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Employment and Diversity

The second "I" of our core value INTEGRITY stands for inclusion and diversity. We believe that inclusion and diversity can make us even stronger.

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.

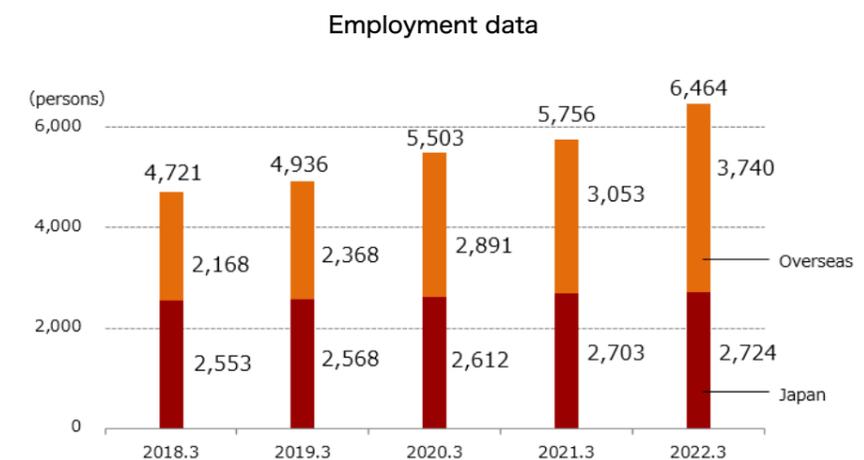
Diversity Management

Active participation of each employee is crucial for a company's sustainable growth. Thus, Advantest has "INCLUSION AND DIVERSITY" as one of its core values. We believe that creating a comfortable and inclusive workplace environment and instilling working practices that maximizes employee capabilities while balancing work and home is imperative to a company. Under this philosophy, Advantest actively works to create a workplace and corporate culture that allows each employee to maximize their capabilities and individuality, and continue to work with great enthusiasm.

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

		FY2019			FY2020			FY2021			Percentage of female employees	Percentage by region
		Male	Female	Total	Male	Female	Total	Male	Female	Total		
Japan	Japan	2,146	466	2,612	2,213	490	2,703	2,220	504	2,724	18.5%	42.1%
Overseas	Asia	836	273	1,109	905	290	1,195	959	321	1,280	25.1%	19.8%
	Europe	676	143	819	720	153	873	763	157	920	17.1%	14.2%
	North America	764	199	963	756	229	985	1,178	362	1,540	23.5%	23.8%
	Overseas total	2,276	615	2,891	2,381	672	3,053	2,900	840	3,740	22.5%	57.9%
Total		4,422	1,081	5,503	4,594	1,162	5,756	5,120	1,344	6,464	20.8%	

*Boundary of data: Advantest Group

Number of managers by region

		FY2019			FY2020			FY2021			Percentage of female employees	Percentage by region	Number of locally recruited employees	Promotion rate of locally recruited employees
		Male	Female	Total	Male	Female	Total	Male	Female	Total				
Japan	Japan	483	13	496	486	15	501	465	18	483	3.7%	38.0%	483	100.0%
Overseas	Asia	218	40	258	226	43	269	225	45	270	16.7%	21.2%	257	95.2%
	Europe	183	17	200	200	19	219	214	23	237	9.7%	18.6%	232	97.9%
	North America	204	21	225	198	24	222	246	36	282	12.8%	22.2%	276	97.9%
	Overseas total	605	78	683	624	86	710	685	104	789	13.2%	62.0%	765	97.0%
Total		1,088	91	1,179	1,110	101	1,211	1,150	122	1,272	9.6%		1,248	98.1%

* Boundary 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.

Number of employees by type

	FY2019			FY2020			FY2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	4,108	940	5,048	4,242	1,019	5,261	4,739	1,202	5,941
Non-full-time employees	314	141	455	352	143	495	381	142	523
Total	4,422	1,081	5,503	4,594	1,162	5,756	5,120	1,344	6,464

*Boundary of data: Advantest Group

Number of employees by age

	FY2019			FY2020			FY2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age -29	380	156	536	443	156	599	627	215	842
Age 30-39	752	225	977	793	258	1,051	969	291	1,260
Age 40-49	1,394	318	1,712	1,347	334	1,681	1,328	356	1,684
Age 50-59	1,355	208	1,563	1,415	228	1,643	1,519	289	1,808
Age 60-	227	33	260	244	43	287	296	51	347
Total	4,108	940	5,048	4,242	1,019	5,261	4,739	1,202	5,941

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

Number of new employees

		FY2019			FY2020			FY2021			Percentage of female employees	Percentage by region
		Male	Female	Total	Male	Female	Total	Male	Female	Total		
Japan	Japan	43	14	57	41	15	56	49	18	67	26.9%	6.2%
Overseas	Asia	97	47	144	110	30	140	147	45	192	23.4%	17.7%
	Europe	62	18	80	58	17	75	67	12	79	15.2%	7.3%
	North America	223	84	307	77	33	110	563	181	744	24.3%	68.8%
	Overseas total	382	149	531	245	80	325	777	238	1,015	23.4%	93.8%
Total		425	163	588	286	95	381	826	256	1,082	23.7%	

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

Employee turnover

		FY2019			FY2020			FY2021			Percentage of female employees	Percentage by region
		Male	Female	Total	Male	Female	Total	Male	Female	Total		
Japan	Japan	32	12	44	13	2	15	21	4	25	16.0%	7.3%
Overseas	Asia	34	11	45	37	16	53	89	15	104	14.4%	30.2%
	Europe	18	1	19	9	4	13	17	6	23	26.1%	6.7%
	North America	29	8	37	84	9	93	144	48	192	25.0%	55.8%
	Overseas total	81	20	101	130	29	159	250	69	319	21.6%	92.7%
Total		113	32	145	143	31	174	271	73	344	21.2%	
Turnover rate		2.95%	3.99%	3.13%	3.48%	3.30%	3.45%	6.39%	7.16%	6.54%		

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

* From December 2019, the method of aggregating the number of employee turnover has been changed from including month-end employee turnover in the number of employee turnover on that month to including them on the next month.

