Advantest Way
- Established INTEGRITY Core Values

#### 2021

- Leading with INTEGRITY workshops for managers launched
- Established The INTEGRITY Award(\*)
- “Cross 1on1” wins the CEO Award at The INTEGRITY Award

#### 2023

- First Advantest Europe GmbH (Germany) and then Advantest Korea Co., Ltd. (Korea) received “Great Place to Work®” certification

\*The INTEGRITY Award:  
An award system that recognizes employees who practice INTEGRITY culture in their daily work.

## People Developing Innovative Human Capital

### » Advantest Launches the "RAKUICHI" Concept From "Weak Ties" to Creating Innovation

In the spirit of our purpose and mission, "Enabling Leading-edge Technologies," Advantest has always pursued advanced technological development. In addition to technical exchanges with customers, academic institutions, and industry associations, we also explore a variety of knowledge (technology) within our own company. In today's increasingly complex market environment, we are inspired to aim for a

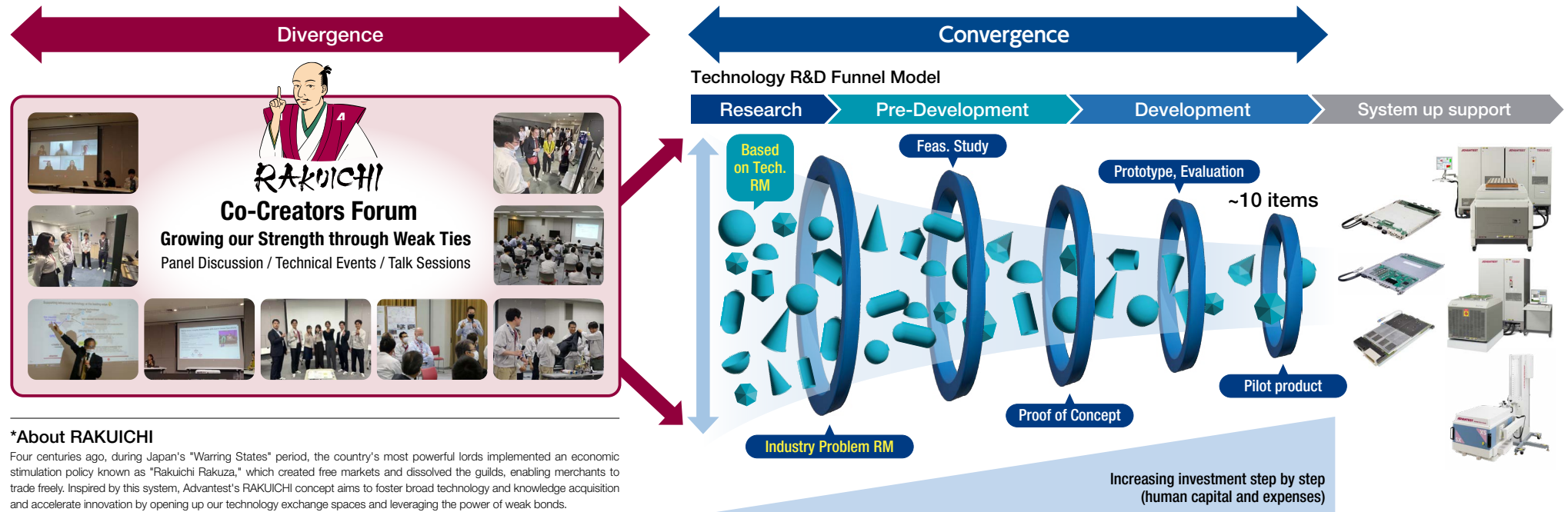
higher level of innovation.

To this end, we have launched the "RAKUICHI" concept (\*), which aims to further expand the framework for technological exchange within the company and create new technologies through the free exchange of ideas and knowledge, as well as by revitalizing communication. RAKUICHI is a mechanism to uncover the expertise of various departments and personnel within the company, prevent technological silos from developing, and spur the exchange of knowledge, as shown in the diagram below.

Over a period of about a year and a half, starting in 2022,

experimental trials of RAKUICHI were conducted during our biannual technology conferences. The positive feedback and ideas gathered from these trials led to the decision to continue RAKUICHI as a regular event. Since the technical ideas developed through RAKUICHI require cross-organizational collaboration, employees from both engineering and non-engineering departments actively participate, making it an exciting approach to advancing leading-edge technologies across Advantest.

### RAKUICHI Concept



## People Occupational Health and Safety

### » Occupational Health and Safety Policy

The Advantest Group recognizes that occupational health and safety management is an important aspect of all our business activities. We proactively and continuously implement occupational health and safety initiatives based on the Advantest Group Occupational Safety and Health Policy.

\*Please see the following URL for Advantest Group Occupational Safety and Health Policy.



[https://www.advantest.com/document/en/about/sustainability/society/human-resources-management/En\\_SustainabilityReport2023\\_06.pdf](https://www.advantest.com/document/en/about/sustainability/society/human-resources-management/En_SustainabilityReport2023_06.pdf)

### » Sustainability Action Plan (2024-2026)

As part of our mid-term sustainability action plan, we are working to eliminate workplace accidents by setting a target Lost Time Incident Rate (LTIR)\* of zero, with the goal of preventing workplace accidents that result in death or injury resulting in absence from work.

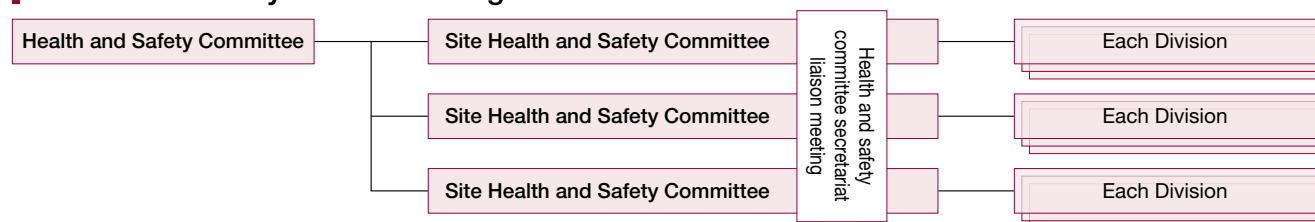
\* LTIR(Lost Time Incident Rate): Rate of lost-time incidents per 200,000 working hours

▶ P.30 // Sustainability Action Plan 2024-2026

### » Health and Safety Committee (Japan)

Every year, we convene a Health and Safety Committee Meeting that decides the health and safety direction and policy for the whole Group. Our approach to health and safety is based on the main activity themes decided on at this meeting. Based on these themes, the health and safety committees at each location set their annual targets and plans and implement activities.

### Health and Safety Committee Organization and Roles



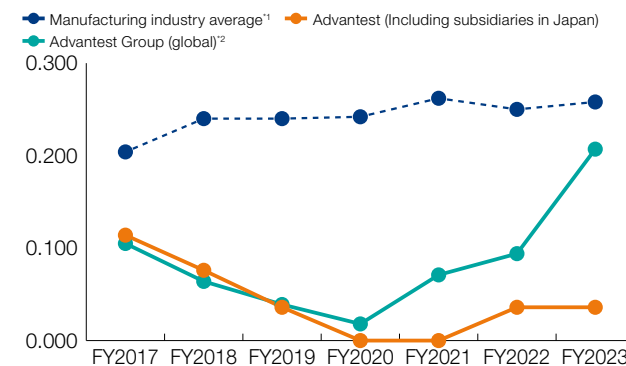
Health and Safety Committee	Site Health and Safety Committee	Health and Safety Committee Secretariat Liaison Meeting	Each Division
<ul style="list-style-type: none"> <li>Decisions on important H&amp;S issues</li> <li>Evaluation of activity results</li> <li>Determination of key activity themes</li> <li>Information sharing on occupational accidents</li> </ul>	<ul style="list-style-type: none"> <li>Managing the progress of targets.</li> <li>Trends in legal amendments</li> <li>Investigation into the causes and set the measures to prevent recurrence.</li> <li>Safety management measures</li> <li>Other matters relating to the promotion of H&amp;S</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of targets and activities of each office</li> <li>Progress management of activity themes</li> <li>Sharing of common issues to be addressed</li> <li>Sharing of accident cases and measures to prevent recurrence</li> </ul>	<ul style="list-style-type: none"> <li>Dissemination of targets and activities to employees</li> <li>Promotion of H&amp;S activities</li> <li>Reporting of issues and case studies</li> <li>Safety management measures in the workplace</li> <li>Other matters relating to the promotion of health and safety</li> </ul>

### » Stronger Cooperation with Overseas Locations

The Advantest Group has begun to reinforce health and safety information sharing and collaboration between the Japanese company and its overseas affiliates. To promote health and safety activities based on global standards, we are conducting situation analyses at each overseas location with reference to the RBA(\*) Code of Conduct (B. Safety and Health), setting specific goals and key themes, and promoting related activities. In addition, by sharing each base's unique activities, safety and health measures, improvement policies, etc., we aim to improve workplace safety and health worldwide to ensure safe and secure working environments everywhere we operate.