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, and in response to the increasingly borderless business environment, Advantest has also been committed to building systems and hiring, nurturing, and assigning personnel through a global perspective to promote the globalization of human resources development and organizations through personnel exchange among group companies. For instance, 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.

In order to make personnel exchange easier, Advantest has been globally implementing the "Global Transfer Policy," a system that offers fair treatment and enables personnel exchange on a global level, regardless of job type.

As of July 2022, 11 out of 24 executive officers, who are management personnel, have foreign nationalities, and employees from 10 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.

As of March 2022, the percentage of female employees to total employees is 20.8% (20.2% in the previous fiscal year), and the percentage of female managers to total managers is 9.6% (8.3% in the previous fiscal year). For Advantest Corporation (non-consolidated), the percentage of female employees is 16.5% (16.3% in the previous fiscal year), and the percentage of female managers is 3.4% (2.8% in the previous fiscal year). Although improvements can be seen in both cases from the previous fiscal year, increasing the number of female employees and managers still remains an urgent task.

Advantest has been recruiting students with a technical background, which has not motivated female students to take entrance exams for Advantest in recruitment activities. In light of these circumstances, Advantest has been strengthening public relations activities for women with a focus on conveying the attraction of Advantest to female students, particularly those with a technical background. Information on active female employees in the workforce has been disseminated through corporate websites and recruitment brochures, and at recruitment events, Advantest has explained about programs and career plans for women and introduced how our female employees are working at Advantest.

In fiscal 2021, Advantest participated in a roundtable discussion titled "Listening to Young Employees in the Semiconductor Industry", a joint project between SEMICON JAPAN and the manufacturing YouTuber

"Monozukuri Taro" and asked one of our female technical employees to share her experiences working at Advantest. This video of a female employee freely offering her opinions on the content of her work creates an opportunity, especially for young people, especially women, to take an interest in the semiconductor device materials industry, including Advantest.

From FY2018, Advantest Corporation (non-consolidated) has set numerical targets to boost the ratio of women in management positions to meet or exceed the industry average based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and has been making efforts toward this goal. In November 2020, we acquired "Certification level 2 (two stars)" of the 'Eruboshi' certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We give consideration to the various changes in female employees' life stages, with a focus on providing support to enable good work-life balance through flexible working styles that correspond to each individual's circumstances.

Advantest will move forward with initiatives to raise the female employee ratio and establish systems for long-term employment toward increasing the ratio of female employees in management positions.

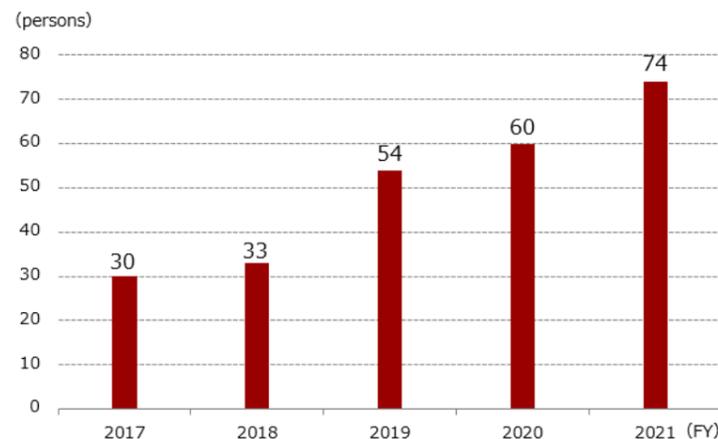


Active Utilization of Senior Employees (Japan)

Following the amendments to the Act on Stabilization of Employment of Elderly Persons in April 2013 and the increase in the minimum age for pension eligibility by the government, Advantest has revised its re-employment program for utilizing employees who retire at the age of 60. Advantest is actively utilizing the skills and know-how of experienced employees by employing senior personnel steadily and treating and assigning them to jobs with consideration towards their past experience and assigned positions during their working years. 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. Furthermore, in FY2018, 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.

In FY2021, of the 74 individuals who started with our re-employment program, two employees are working shorter hours and eight are working shorter days. Advantest believes that this system will allow senior personnel to work more flexibly according to their lifestyles, contributing to further enhancing work-life balance.

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



* Boundary 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 stable employment of the disabled under the slogan of "Independence of individuals and growth of society."

Its core business includes landscaping, cleaning, front gate reception work, delivery, baking and sale of bread, and recycling promotion. Advantest Green is providing workplaces where its employees can work comfortably, and is also actively collaborating with local communities and relevant organizations to develop workplaces where disabled and non-disabled people can work together.

Currently, 13 highly motivated disabled employees are working at overseas affiliated companies.

As of June 2021, Advantest's employment rate of the disabled is 2.83%, which exceeds the mandatory employment rate. However, Advantest will continue to actively promote the employment of the disabled to address future amendments to the mandatory employment rate.

Efforts to Explore New Occupational Fields

Advantest promotes initiatives such as standardization of work procedures and work visualization to create a work environment in which employees with disabilities will be able to work to their full potential, and also refer our workplace as one in which people with various disabilities can actively participate to outlets such as special-needs schools. We also actively accept training and visitation requests for employment as well as consider new job categories and more.

Advantest introduced a paper-making machine, which produces new paper from used paper such as rejected documents, in order to launch a business that manufactures and provides items such as copy paper, business cards, and calendars made from recycled paper. We continue to support initiatives that promote employment and contribute to environmental improvement.

For more information on recycling using paper machines, please refer to "Recycling Resources" on the Environment page.

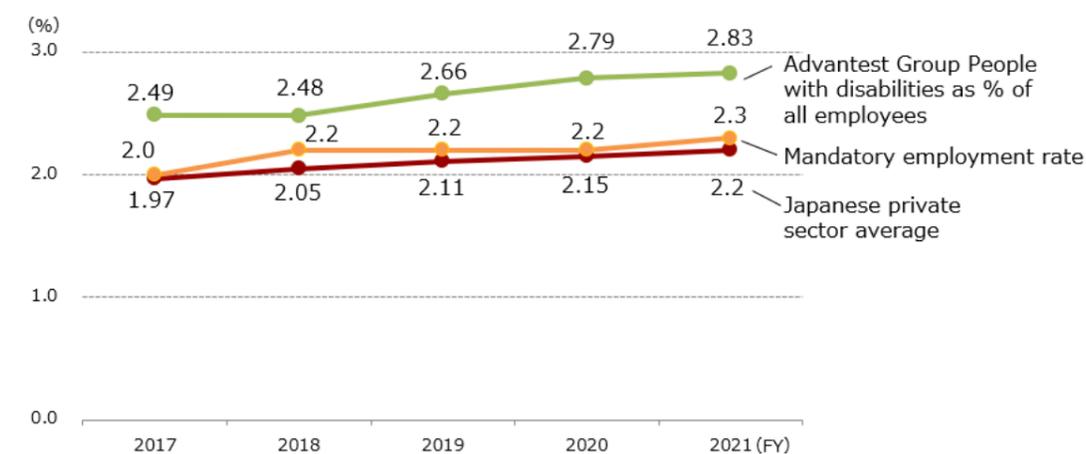
Efforts to Enhance Job Satisfaction

We also foster a culture of mutual respect and recognition by actively implementing initiatives through a goal or commendation system to enhance their motivation, such as "meaningfulness" and "job satisfaction," and established a "Monthly MVP" award system that involves evaluation and praise by others.

Additionally, Advantest assigns qualified staff including job coaches, counselors for the disabled, and career consultants at each workplace, along with conducting regular four-way meetings with support organizations, the company, and family members for early detection and information sharing on issues, in order to offer workplace support catered to the characteristics of employee disabilities.

In FY2021, these initiatives and the many efforts made by our employees over the years were recognized by Saitama Prefecture, and two Advantest Green employees received the President's Award from the Saitama Prefecture Employment Development Association as excellent workers with disabilities.

Trends in the percentage of disabled employees



* Boundary of data: Advantest Corporation (non-consolidated) + Advanfacilities Co., Ltd. + Advantest Green Corporation

Supporting Diverse Working Styles

We create a work environment that facilitates the achievement of a good work-life balance in order to support our employees' diverse lifestyles and individual development.

Initiatives for Work-Life Balance

Advantest believes that the realization of a good work-life balance will ultimately contribute to the improvement of corporate value. We believe that a well-balanced work style is necessary to allow employees to maximize their capabilities while balancing their private life with work, and to maintain their motivation. Based on this philosophy, Advantest has continued to create good working environments that offer flexible working systems.

In Japan, Advantest has been promoting active use of existing systems, such as days to leave the workplace at the appointed time, use of annual paid leave, and flextime (for all employees). The ratio of employees using annual paid leave usage (23 days a year (22 days for employees with less than 10 years of continuous service)) has maintained a high standard at around 70% each year, marking 73.7% in fiscal 2021.

In April 2020, a working from home system for all employee and a new home office working system were newly established. In fiscal 2021, we introduced a paid leave system for child nursing caused by the temporary closure of the child's school due to spread of COVID-19. Advantest aims to expand systems in which many employees will be able to conduct flexible and efficient work according to their tasks, work styles, and lifestyles.

Remote Working System

The Advantest Group in Japan has introduced the remote working system since April 2020. We withdrew the restrictions on the maximum number of days that remote work is possible. We provide an environment in which most of the tasks can be done remotely in accordance with the basic information security policies.

The expansion of new workstyles not only prevents business suspension due to the spread of COVID-19 infections, but has also helped employees who are raising children or caregiving family members, to balance work and family caring.

Work-Life Balance Programs for Childcare and Caregiving

Advantest actively promotes support programs for balancing work and private life, providing flexible ways of working according to each individual's situation at various stages in employees' lives.

Examples of support programs in Japan

At Advantest, pregnant employees can receive 100% compensation during prenatal checkups and pregnancy complications leave, and are offered the choice to work shorter hours if instructed by a doctor. Advantest offers childcare leave and caregiving leave that exceeds legal standards. Childcare leave can be

taken until the child reaches the age of two years and three months, and caregiving leave can be taken for a maximum of three years. Other leave programs are also widely used, such as the accumulated holiday program, which can be taken for a variety of reasons, by fathers as well as mothers, including a spouse's childbirth, childcare, fertility treatment, and other caregiving responsibilities.

Furthermore, Advantest offers shorter work hours for employees who are raising children or looking after ill relations. Shorter working hours for childcare can be used until the employee's youngest child reaches the sixth grade, and is currently being used by many employees with children to balance work and childcare. There is no restriction on the period in which employees can work short hours in order to care for ill family members, so that employees can best balance their jobs with their home lives.