\*RBA (Responsible Business Alliance): The world's largest industry coalition dedicated to responsible business conduct in global supply chains, RBA publishes a Code of Conduct covering labor, safety and health, environmental conservation, and corporate ethics.

### LTIR Trends



<sup>1</sup>: Manufacturing industry average

The average frequency rate for the Japanese manufacturing sector, published by the Ministry of Health, Labour and Welfare, is converted into LTIR here.

<sup>2</sup>: Advantest Group (global)

For countries and regions that do not track working hours, total actual working hours are calculated approximately from the standard number of working days and the average number of employees.

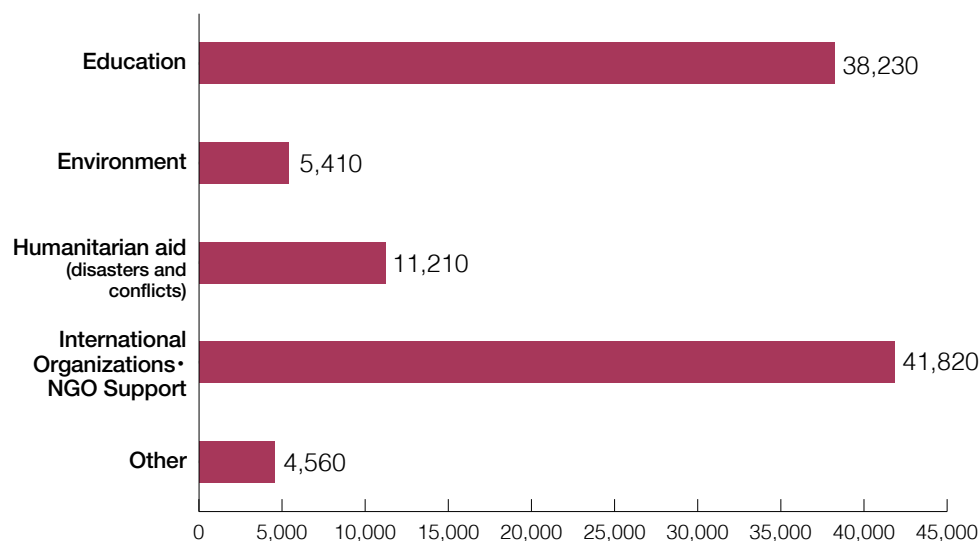


## People Community contributions

Based on our corporate philosophy, the Advantest Way, the Advantest Group engages with our communities around the world through educational support, humanitarian aid, and environmental conservation activities. These and other initiatives represent our commitment as corporate citizens to strive for a better today and tomorrow. In addition to donations to various international organizations, our employees volunteer and self-organize to provide human, material, and economic support for the needy in each country and region where we operate.

### Community contributions (FY2023)

Unit: 1,000 yen



\* Totals do not include volunteer activity, other employee activities, or donations in kind.



Bamboo forest conservation (China)



Tree planting activity (Philippines)

### ◀ Sponsored Tree Initiative: The Advantest Forest ▶

As part of our INTEGRITY Award program, we launched "The Advantest Forest" Sponsored Tree Initiative in FY2024. With the cooperation of a tree planting vendor and three NGOs, this initiative supported the planting of 3,000 trees in Ecuador, the Philippines, and Thailand. This activity is linked to The INTEGRITY Award. Employees who are nominated for the awards and employees who nominate them all receive "certificates of tree planting." In this way, by combining our INTEGRITY core values with our sustainability activities, we hope to support the sustainable growth of our company and contribute to the development of local communities and the conservation of biodiversity.



### » INTEGRITY Ambassadors who planned and supported The Advantest Forest





# Governance

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# Corporate Governance

## » Corporate Governance Basic Policy

Advantest's corporate mission is "Enabling Leading-Edge Technologies." Advantest constantly strives to improve so that we can offer products and services that will satisfy customers around the world and contribute to the future of society through the development of the most advanced technologies.

In accordance with this corporate mission and in response to our mandate from stakeholders, Advantest emphasizes open, honest, and respectful dialogue with all stakeholders at all times, aiming to achieve a sustainable level of business development for the Advantest Group and to enhance corporate value over the mid/long-term. We consistently seek the sources of issues to identify their essence and find optimal solutions. To that end, the Advantest Group strives to operate a fair, effective, transparent governance system. Our Corporate Governance Basic Policy is published on our website:

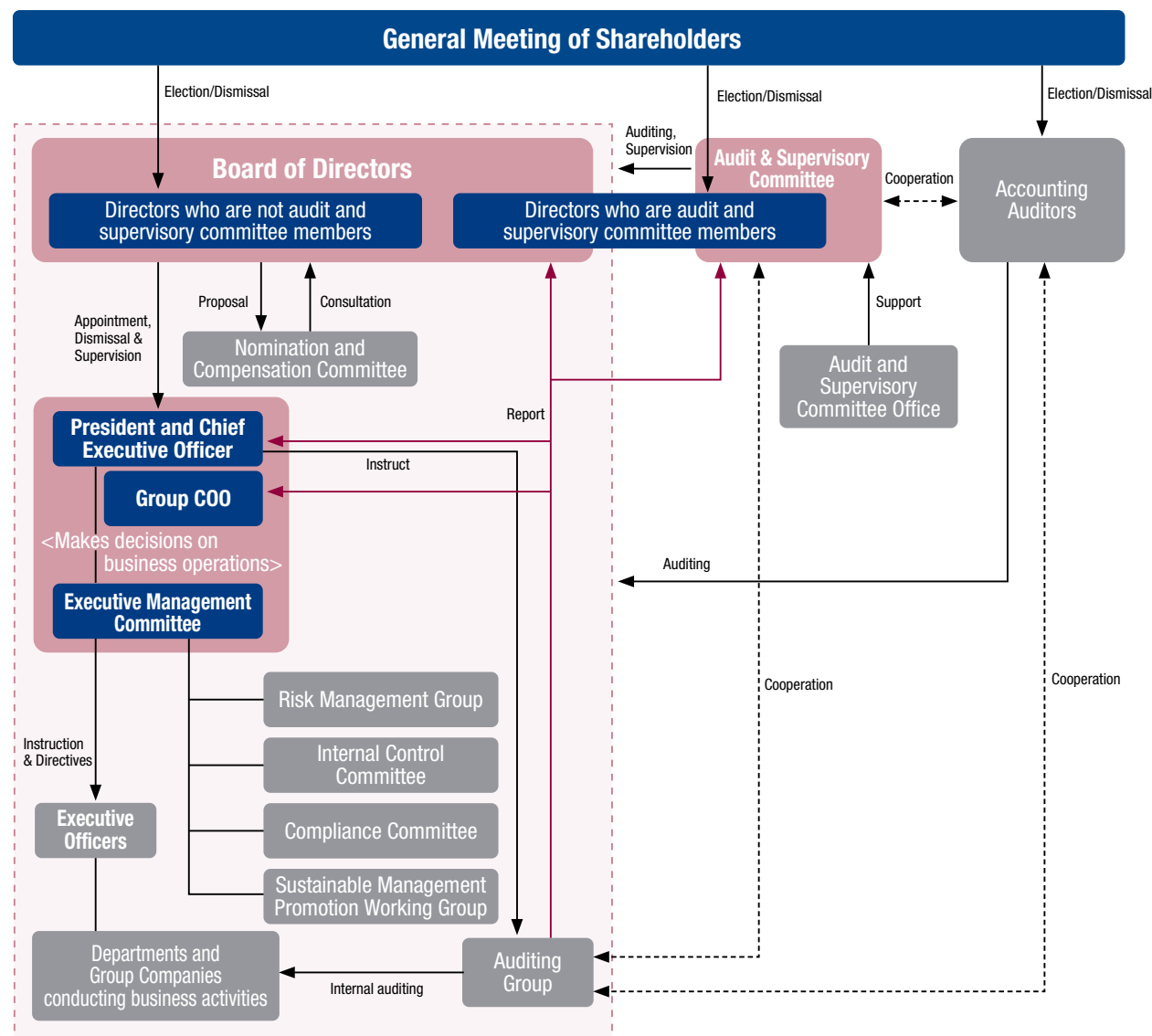


### Advantest Corporate Governance Policy

[https://www.advantest.com/document/en/about/governance/corporate-governance/document-list/Corporate\\_Governance\\_Policy\\_20210623\\_E.pdf](https://www.advantest.com/document/en/about/governance/corporate-governance/document-list/Corporate_Governance_Policy_20210623_E.pdf)



## Corporate Governance Structure





## Corporate Governance

### » Shareholders' Meeting

Advantest regards the annual General Meeting of Shareholders as an important opportunity for dialogue with shareholders. The 2024 General Meeting of Shareholders was held in Chiyoda-ku, Tokyo, where our head office is located, for the convenience of our shareholders.