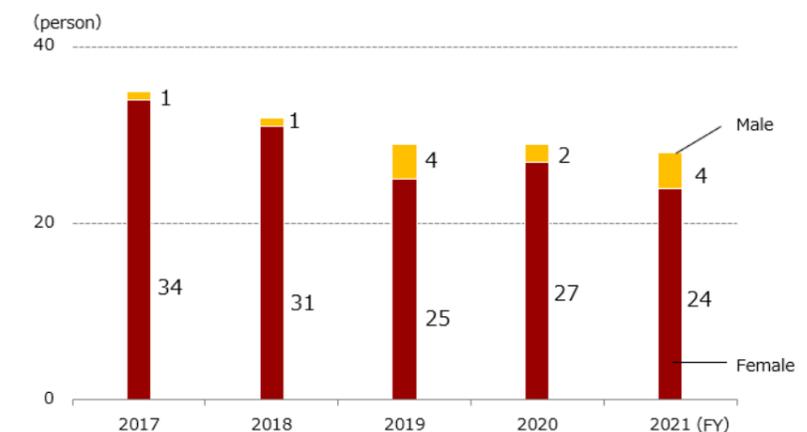
As there are cases in which employees resign their jobs during life transitions, such as marriage, childbirth, childcare, caregiving for the family, and spouse job relocation, Advantest has established a re-employment program for employees who meet a certain criterion.

We are also working on support for childcare participation for fathers, which includes the provision of personal consultations for male employees with children and their supervisors, guidance for childcare-related systems, and support for using childcare leave.

It should be noted that re-employment of female employees following childcare leave as a result of these efforts, was 100% in fiscal 2021, and the ratio of male employees taking childcare leave in fiscal 2021 was 16%.

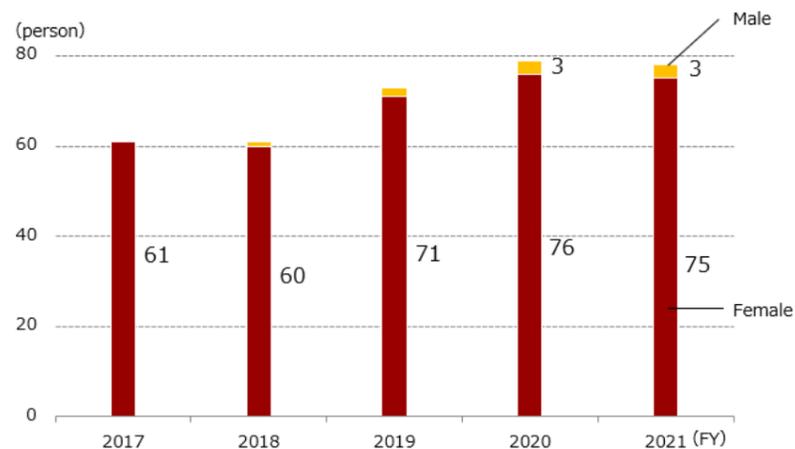
Advantest will continue to support fathers' participation in childcare by offering individual consultations for fathers raising children.

Number of employees using childcare leave



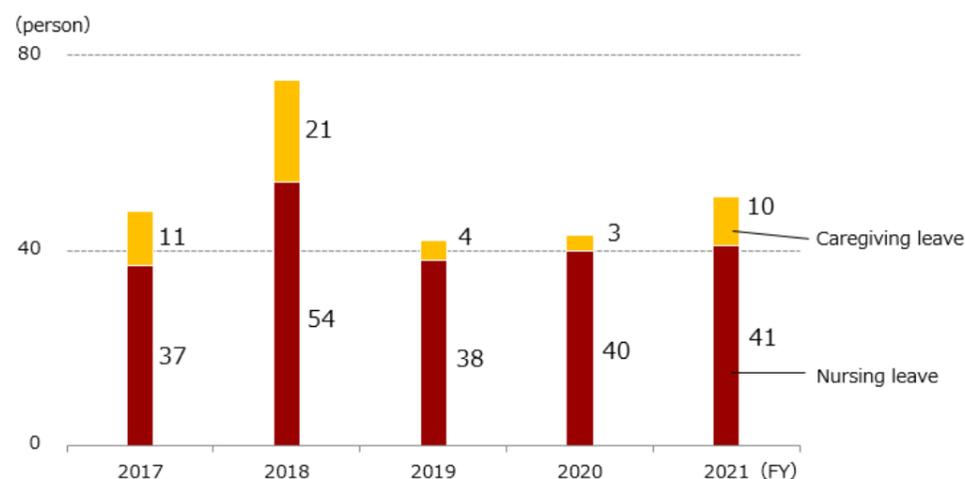
Boundary of data: Advantest Corporation (non-consolidated)

Number of employees using shorter working hours for childcare



Boundary of data: Advantest Corporation (non-consolidated)

Number of employees using caregiving and nursing leave



Boundary of data: Advantest Corporation (non-consolidated)

Evaluation of Activities Supporting Work-Life Balance

In Japan, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, efforts were made (measures and initiatives to increase the ratio of fathers taking childcare leave and creating environments that support work-life balance, and initiatives to reduce overtime and promote the use of annual paid leave) in accordance with the action plan period from April 2020 until March 2023. These activities so far were recognized, and Advantest received the "Kurumin" certification in February 2021.

We will continue to focus on each employee's work-life balance and promote various initiatives toward creating work environments in which diverse human resources can play active roles.

Promotion of Work-Life Balance Programs

In Japan, Advantest launched the "Work-Life Balance Support Guide" website on the company intranet in 2007, offering information on work-life balance programs that can be used according to one's lifestyle, and raising awareness of the various programs that Advantest provides and encouraging utilization of the same. In recent years, Advantest has actively announced the work-life balance program, posted experiences of our male employees taking childcare leave, and also developed an environment that allows easier consultation, such as establishing a consultation service, to promote an environment in which employees can use work-life balance programs with peace of mind.

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

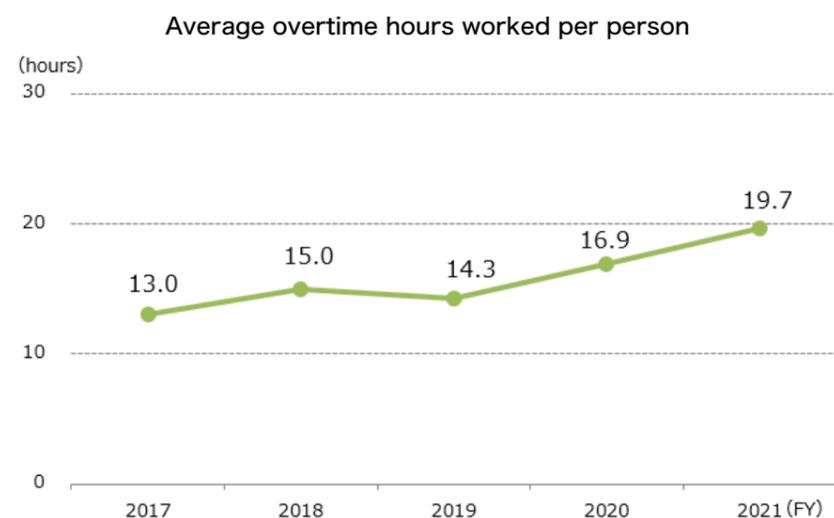
Number of employees with a monthly overtime of 80 hours or more	0
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From fiscal 2020 onwards, we will continue to adopt the reduction of overtime work into our action plan under the Act on Promotion of Women's Participation and Advancement in the Workplace. We will raise awareness via the company intranet and promote initiatives to achieve flexible work styles in order to further reduce the number of overtime hours.

Despite these initiatives, we were unable to achieve our company plan of zero employees working 80 hours or more of overtime per month for FY2021.

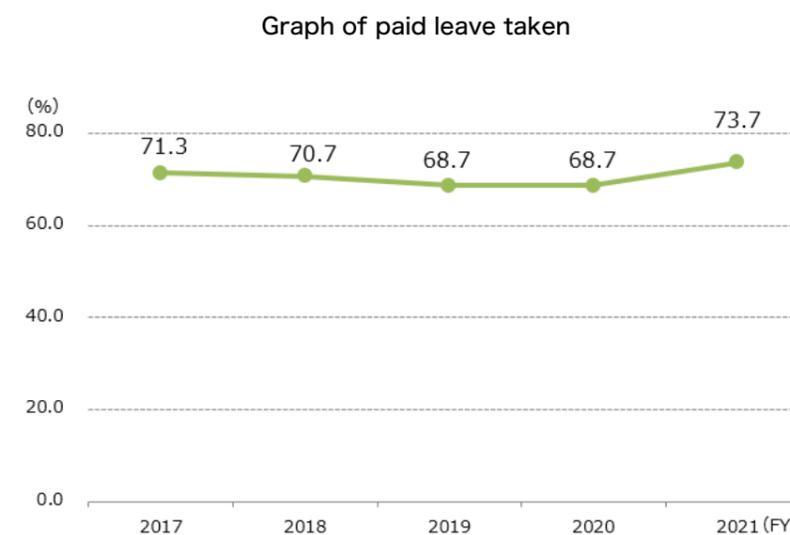
We were unable to achieve these goals due to keeping up with increased production and delivery support as well as dealing with unexpected problems.

The overtime hours per employee for FY2021 were an average of 20.6 hours (for Advantest Corporation (non-consolidated)) as of March 2022. We saw an increase in our overtime hours due to the impact of COVID-19 as with last year, as well as due to increased demand and efforts to meet short delivery deadlines.



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

* Overtime hours are included for management positions with no subordinates (For Korea only).



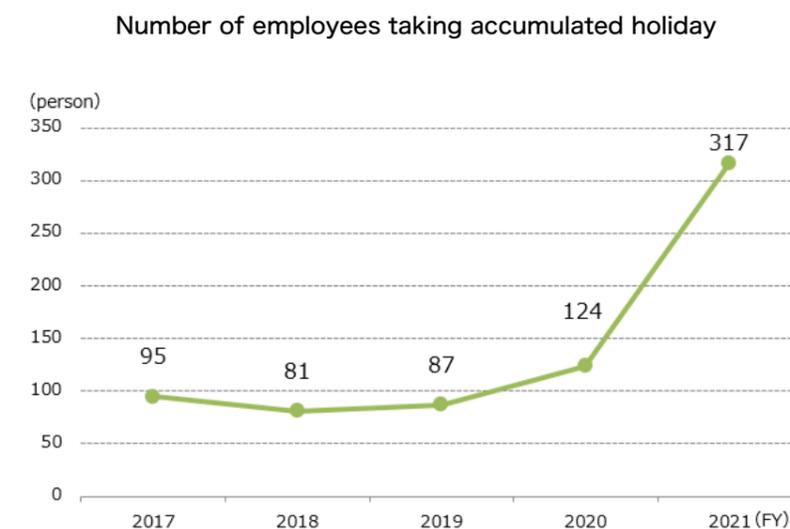
Boundary of data: Advantest Corporation (non-consolidated)

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 work-life balance at Advantest (non-consolidated). 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, 5, and 8 days of leave given to employees after working continuously for 10, 20, 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, and due to disasters.