Furthermore, this year's meeting was also livestreamed, enabling shareholders to watch the meeting in real time wherever they were and message us online during the livestream. In addition, in order to enhance dialogue with shareholders, we accepted questions online in advance of the meeting. Of the questions received in advance and during the livestream, those that were deemed to be of high interest to shareholders were answered during the meeting. As a result, we received four questions in advance, ten questions on the floor, and seven comments from the livestreaming audience, resulting in a question period well over an hour in length. Besides the abovementioned, the following efforts were made

to maximize dialogue with our shareholders.

- Disclosure of the Annual Securities Report prior to the General Meeting of Shareholders
- English translation of the entire Convocation Notice and Annual Securities Report

### » Board of Directors

The Board of Directors of Advantest, as our management decision-making body, makes decisions on significant matters with respect to the management policies and management strategies for the whole Advantest group, and in its capacity to supervise management, it also monitors and supervises Executive Officers while they exercise their duties. Advantest has strengthened the oversight and supervision functions of the Board of Directors by appointing a majority of outside directors to the Board. Furthermore, effective June 2024, the Group CEO and the Chairman of the Board of Directors have been

separated, with Mr. Yoshida, a non-executive director, serving as Chairman of the Board of Directors. In addition, our Board of Directors maintains a certain degree of diversity, with two non-Japanese (U.S. nationals) directors and two female directors. In order to maintain seamless communication despite the diversification of our Directors, Advantest has arranged for simultaneous interpretation at the Board of Directors meetings so that Board members can speak freely in both Japanese and English. Materials and minutes are also prepared in both English and Japanese.

Regular Board of Directors meetings are held for three to five hours at a time, giving directors ample time to discuss important matters. In addition, Advantest holds off-site meetings where board members discuss mid/long-term issues that cannot be adequately addressed within the time limits of Board of Director meetings. The Board of Directors met 13 times at the office and once off-site in Korea in FY2023, and all members attended all meetings.

#### Major Items Discussed and Reported at Board of Directors Meetings and Off-Site Meeting in FY2023

- As Advantest embarks on our next mid-term management plan in FY2024, the Board resolved to appoint Mr. Douglas Lefever as Group CEO and Mr. Koichi Tsukui as Group COO and President effective April 1, 2024, in order to realize further growth of our Group in the rapidly changing and fast-growing semiconductor market.
- Reports were made to the Board of Directors on the progress made in the current fiscal year, the final year of the second mid-term management plan (MTP2), as well as a summary of the achievement of management indicators and strategic measures over the entire period of MTP2.
- Discussions were held on updating our Grand Design and formulating our third mid-term management plan (MTP3). In particular, the Board of Directors held in-depth discussions on the core theme of what the Company wants to be in the medium- to long-term.
- The Company resolved to conduct a four-for-one stock split of one share of its common stock, with a record date of September 30, 2023, in order to create a more investment-friendly environment and expand our investor base by lowering the amount per unit of investment in the Company's stock.
- Reports were made on evaluations of past M&As conducted as growth investments, and the Board discussed lessons learned for future M&As.
- IR reports were made to the Board of Directors which included the status of communication with investors and shareholder ownership.
- Reports on the progress of the ESG Action Plan 2021-2023 were made to the Board of Directors and discussions took place regarding the next Sustainability Action Plan and compliance with various laws and regulations.
- Monthly reports on the current status of sales, profits, cash flow and other relevant factors were made to the Board of Directors. Issues with overall operations were discussed in light of the increase in inventory balances.
- Compliance reports were made to the Board of Directors four times a year and internal audit reports were made twice this year. The reports included incidents related to compliance, including those reported to our helpline, and on Advantest's internal audit system and items pointed out by internal audits.



Off-Site Meeting in Korea

## Corporate Governance

### » Initiatives to Strengthen the Effectiveness of the Board of Directors

Advantest believes it is crucial to ensure that matters discussed at Board of Directors meetings are reflected in the business activities of executives. Based on this belief, we document issues raised in Board discussions every month and share them with the executive side. The Executive Directors then report on measures taken or, if none, the status of their response to these issues at the following month's Board of Directors meeting. In addition, once a year, we evaluate the effectiveness of the Board of Directors with a questionnaire that covers four items: the composition of the Board of Directors, the content of discussions, executive response to issues raised, and support from the Board of Directors Secretariat. The opinions collected via the questionnaire are used to analyze the operations of the Board of Directors and the status of their discussions.

### » Audit and Supervisory Committee

The Audit and Supervisory Committee consists of one internal and two outside Audit and Supervisory Committee members and is chaired by an external Audit Committee member. In order to enhance the effectiveness of the auditing and supervisory functions, an internal Audit and Supervisory Committee member is appointed as a full-time Audit and Supervisory Committee member. Pursuant to our audit policies, audit plans, priority audit items, allocation of duties, etc., and in coordination with the Auditing Group and other relevant departments with jurisdiction over internal control, each Audit and Supervisory Committee member, led by the full-time Audit and Supervisory Committee member, attends important meetings such as Executive Management Committee, Business Plan Meeting, Internal Control Committee, receives reports from Directors, Executive Officers and business execution divisions,

including units and affiliated companies, review important approval-granting documents and inspect the state of business operations and assets. Outside Audit and Supervisory Committee members participate as necessary in on-site inspections conducted by the full-time Audit and Supervisory Committee member, actively auditing and monitoring the status of business execution at the Company.

As a result of these investigations and the audit activities of each Audit and Supervisory Committee member and the Audit and Supervisory Committee, members of the Audit and Supervisory Committee shared their views with the Board of Directors and department heads on what they recognized as issues needing feedback.

In FY2023, the Audit and Supervisory Committee met 13 times. All meetings were attended by all Audit and Supervisory Committee members.

### » Nomination and Compensation Committee

Advantest has established a Nomination and Compensation Committee as a non-mandatory organization complementary to the Board of Directors, which decides on the appointment/dismissal of Directors and Executive Officers and their compensation. The Nomination and Compensation Committee is responsible for improving the fairness, rationality, and transparency of the appointment/dismissal of Directors and Executive Officers and their compensation. The Nomination and Compensation Committee is composed of members selected from among the company's directors by a resolution of the Board of Directors, and the majority of the committee members are outside directors. The committee is chaired by Mr. Toshimitsu Urabe, an outside director.

In FY2022, the Nomination and Compensation Committee met 14 times, and all members attended all meetings. The main activities of the Nomination and Compensation Committee in

FY23 were as follows:

- Succession plan for Group CEO
- Candidates for Directors and Executive Officers and the management structure
- Knowledge and skills required for Directors and Senior Executive Officers (skill matrix)
- Executive compensation operations

Regarding the selection of directors and executive officers, the Nomination and Compensation Committee submits reports to the Board of Directors on candidates who, in their view, will contribute to a sustainable level of business development and enhancement of corporate value over the mid/long-term in accordance with the "Directors and Executive Officers Nomination/Dismissal Policy and Procedures" prescribed by the Board of Directors as regards Directors and Executive Officers. The Nomination and Compensation Committee also considers the most appropriate composition for our Board of Directors and executive team, including gender and national diversity, as well as the size of the respective organizations members hail from. In addition, regarding independent outside directors, the "Independence Criteria of Independent Outside Directors" prescribed by the Board of Directors applies alongside the "Directors and Executive Officers Nomination/Dismissal Policy and Procedures" mentioned previously. Candidates recommended to the Board of Directors should have a wealth of knowledge such that they can be expected to contribute actively to the Board of Directors.