As a response to COVID-19, Advantest also allows employees who are not able to work from home to take accumulated leave in the event that they are confirmed to have been in close contact with someone who has been found to be infected with COVID-19, or if they do not feel well after undergoing COVID-19 vaccination, etc.

Regarding COVID vaccinations, we have introduced a vaccination leave system in addition to the existing accumulated leave. This allows our employees to take a leave of one day per vaccination on the day to be vaccinated or the next day of the vaccination if s/he suffers from side effects of the vaccination.



Boundary of data: Advantest Corporation (non-consolidated)

Creating a Workplace with Higher Job Satisfaction

Advantest has been striving to realize good work-life balance for all employees and to create a work environment in which each and every employee can work with higher job satisfaction.

With the spread of remote work and the progress of globalization and workstyle reforms due to the current COVID-19 situation, the working environment has changed drastically, forcing us to recognize a need for a more diverse form of office use. Under such circumstances, we have been unceasing in our exploration for the very existence of the office that ensures comfort, safety, and productivity, and have prompted improvements to further enhance the work environment by renovating the office.

Office Building Renovated to Support New Workstyles

Based on the new norm as our employees will remain working remotely, the Marunouchi head office has switched to a completely "free address" office that incorporates the ABW (Activity Based Working) concept, so that employees can freely select a seat from among various types of seats that best suit what activities they have to do.

During the design phase, we held a workshop consisting of 20 employees from each department at the head office, and discussed the concept of the new office, which came down to "EXCITING WORKPLACE" and "an office you want to come to, that makes you feel like a happy child every day". After many discussions about the kind of office we wanted to build, we completed our proposal for a new layout.

There are electric lift seats whose height can be changed, "intense focus" seats surrounded by sound-insulating partitions, seats in rows of four where you can collaborate while exchanging opinions with your neighbors, booth seats such as at a diner where you can have small face-to-face meetings, single-person web conference booths, personal chairs that can be switched around, and counter seats facing the window. It is an environment rich in variation. COVID-19 infection control measures include seat arrangements that ensure social distancing. Since the seats are not fixed, it is easier to communicate across departments and floors.

Efforts are also being made to improve operational efficiency and increased convenience of the office through IT, including attendance management and conference room reservation systems as well as through the introduction of next-generation Wi-Fi standard and large displays in meeting areas.

Office renovations incorporating the ABW concept have also been implemented at the Sendai office where Advantest Laboratories is located, and during the relocation of the Advantest (Singapore) Pte. Ltd. head office while we continue to improve and enhance workstyle reforms.

Promotion of Digital Workplace Activities #myADV

Advantest has been continuously promoting #myADV digital workplace activities (#myADV), which started in May 2020, in order to encourage global business development and diverse ways of working for employees.

#myADV is promoted by the Global IT Collaboration team and supports volunteer #myADV guides (over 200 guides as of the end of June 2022). Specifically, the Global IT Collaboration team conducts regular coaching sessions for #myADV guides, as well as organization-specific use case analysis and training for specific business entities to support company-wide dissemination and use of collaboration tools.

With the introduction of latest tools and technologies to facilitate global collaboration, we have integrated our new global intranet into Advantest's #myADV Digital Workplace. We also help establish a global work model on a company-wide, latest communication and collaboration platform.

Despite the COVID-19 pandemic, #myADV activities have been progressing well, adapting to the new hybrid work models. In addition, training for employees across the entire group will be implemented to boost the level of tool usage, along with the development of new tools and functions, aiming to maximize team collaboration using digital technology.

Awarded as a "Workplace with Excellent Job Satisfaction" (Germany Great Place to Work®)

Advantest Europe GmbH (Germany) has participated in the surveys of the international human resources consulting agency "Great Place to Work®" every other year since 2017, and has been recognized as a "Great Place to Work®" each time. Great Place to Work® evaluates companies of all sizes, industries, and regions, and annually releases a top 100 list of "Great Place to Work®" based on solid relationships of trust within the workplace and whether each employee can make the most of their potential. Awards are offered to companies that collaborate with their employees in a fair and sincere manner with a powerful sense of unity. In the anonymous benchmark tests related to corporate culture conducted by Great Place to Work® on Advantest's employees, the company obtained the highest marks in various categories.

In addition, workstyle reform is being tackled in each Group company in order to create workplaces where all employees can work while having a sense of worthwhile.

Advantest Test Solutions, Inc. (U.S.A.) Ranked Among "Top Workplaces" for 3rd Consecutive Year

Advantest Test Solutions, Inc. (ATS) is once again the recipient of the Top Workplaces award from the Orange County Register, a local newspaper publication in Southern California. This is the third year in a row that ATS received this award!

Qualifications are given after employees complete an independent, online confidential questionnaire regarding company culture, management, and leadership. Some general points and words shared by our employees were: Busy, Integrity, Focused, Trust, Teamwork, Professional, Innovation, Inclusion, Challenging, Dedication, Empowerment, Close-Knit. In particular, ATS rated highly in the following: "operates by strong values"; "encourages different points of view"; and "my manager cares about my concerns", which led to the award.

Employee Engagement

Advantest conducted our first Global Employee Engagement Survey in 2018. Though the implementation of the survey was postponed due to the outbreak of COVID-19, three years later, in the fall of 2021, we repeated the Gallup survey.

Purpose of the Survey

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 the team, which ultimately leads to creating 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. Advantest believes that individual and organizational strengths are the two "wheels" that not only drive employee engagement but are needed to enhance the comprehensive strength of human capital.

Engagement and its Basics

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 the Survey and Future Plans

The survey during fiscal 2021 was conducted from October 12th to 26th for all employees of the Advantest Group who had been employed for three months or longer at that point. The response rate was 90%. The survey was conducted using the platform of Gallup, Inc., in an online format in which anonymity is ensured.