#### Directors and Executive Officers Nomination/Dismissal Policy and Procedures

[https://www.advantest.com/sustainability/governance/pdf/Nomination\\_Dismissal\\_Policy\\_and\\_Procedures\\_20221222\\_E.pdf](https://www.advantest.com/sustainability/governance/pdf/Nomination_Dismissal_Policy_and_Procedures_20221222_E.pdf)



#### Independence Criteria of Independent Outside Directors

<https://www.advantest.com/sustainability/governance/pdf/ICIODen.pdf>



## Corporate Governance

### » Succession Planning

In April 2024, Advantest transitioned to a new structure with Mr. Douglas Lefever as Group CEO and Mr. Koichi Tsukui as Group COO.

The company began full-scale consideration of succession planning around 2020, four years after Mr. Yoshiaki Yoshida, our former CEO, took office as CEO. In formulating a succession plan, it is impossible to deliberate the future image of the Company without considering its aspirations. For this reason, our Nomination and Compensation Committee first reviewed the management issues and business strategy issues that had been discussed many times by the Board of Directors. After sorting out these issues, the Committee discussed the succession plan, focusing on what is required of the next generation of management and what the ideal Board of Directors should look like at that time. In parallel with this, the Committee held individual interviews with candidates for the next CEO, including senior executive officers. From 2022, outside experts were appointed to analyze these issues from an objective perspective, and the requirements for the next CEO and management team were discussed and reaffirmed by the Nomination and Compensation Committee and Board of Directors. Both internal and external candidates were considered and assessed by external experts. As a result, the Nomination and Compensation Committee reported to the Board of Directors that it had reached the conclusion that a top management structure led by Mr. Douglas Lefever and Mr. Koichi Tsukui would be most appropriate for the next generation. In line with this conclusion, Mr. Douglas Lefever and Mr. Koichi Tsukui were both appointed to the position of Representative Director and Corporate Vice President in January 2023. During the course of a year, we reconfirmed the suitability of both individuals and their effectiveness in combination. Having obtained sufficient confirmation, we announced the transition to the new structure in April 2024, in conjunction with the launch of the third Mid-Term Management Plan (MTP3). The same process will be followed for future succession planning.



New Group CEO and COO announcement press conference (28 February 2024)

### » Executive Compensation

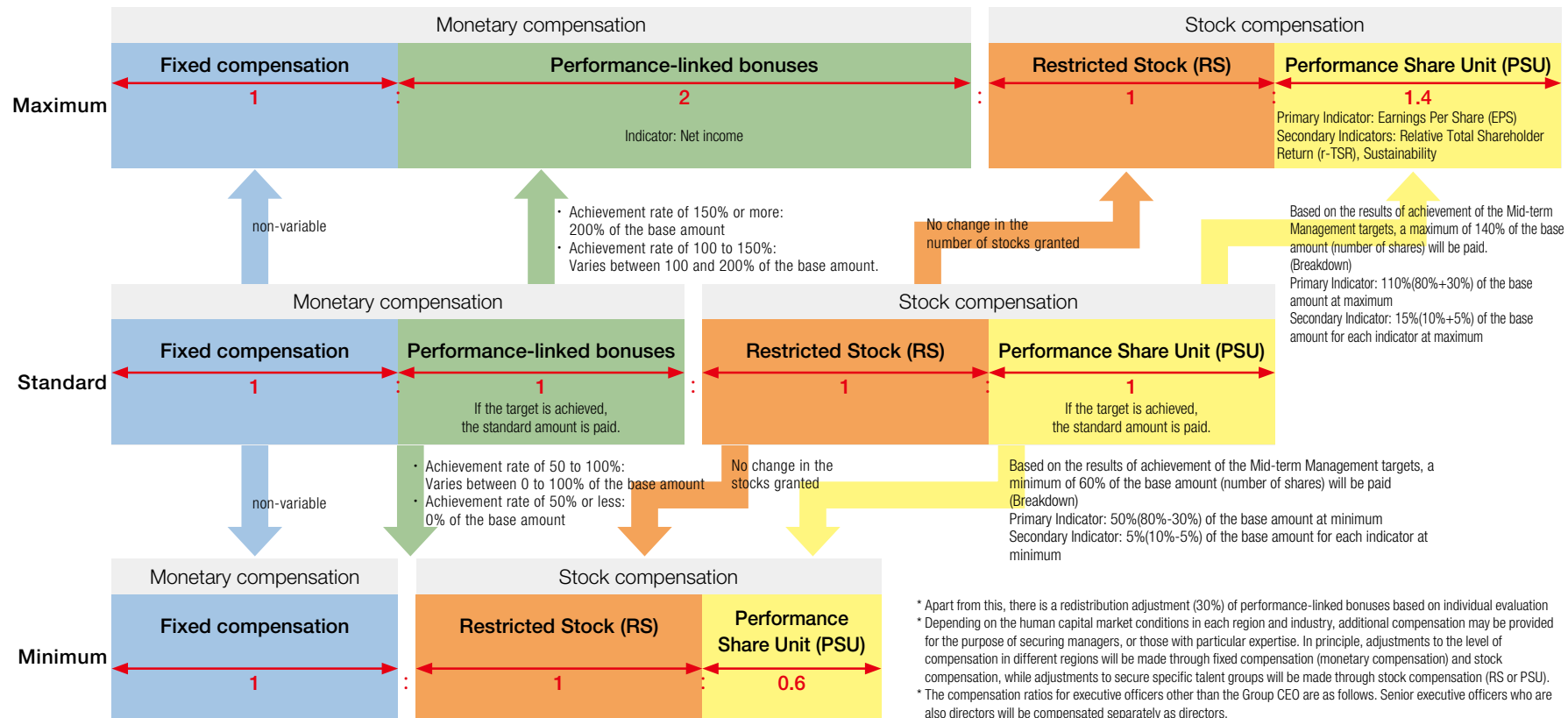
Based on our Purpose & Mission and vision, our executive compensation system aims to be a system that contributes to the enhancement of corporate value and is based on (1) a compensation mix and level that attracts international human capital who can support our global business development, (2) well-balanced bonuses linked to performance, and (3) compensation that aligns executives with a shareholder perspective and promotes a medium- to long-term view of management. Based on this concept, we made some changes to our executive compensation system in June 2024. First, with the aim of realizing the Company's further progress in the semiconductor market, which is expected to grow despite radical changes, and building an optimal global management structure regardless of nationality or country of residence, the maximum amount of compensation for directors was raised at the General Meeting of Shareholders. Second, we reviewed our compensation structure (fixed compensation, performance-linked bonus (monetary compensation), and stock compensation) and increased the ratio of stock compensation for Group CEO, Group COO, and some executive officers. Third, we introduced a restricted stock compensation plan for outside directors and directors who are members of the Audit and Supervisory Committee. Only a few companies in Japan have introduced stock compensation

plans for outside directors and Audit and Supervisory Committee members. However, since these directors, who serve as members of the Board of Directors, are also responsible for making decisions on important matters such as management policies and strategies for the entire Group, it is necessary for them to have a shareholder perspective. The introduction of this system is ultimately intended to promote further value sharing with our shareholders.



## Corporate Governance

## Visualization of compensation for the Group CEO



		Monetary compensation		Stock compensation	
		Fixed compensation	Performance-linked bonuses	Restricted stock compensation	Performance Share Unit compensation
Business Executives	Group COO	1	1	0.75	0.75
	Senior Executive Officer	1	1	0.5~0.6	0.5~0.6
	Executive Officer	1	1	0.4~0.5	0.4~0.5
Non-business Executives	Chairman of the Board	1	–	0.5	–
	Audit & Supervisory Committee Member	1	–	0.3	–
	Outside Directors (excluding Audit & Supervisory Committee Members)	1	–	0.3	–

## Board of Directors, Skill Matrix



**Douglas  
Lefever**



**Koichi  
Tsukui**



**Yoshiaki  
Yoshida**



**Toshimitsu  
Urabe**



**Nicholas  
Benes**



**Naoto  
Nishida**



**Yuichi  
Kurita**



**Sayaka  
Sumida**



**Tomoko  
Nakada**

### » Knowledge and skills required for Directors and Senior Executive Officers

In the selection of directors and executive officers, we start with considerations of an individual's alignment with our management philosophy, management strategy, and business strategy, as well as current priority issues in corporate management and communication with stakeholders. We have identified nine areas of management activity that are important for mid/long-term business growth and corporate value improvement. These shape our requirements for directors and executive officers in terms of skill sets and knowledge. Additionally, we constantly update our requirements in response to changes in our business environment.

#### Details of Skill

Areas for management activities	Items	Experience, knowledge, and abilities expected
1 Management & Corporate Strategy	Top management	Management experience at a company or legal entity (as a chairman, president, representative director or equivalent)
	Management strategy	Experience as a head of a management strategies department <sup>*1,2</sup>
	Experience and knowledge of business investment and M&A	Experience and knowledge of business investment and M&A
2 Semiconductor	Knowledge of the semiconductor-related industries	Experience in semiconductor-related industries and knowledge of the semiconductor industry
3 Technology	Knowledge of the industries & technologies (incl. Environment and Energy)	Knowledge of the electrical/electronics related industry and ICT technologies
	Research & development	Experience as a head of an R&D department <sup>*1,2</sup>
	SCM <sup>*3</sup> , production, and quality assurance	Experience as a head of SCM <sup>*3</sup> , production, production engineering, and quality assurance departments <sup>*1,2</sup>
4 Sales & Marketing	Sales and marketing	Experience as a head of a sales and marketing department <sup>*1,2</sup>
5 Finance & Accounting	Finance and accounting	Experience as a head of a finance and accounting department <sup>*1,2</sup> or as a certified public accountant
	Communication with the capital market	Experience as a head of the department responsible for communicating with investors and shareholders <sup>*1,2</sup> , such as a head of IR (Investor Relations) or SR (Shareholder Relations) department
6 Legal & Compliance	Legal affairs, risk management, and compliance	Experience as a head of a legal affairs, risk management, or compliance department <sup>*1,2</sup> or as an attorney at law
7 Human Capital Management	Human capital management	Experience and knowledge as a head of an HR department <sup>*1,2</sup> , or in recruiting & developing human capital, and talent management
8 Global Business	Global business	Experience at a global organization or experience working in a foreign country
9 Digital Transformation	IT & DX	Experience as a head of an IT department <sup>*1,2</sup> , and as a head of a DX promotion department <sup>*1,2</sup>

\*1: The head of a large company or a company with complicated businesses or operations \*2: The executive of a specialized service company in the relevant field \*3: Supply Chain Management

## » Skill Matrix

*Skills of the Senior Executive Officers (excluding those concurrently serving as directors) as of June 28, 2024 will be as follows.																				
Senior Executive Officers	Keith Hardwick	Male	American	Senior Executive Officer CHO (Chief Human Capital Officer) & CCO (Chief Compliance Officer)						○	○				○			○	○	
	Yasuo Mihashi	Male	Japanese	Senior Executive Officer CFO (Chief Financial Officer) & CSO (Chief Strategy Officer)					○	○	○			○		○			○	
	Juergen Serrer	Male	German	Senior Executive Officer CTO (Chief Technology Officer) & ATE Business Group Leader							○		○						○	
	Makoto Nakahara	Male	Japanese	Senior Executive Officer CCRO (Chief Customer Relations Officer)							○		○	○					○	
	Sanjeev Mohan	Male	American	Senior Executive Officer Co-CCRO							○			○					○	
	Richard Junger	Male	German	Senior Executive Officer CSCO (Chief Supply Chain Officer), CDO(Chief Digital Officer) & CIO(Chief Information Technology Officer)							○		○						○	○
	Yong Xu	Male	Chinese	Senior Executive Officer China Business Strategy Director and President (CEO), Advantest(China) Co., Ltd.							○			○					○	
Toshiaki Adachi	Male	Japanese	Senior Executive Officer Sub-leader, ATE Business Group							○		○						○	○	



## Interview with a Nomination and Compensation Committee Member

In April 2024, for the first time in about seven years, the Advantest Group appointed a new top management team, with Douglas Lefever taking on the role of Group CEO and Koichi Tsukui becoming Group COO. Outside directors Toshimitsu Urabe and Sayaka Sumida were deeply involved with the succession as members of the Nomination and Compensation Committee.

When did you start considering CEO succession, and what led to these appointments?

**Urabe** The question of CEO succession is a perennial topic at board meetings. In 2020, the Nomination and Compensation Committee started work on three important initiatives: CEO succession, our executive compensation system, and building a global headquarters structure. The board confirmed our agenda and we began our discussions. We shared the view that CEO succession should be considered from a medium- to long-term perspective, not just as an emergency plan. In 2020, we focused on reviewing our executive compensation system, and after transitioning to the new system in 2021, we began to focus on CEO succession. At the time, then-CEO Yoshiaki Yoshida had been in office for four years. Growth strategies such as post-merger integration with Verigy were on track, and board members were highly impressed by Mr. Yoshida's acumen. However, in anticipation of further growth in the future, and with a view to continuity, we needed to consider who would be the right leader for Advantest's next era. During Mr. Yoshida's time as CEO, we formulated our first Grand Design and expanded our share of the semiconductor test system market. Going forward, we need to further implement

concrete strategies based on our Grand Design, expand the areas where we can contribute to the entire semiconductor value chain, and achieve further growth. At the heart of our CEO succession initiative was the question of what kind of management team would best facilitate this. In addition, when considering CEO succession, we could not move forward with discussions without a real-time understanding, shared with other board members, of the current management's performance and challenges. Therefore, as well as evaluating the performance of the CEO and executive officers, we took basic steps such as interviewing non-executive directors about their work performance and awareness of challenges, gaining insight into their personalities, sharing this information with the board of directors, and providing feedback to the individuals concerned. This gave us a lot of material to consider.

**Sumida** I became an outside director of Advantest in 2020



Director,  
chairperson of Nomination and  
Compensation Committee

**Toshimitsu Urabe**

Director,  
member of Nomination and  
Compensation Committee

**Sayaka Sumida**

Interviewer : Tomoyasu Nishiwaki & Tomohiro Nishiyama, Human Capital Department

and joined the Nomination and Compensation Committee in 2021, my second year at the company. My first impression was that the discussions on nomination and compensation were very open and advanced and that the process envisaged by the Corporate Governance Code was being followed. To be honest, I was surprised that non-executive directors were providing feedback to the CEO, as I did not have much contact with Mr. Yoshida at the time. There is a limit to what an outside director can see, but based on how the board of directors was managed, as well as information from internal executives, I was able to observe Mr. Yoshida's management style and confirm what those around him expected from him as CEO. The process was very helpful in identifying the challenges facing the company.

**Urabe** We were not particularly conscious of the Governance Code. I think we followed it as a natural result of doing what we needed to do to gather the necessary information, thoroughly discuss and consider it, and reach a consensus on the optimal

## Interview with a Nomination and Compensation Committee Member

solution. By having non-executive directors observe the CEO's work and provide feedback, we were able to clarify the issues facing our company. Also, Mr. Yoshida used the feedback to help other executive officers see how he and the management team were viewed by board members. I believe this initiative was useful in terms of visualizing and sharing the company's management issues, even before we reached any conclusions about CEO succession.

You said that evaluation and feedback on the CEO's performance, as well as interviews with executive officers, formed the basis for your considerations. What specific process did you follow after that?

**Urabe** First, in the summer of 2021, we discussed our timeline and how to proceed based on the data we had accumulated in the past. The board of directors reached a consensus that by around 2023, we would be in a position to pass the torch to the next generation.

This did not mean CEO succession would take place in 2023 but that we would be ready to activate our plan at any time after that. In addition, since management is not the sole responsibility of the CEO, we compiled requirements for the next CEO and his support team after analyzing our company's challenges through interviews and other means.

We also had an external expert look at the data we had compiled in-house, re-examine it from an external perspective, and assess the candidates. This enabled us to incorporate an objective perspective as we proceeded with the selection of our next CEO. In the process, we considered not only internal candidates but also external talent, including non-Japanese candidates.

**Sumida** It was extremely beneficial that we were able to

proceed from the perspective of considering succession not just of the CEO but also of the entire management team.

Also, even though I am an outside director, when I serve at a company, I can tend to adopt an internal perspective, so it was very helpful to receive objective advice on succession from an external consultant. I was impressed by how the external consultant's assessment revealed aspects of each director that had not been recognized internally.

Clearly, the idea of a "management team" was key to this succession. Please tell us why Mr. Lefever and Mr. Tsukui were ultimately selected, and how you evaluated them as a team.

**Urabe** Our business is becoming increasingly globalized. Not only are our customers global players, but our overseas locations have also become increasingly important to our development and manufacturing operations, and more than 60% of our employees are now non-Japanese. We started our discussions by considering the most appropriate management structure for further growth. However, we did not discuss candidates on the basis of their nationality; instead, we considered who would be the best person to oversee our global operations and achieve growth.

Doug Lefever is an engineer by trade, very skilled in sales and new business creation, and he has the leadership and communication skills to motivate people all over the world and lead diverse people across countries and regions.

He is not only a tester hardware and solutions expert but also a strategic thinker who led Advantest's expansion into the complex business of system-level test, with a broad perspective of providing efficiency, safety, and security to the entire semiconductor value chain through test.