Results

The results showed significant improvements over 2018, including an increase in scores for all items in Q12 (12 questions for engagement measurement derived from the findings of Gallup, Inc.). The overall average score was 3.64, an increase of 0.16 points from the previous survey. This is by far the biggest improvement among companies who consecutively completed the Gallup survey. We also saw an improvement in

awareness and opportunities related to the category of Recognition (the need to know that efforts are recognized and valued) and Development that were highlighted during the previous survey, marking 26% for the ratio of Engaged (diligent) employees, a 6-point increase from the previous score. This survey confirmed that the engagement level of Advantest Group companies is considerably higher than the standard for each country. These are clear indications of each of our employees' efforts to understand the importance of engagement, and shows how they have embraced and implemented our corporate reforms such as "INTEGRITY" and "Leading with INTEGRITY," yielding measurable results.

Our overall score is not high, when compared to other companies participating in Gallup's survey, and there is still room for improvement. After sharing information with each department, where department leaders discussed the factors that may have led to these results, we drew up action plans to address each issue.

Future plans

A third Gallup survey is scheduled to be conducted in 2023. This survey plays a meaningful role not only in confirming activity results in numerical terms, but also in terms of instilling an awareness of engagement as part of our corporate culture. Engagement varies considerably depending on the customs and cultures of each country. While localized efforts are necessary, our INTEGRITY Core Values, which are the foundation of our corporate philosophy, The Advantest Way, are shared globally. We believe that it is essential to enhance engagement by executing action plans that address the characteristics and challenges of each department, sharing information about activities across the entire Group, and promoting investment in human and economic resources aiming to foster our corporate culture.

Company-wide Activities to Further Boost Engagement

The results of the 2018 Gallup employee engagement survey provided us an opportunity to reflect on our attitudes and mentality towards work.

Since 2019, we have held multiple workshops to deepen all employees' understanding of INTEGRITY Core Values, and since FY2021, we encouraged all our managers to participate in the Leading with INTEGRITY workshops. In addition, the "INTEGRITY Award" was also introduced, enabling Advantest employees to recognize and express their appreciation for colleagues who have demonstrated our corporate culture in exceptional ways.



In response to the results of the second Gallup survey conducted in the fall of 2021, we were urged to take initiatives to improve departmental engagement. Some departments were puzzled by the fact that the company did not lay out a concrete approach to the challenge. However, spun by active two-way communication during the workshops on manager level, it made it easier for employees to share their efforts of each department. While various departments adopted spontaneous approaches to workshop improvement after the initial survey, a favorable circle of influence has extended beyond their own department, evolving into various activities aimed at achieving the team's vision.

| The INTEGRITY Awardees

"Cross 1on1" is a little different from the conventional 1on1, referring to a place where mentors (advisers) and mentees (those who are advised) can talk one-on-one across organizational boundaries. Mentees are able to gain insights that cannot be obtained from their own department or daily work alone, and foster their potential. Mentors also have the opportunity to improve their coaching skills, which is one of the most important elements of the leadership model.

The number of participants in this activity, which started in 2020 at the ATE Business Group (Japan), has increased each time, from ten at the beginning to nearly 90 in the sixth round. Efforts to appreciate and live by the EMPOWERMENT element of INTEGRITY and the expanding circle of its implementation were highly evaluated, inasmuch that it was selected as one of the President's Award of The INTEGRITY Award in FY2021.

| Examples of Visualization Tools

From April 2021, the ATE Business Group (Japan) has incorporated an engagement visualization tool to survey the team, followed by team discussion and improvement activities every three months. These initiatives are managed by survey feedback activity promotion members who are volunteers from inside and outside the department, and their participation is optional, decided upon a consensus of the team. This platform of communication includes regularly inviting external lecturers who hold webinars and creating opportunities to share examples of each team's activities. These efforts have drawn interest among our young engineers who reported that work has become easier, requesting for more involvement in these activities. The promotion members also felt a strong response, and are trying to expand the scope of activities so that they can call teams within the department to participate along with developing activities that transcends divisional frameworks.

From FY2019, the Production Group (Japan) has incorporated survey tools monthly in which employees are able to report their work conditions, human relationships, and health conditions to their respective managers. This enables them to grasp organizational and individual issues in a timely manner, and these efforts are supported by interviews, etc. In FY2021, more than half of the departments used it. We are implementing measures to improve engagement in line with each department as there are various types of jobs and organizational forms.

Furthermore, amidst the COVID-19 pandemic, in which employees have been taking measures to prevent infection such as telecommuting, restrictions on face-to-face opportunities have made two-way

communication difficult. Given this, initiatives such as the monthly online distribution of messages from the Executive Vice President and initiatives shared by each department, as well as surveys of employee opinions have been actively implemented.

| FS Global Coffee Talk Offered to Foster Solidarity

The FS Global Coffee Talk^{*1}, which has been held by the Field Service Group (FS) ever since its launch in July 2020, commemorates its second year of operation in July 2022. During this period, eight FS INTEGRITY Awards^{*2} were awarded, including collaborators from other departments excluding FS were also commended. By recognizing and expressing appreciation for colleagues who have exceptionally demonstrated the core value TEAMWORK, straddled across countries and departments, it has been used as an opportunity to boost our employees' motivation who develop businesses both globally and locally.