Furthermore, he has a wide network of industry contacts.

Considering all these points, we decided he was the best person to lead our company into a new era of growth. He also has a deep understanding and affection for Advantest, including our Japanese roots. I vividly remember him saying, "We must not forget that our company originated in Japan. The bonds that people have at Japanese companies are important," when we discussed our global structure at the 2020 offsite board meeting. Koichi Tsukui is an all-round player. He has a wide range of experience in development, sales, and corporate planning, and I think he acts as an extremely good listener and mediator in our diversified organization.

A characteristic example is his recent leadership of the reorganization of Advantest's ATE business. As leader of the ATE Business Unit, he unified the separate organizations of the Verigy V93000 and Advantest T2000 and handed the new organization over to Juergen Serrr. I can't think of many other people who could do something like that not only well but fast.

**Sumida** In any organization, if the person at the top lacks charisma, it will be difficult for him to convince others to follow him. Both Mr. Lefever and Mr. Tsukui are attractive individuals, and when I ask them for explanations at board meetings, they always answer honestly and sincerely. From their everyday behavior, I can say with confidence that they have the qualities to lead Advantest.

Do you feel that anything has changed since the new management structure was put in place?

**Urabe** Under the new management structure, we announced revisions to our Grand Design together with MTP3 in June 2024, and updated our vision statement. I believe this was a symbolic

## Interview with a Nomination and Compensation Committee Member

event for our company. Until now, the Grand Design only envisioned our business expanding along the semiconductor value chain, but with MTP3, I think our story has become clearer. Demand for semiconductors is expanding, as are stringent requirements for semiconductor performance, which leads to greater semiconductor complexity and generates conflicting demands for safety and efficiency. Amidst these developments, Advantest is a crucial hub and partner in the industry ecosystem, with extensive access to semiconductor-related data. When I saw Mr. Lefever and Mr. Tsukui put together a strategy based on this story, I knew that we had chosen well. Of course, it's still too early to evaluate this new strategy, as it has been announced but not yet implemented.

**Sumida** At the press conference when he assumed the position of Group CEO, Mr. Lefever promised that we would keep on winning. I think this indicates his sense of personal responsibility, but it was impressive to hear such a strong message. Japanese people are generally modest, but the message of MTP3 was clear and powerful, and I think this is a sign of the unique strengths Mr. Lefever brings to the table.

You mentioned that nationality was not a consideration in the succession process, but were there any special considerations related to appointing Mr. Lefever, an American, as Group CEO?

**Sumida** Of course, regardless of nationality, we entrusted the CEO position to the person who has the skills that Advantest needs most at the moment. That is logical and right. On the other hand, Advantest is a Japanese company, so we were concerned about whether a non-Japanese CEO would be able to do the job well. In the end, we asked Mr. Tsukui to take on the position of president of Advantest's Japanese entity, striking a balance. "A global company born in Japan" is a phrase that very well describes our company, and we chose the combination of Mr. Lefever and Mr. Tsukui to ensure we would smoothly change gears while also accelerating our growth. I believe this combination will enable us to fully maximize our strengths, and I'm sure our Japanese employees feel the same way.

**Urabe** Traditionally, even if a Japanese company expanded its business globally, most of the executives were Japanese nationals who had been with the company from the beginning, and one of them would become CEO. However, in our case, we had already established a global management system, so it was easier to proceed with the CEO succession on a global basis. Overseas executives have been performing a significant portion

of our actual operations for some time. There was a time when they only headed overseas subsidiaries, but now we select the head of a business unit regardless of nationality or place of residence based on individual merit. Currently, we have ten executive officers serving as CxOs and BU leaders--four in Japan, three in the United States, two in Germany, and one in China. They oversee their organizations' activities around the world from the regions where they are based.

Given these facts, Group CEO Lefever is the ideal person to identify and lead the talent we need to grow our business. In addition, former CEO Yoshida held the double role of Group CEO and President of Advantest Japan. However, the Group CEO's role is to be the supreme executive authority for the Advantest Group around the world. He is not necessarily required to handle all the business of the Japanese entity. Thus, we now have split the positions of Group CEO and President of Advantest Japan between two people.

Are there any final thoughts you would like to share on this CEO succession?

**Urabe** I believe that succession is not a one-and-done initiative, but a process with no end point. Rather than saying that this succession has ended, we have simply moved on to the next phase. We cannot evaluate the results until some time has passed, but I think this succession validated three key aspects of our process. The first point is to do the obvious things properly. In other words, we identified the information necessary for succession consideration, such as business issues and human resources issues, compiled it, and shared it with decision-makers. The second is to objectively verify conclusions from an outside perspective, and the third is to

*"At the heart of our CEO succession initiative was the question of what kind of management team would best expand the areas where we can contribute to the entire semiconductor value chain and achieve further growth."*

**Toshimitsu Urabe**



## Interview with a Nomination and Compensation Committee Member

reach a consensus within the board. These points are necessary for any company at any time, and we would like to continue implementing them at Advantest. Another important factor was that we started to develop a global headquarters system before the CEO succession took place. Also, although nomination and compensation procedures will differ for other companies, depending on their size and structure, I think that it was appropriate for Advantest to have the entire board take time to discuss the succession as an advisory body.

It was also valuable that former CEO Yoshida was included in the Nomination and Compensation Committee. There are pros and cons to having the CEO involved, so we did sometimes ask him to leave discussions, but I think it was a good thing that he was included as a committee member because it enabled us to share his concerns and issues with the organization, and also facilitated decision-making.

**Sumida** I believe one of the reasons why this change in top management went so smoothly is because we had already launched a succession plan for key executive officer positions as part of our human resources development program and because we started out with more than half of our executive officers being non-Japanese.

Even if we had suddenly tried to move forward with top management succession in isolation, it wouldn't have worked unless the entire group was of a similar mind. I feel that Advantest has changed over a long period of time by reacting to market changes. In this context, I think our challenge for the future is how to connect the executive officer succession program with top management succession, which is handled by the Nomination and Compensation Committee, and keep the cycle going smoothly.

**Urabe** In reality, it is not necessary for key managing executives

***"As a global company born in Japan, we chose the combination of Mr. Lefever and Mr. Tsukui to ensure that we would smoothly change gears while also accelerating our growth. I believe this combination will enable us to fully maximize our strengths."***

### Sayaka Sumida

to be directors, but from the perspective of developing top executives, I think it was meaningful in terms of confirming suitability and skillset development to have them sit at the same table and discuss the issues as board members rather than simply making presentations to board meetings and then leaving. Mr. Lefever and Mr. Tsukui also joined the board in 2020, and it seems that the experience honed their awareness of the issues. Whether this is advisable for other companies would depend on their size and business situation. We did have some internal discussion about temporarily increasing the number of directors, but I think it worked to our advantage in this succession.

What are your personal expectations of Mr. Lefever and Mr. Tsukui?

**Sumida** My greatest expectation is that they will get MTP3 on track for success. Of course, the board must provide support, but the top management team must gather more information and proactively make various changes. I have no doubt the strategy itself will be reviewed from time to time, but I expect them to demonstrate strong leadership and move us forward to achieve our MTP3 goals and realize our vision for 2030.

**Urabe** As Ms. Sumida said, I hope that the high aspirations and perspective expressed in our new vision statement, "Be the Most



Trusted and Valued Test Solution Company in the Semiconductor Value Chain," as set forth in our Grand Design, will be embraced not only by management but all our employees worldwide, and they will lead Advantest to make new strides forward, as both a test equipment supplier and a test solutions company.

Next, since Advantest is a global company born in Japan, I would like to see Mr. Lefever and Mr. Tsukui spread our culture of "bonds"—that is, the bonds that glue our entire organization together—throughout the company with a long-term perspective, while leveraging their individual strengths and personalities.

In the end, I think it all comes down to valuing individual employees as an asset. In the manufacturing industry, there is a tendency to think of people as a cost. However in the long term, it is people who create the culture of "bonds" I just mentioned, and it is also people who are responsible for technological development and creating our business model as a test solutions company. I hope that our top management team will never cease to be aware of this in their duties.

Thank you very much.



# Company Highlights

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# 11 Year Financial Highlights

Advantest corporation and its consolidated subsidiaries. Each fiscal year beginning on April 1

		US GAAP				IFRS						
		FY2013 (2014/3)	FY2014 (2015/3)	FY2015 (2016/3)	FY2016 (2017/3)	FY2017 (2018/3)	FY2018 (2019/3)	FY2019 (2020/3)	FY2020 (2021/3)	FY2021 (2022/3)	FY2022 (2023/3)	FY2023 (2024/3)
Financial Results												
Fiscal year	(Unit)											
Net sales	Million yen	111,878	163,803	162,111	155,916	207,223	282,456	275,894	312,789	416,901	560,191	486,507
Gross profit	Million yen	49,333	91,755	91,475	89,740	106,588	154,039	156,497	168,291	235,907	319,061	246,030
Selling, general and administrative expenses*1	Million yen	85,702	74,897	78,878	75,835	82,101	89,377	97,789	97,565	121,173	151,374	164,402
Operating income	Million yen	-36,369	16,858	12,597	13,905	24,487	64,662	58,708	70,726	114,734	167,687	81,628
EBITDA*2	Million yen	-28,101	21,588	17,562	19,063	29,511	69,629	69,600	82,482	129,702	189,083	107,732
Income (loss) before income taxes	Million yen	-35,501	20,767	11,767	15,022	24,282	66,211	58,574	69,618	116,343	171,270	78,170
Net income (loss) attributable to owners of the parent	Million yen	-35,540	16,753	6,694	14,201	18,103	56,993	53,532	69,787	87,301	130,400	62,290
Cash flows from operating activities	Million yen	-3,776	24,481	7,728	15,833	28,254	44,792	66,475	67,830	78,889	70,224	32,668
Cash flows from investing activities	Million yen	-4,711	-1,310	-2,395	-3,521	-2,329	-15,915	-38,819	-16,831	-46,907	-26,706	-27,940
Cash flows from financing activities	Million yen	27,202	-1,298	-13,531	-1,002	-15,237	-13,724	-17,916	-30,415	-68,736	-77,434	10,760
Free cash flows*3	Million yen	-8,487	23,171	5,333	12,312	25,925	28,877	27,656	50,999	31,982	43,518	4,728
Cash and cash equivalents at end of year	Million yen	68,997	97,574	85,430	95,324	103,973	119,943	127,703	149,164	116,582	85,537	106,702
Fiscal year-end	(Unit)											
Shareholders' equity	Million yen	116,252	101,810	93,619	109,517	124,610	198,731	231,452	280,369	294,621	368,694	431,178
Total assets	Million yen	229,856	233,237	210,451	231,603	254,559	304,580	355,777	422,641	494,696	600,224	671,229
Information per share*4	(Unit)											
Basic earnings (loss) per share	¥	(51.02)	24.04	9.59	20.27	25.49	75.59	67.53	88.47	112.39	174.35	84.45
Diluted earnings (loss) per share	¥	(51.02)	21.92	8.85	18.49	23.17	71.84	67.24	87.96	111.82	173.68	84.16
Shareholders' equity per share	¥	166.84	145.82	134.07	154.83	174.01	251.13	291.63	356.82	387.93	500.61	584.25
Dividend per share	¥	3.8	3.8	5.0	6.3	8.0	23.0	20.5	29.5	30.0	33.75	34.25
Number of shares issued at year-end		798,267,080	798,267,080	798,267,080	798,267,080	798,267,080	798,267,080	798,267,080	798,267,080	798,169,060	766,169,060	766,141,256
Management indicator	(Unit)											
Overseas net sales as a % of total net sales	%	89.1	92.0	92.0	88.2	93.2	94.7	94.6	95.5	96.1	96.3	95.9
Net sales per employee	Million yen	24.2	35.9	36.1	35.3	46.5	61.0	54.7	59.5	70.2	85.6	71.9
Gross profit margin	%	44.1	56.0	56.4	57.6	51.4	54.5	56.7	53.8	56.6	57.0	50.6
Operating Income Margin	%	(32.5)	10.3	7.8	8.9	11.8	22.9	21.3	22.6	27.5	29.9	16.8
Net income ratio	%	(31.8)	10.2	4.1	9.1	8.7	20.2	19.4	22.3	20.9	23.3	12.8
SG&A ratio to sales	%	76.6	45.7	48.6	48.7	39.6	31.6	35.4	31.2	29.1	27.0	33.8
R&D Expenses	Million yen	32,670	29,507	31,298	31,170	33,540	37,852	40,070	42,678	48,367	60,094	65,492
R&D as a % of total net sales	%	29.2	18.0	19.3	20.0	16.2	13.4	14.5	13.6	11.6	10.7	13.5
Capital Expenditures	¥100 million	56	42	40	48	54	66	99	137	180	250	208
Depreciation and Amortization	¥100 million	83	47	50	52	50	50	109	118	150	214	261
EBITDA margin*2	%	(25.1)	13.2	10.8	12.2	14.2	24.7	25.2	26.4	31.1	33.8	22.1
Cash conversion cycle	Day	192	143	163	186	137	132	162	134	136	178	272
Shareholders' equity ratio	%	50.6	43.7	44.5	47.3	49.0	65.2	65.1	66.3	59.6	61.4	64.2
ROE	%	(27.6)	18.5	6.9	14.0	15.5	35.3	24.9	27.3	30.4	39.3	15.6
Dividend payout ratio	%	—	15.6	52.2	30.8	31.4	30.4	30.4	33.3	26.7	19.4	40.6
Yen exchange rate	US Dollar	100	108	121	108	111	110	109	106	112	134	143
	Euro	133	140	133	119	129	129	121	123	130	140	155

\*1 Selling, general and administrative expenses from the fiscal year ended March 31, 2015 are composed of selling, general and administrative expenses, other income/expenses. Figures for the fiscal year ended March 31, 2014 consist of research and development expenses, selling, general and administrative expenses, and impairment charges.

\*2 EBITDA= Operating income + Depreciation and amortization, EBITDA margin = EBITDA/Sales

\*3 Free cash flows= Cash flows from operating activities + Cash flows from investing activities

\*4 Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The below information per share figures are based on the assumption that the stock split had been issued at the beginning of fiscal 2013.

		(Unit)	CY2013	CY2014	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023
Global real GDP growth (Source: IMF)	%		3.4	3.5	3.4	3.3	3.8	3.6	2.8	-3	6	3.5	3.2
Worldwide semiconductor sales (Source: WSTS)	Billion US dollar		306	336	335	339	412	469	412	440	556	574	527
SoC tester market size (Source: Advantest)	Million US dollar		1,450	1,950	1,650	2,000	2,200	2,550	2,700	3,000	4,300	4,000	3,300
Memory tester market size (Source: Advantest)	Million US dollar		420	420	470	470	750	1,150	650	1,200	1,300	1,200	1,100



# Consolidated Financial Highlights

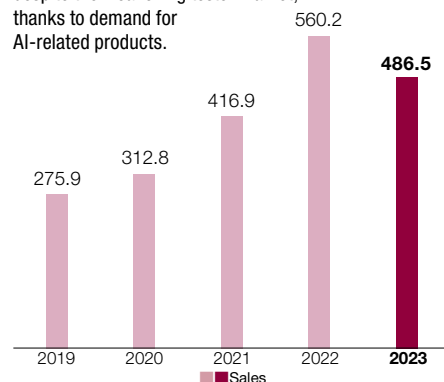
(Each fiscal year starts on April 1st)

## Financial Highlights

### » Sales

(Billion yen)

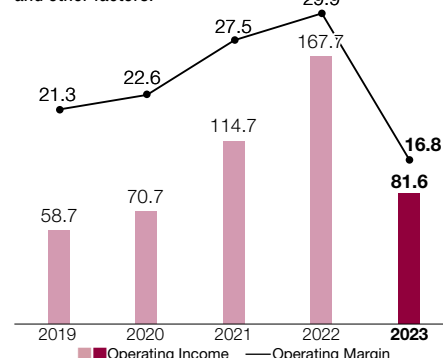
Achieved the second-highest level in Advantest's history, despite the weakening tester market, thanks to demand for AI-related products.



### » Operating Income / Operating Margin

(Billion yen / %)

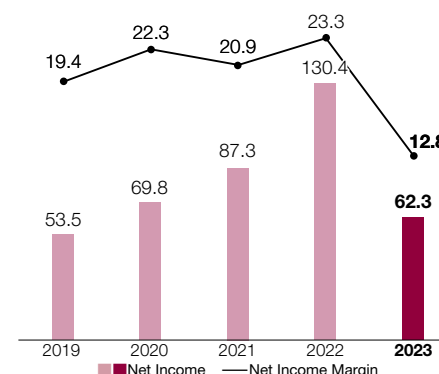
Decreased due to changes in our sales mix, partial impairment losses on goodwill, and other factors.



### » Net Income / Net Income Margin

(Billion yen / %)

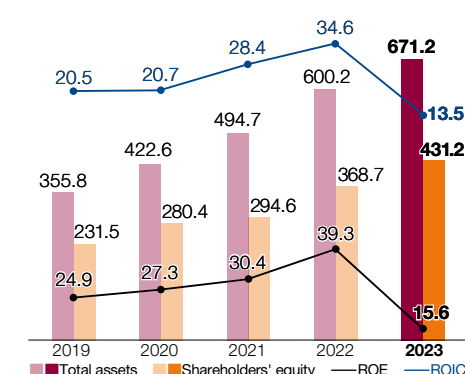
Decreased due to YoY decline in sales and operating margin



### » Total Assets / Shareholders' Equity / ROE / ROIC

(Billion yen / % / %)

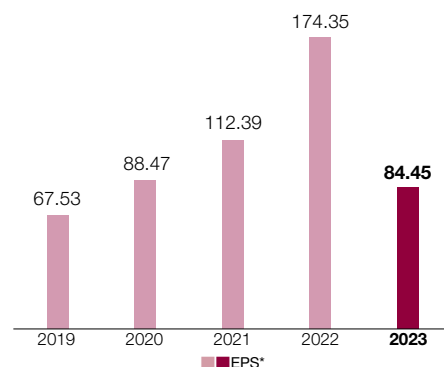
Total assets now exceed ¥650 billion through continuous business investments.



### » EPS

(Yen)

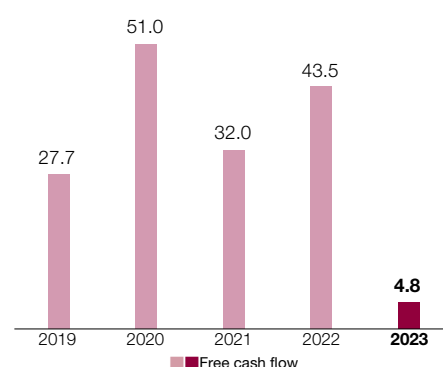
Decreased due to slumping business performance caused by market fluctuations



### » Free cash flow

(Billion yen)

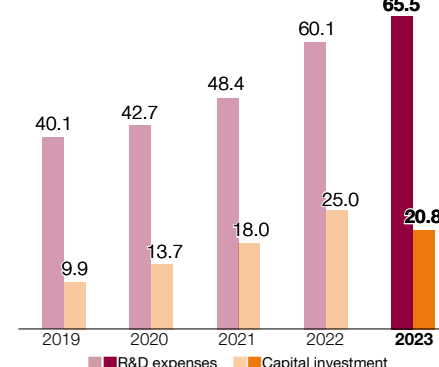
Decreased due to higher corporate income tax payments and inventory expansion.



### » R&D expenses / Capital expenditure

(Billion yen)

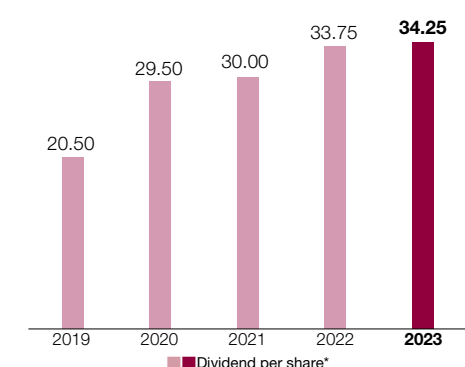
Advantest continues to make aggressive investments in anticipation of mid- to long-term growth.



### » Dividend per share

(Yen)

Despite lower profits, Advantest continues to increase our dividend and maintain dividend stability.



\*Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The above EPS figures are based on the assumption that the stock split had been issued at the beginning of fiscal 2019.

\*Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The above dividend per share figures are based on the assumption that the stock split had been issued at the beginning of fiscal 2019.

# Consolidated Non-Financial Highlights

(Each fiscal year starts on April 1st)

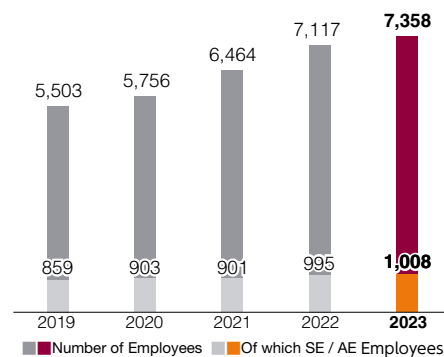
## Non-Financial Highlights

### » Number of employees\* / Number of SE / AE employees

(Number)

\* Including temporary employees

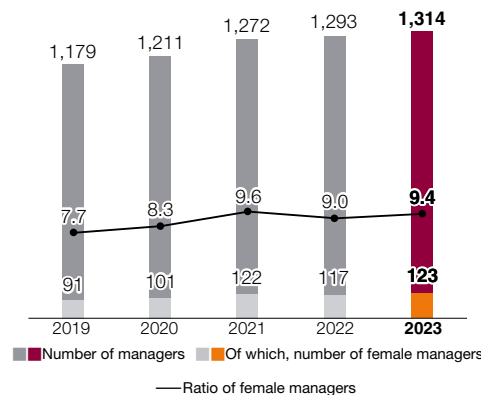
Continuous investment in human capital in anticipation of future business expansion



### » Number of managers / Ratio of female managers

(Number / %)

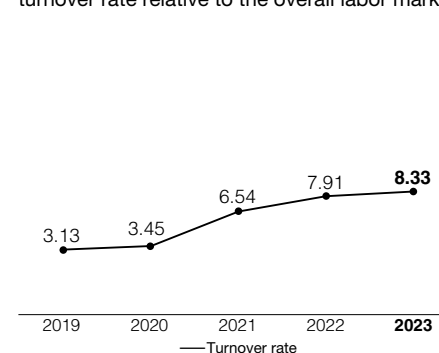
Another slight upswing in the ratio of female managers



### » Turnover rate

(%)

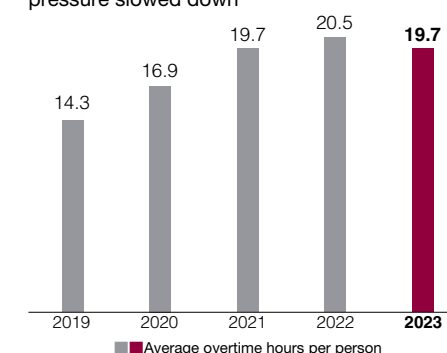
Acquired a North American company in 2021 where the production department had a high turnover rate relative to the overall labor market



### » Average overtime hours per person (Japan, China, South Korea)

(Hours / Month)

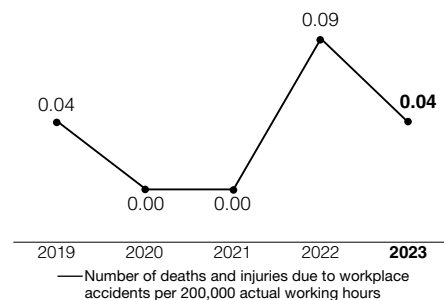
Overtime hours slightly decreased as production increases and delivery time pressure slowed down



### » LTIR (number of deaths and injuries due to workplace accidents per 200,000 actual working hours)

(Number)

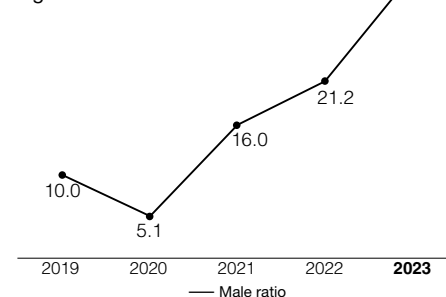
Working to identify causes, prevent recurrence, and further improve our work environments with the aim of achieving zero accidents



### » Number of male employees taking maternity or childcare leave (Japan)

(Number / %)

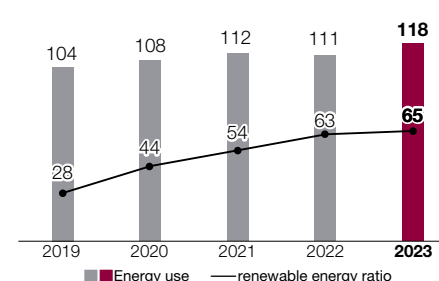
Years of employee awareness activities have borne fruit, resulting in a significant increase



### » Energy usage / renewable energy ratio

(GWh / %)

Renewable energy ratio target revised to 80% for 2026.



### » GHG(Scope 1 + 2, and Scope 3)\* emissions

(kt-CO<sub>2</sub>)

GHG emissions have decreased in step with decreasing tester production volume

\*Scope 3 GHG emissions have been revised retroactively