From July 2022, in addition to the FS INTEGRITY Award, we established the FS INTEGRITY MVP Award to spotlight and commend not only the team's activities recognized by the FS INTEGRITY Awards but also the outstanding activities and achievements of individual employees (Single Contributors). Service delivery managers in each country and leaders of each functional team recommend employees who exemplified our core values of INTEGRITY in exceptional ways, who, they believe, are indispensable for transforming the corporate culture, achieving business success, and practicing operational excellence, while the award is bestowed by the Executive Vice President. The awardees share their excellent know-how and the challenges they experience in achieving their goals, in hopes that these insights will help those who may be facing the same issues in other departments and countries.

FS Global Coffee Talk has created a new platform for communication between employees who have never met or heard of each other, which has in due course contributed to an even stronger sense of department solidarity.

*1 FS Global Coffee Talk offers two-way communication platform, enabling all team members to access the thoughts of the Executive Vice President and status reports of the top managers in each region, which is held online every quarter.

*2 FS INTEGRITY Award: A system in which the entire team is recommended by the manager of each functional unit. Participants may apply for this award by clearly indicating which aspect of the core value of "INTEGRITY" was the focus of their activities.

Human Resources Development, Fair Evaluation and Treatment

We develop professional employees with global-level skills. In addition, we actively support employees who diligently strive to undertake self-directed study.

Efforts to Develop Human Resources

Triggered by the employee engagement survey, which was conducted in 2018, we have launched our INTEGRITY Core Values, as a means to listen deeply to our employees' stories, and instilled them in everyone's hearts as a set of values that unite us. From the summer of 2019, we offered interactive INTEGRITY workshops for all our employees. This training, which incorporates the theme of the core values into daily work and encourages changes in the corporate culture, lasted until the end of FY2020 while avoiding the spread of COVID-19. Build upon a firm springboard, there were positive effects on internal communication and also offered a place where leaders thrive, and ideas prosper. In FY2021, as a next phase of our cultural evolution, we worked on cultivating "leaders" who will drive the organization, and human resource development with a focus on the growth of individual employees.

The Leading with INTEGRITY Program

In an era of high uncertainty and unpredictability, leaders must understand and make decisions about how to effectively demonstrate their skills and expertise in various circumstances. A new Advantest Leadership Model was created for our leaders worldwide to further develop skills and expertise in the four key areas – LEADER, MANAGER, COACH and EXPERT, and Leading with INTEGRITY workshops were held. Over 1,200 Advantest leaders have participated in this learning opportunity. In this training, leaders from various organizations, transcending national borders or organizations, participate in the same workshop, form a group of two ("learning buddies"), and spend about five months together discussing their progress toward their skill development goals and their concerns. These workshops not only play a role in mutually inspiring our colleagues but also provides insight on diversity.

Four areas of the new Advantest Leadership Model

- Leader :** The core purpose is to set vision, mission, and direction, which requires visionary thinking and the ability to inspire others.
- Manager :** The core purpose is to organize and direct teams to achieve business objectives and ensure compliance, which requires the ability to orchestrate work in teams and excellent people and project management skills.
- Coach :** The core purpose is to enable others to perform at the highest level possible, which requires leaders to enable learning opportunities and encouraging others.
- Expert :** The core purpose is to provide domain expertise, which requires the education, teaching and mentoring of others.

Activities for Succession

In order to pool human resources and retain the best talent in the industry who will be our future leaders of the company, we implemented a "talent management program" for nine months, including a curriculum in management, finance, and liberal arts, for members selected from among our managers.

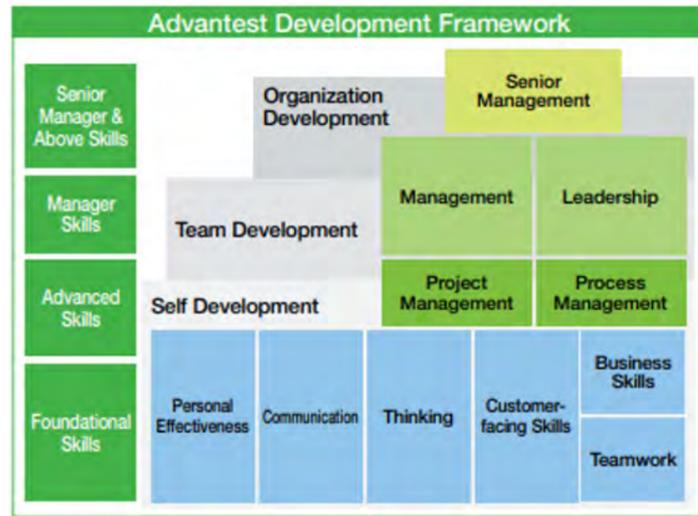
Through group work activities, in which participants were asked to consider Advantest's challenges and its countermeasures propose them to the management, the participants were able to form strong connections with the management and members outside of their own departments. These training activities also helps Advantest to become a "learning organization"—one of our long-term goals.

Visualization of Skills Expected for Employees and Support Systems

In order to improve corporate value over the long term, each employee must clearly understand the roles they play and improve their individual capabilities. In addition, we are required to combine these individual strengths and fully demonstrate them as an organizational strength in the global business playing field. With this in mind, Advantest has established the Advantest Development Framework which defines the foundational skills, advanced skills, manager skills, and senior management skills that Advantest seeks for in all levels of our employees, and shared it among all employees globally. In conjunction with the development framework introduction, we also introduced two new online learning platforms which are intended to provide all employee's and manager's access to training classes to further enhance the skills for their career advancement. Since some of these should be adapted to local customs and rules, the HR in each country decides the details of operation.

Advantest promises to actively support our employees who constantly strive to better themselves and seek to acquire advanced expertise and broad education.

Advantest Development Framework



Introduction of a Peer-to-Peer Program: The INTEGRITY Award

To further foster the corporate culture introduced during the 2019 reform, the INTEGRITY Award, a peer-to-peer program that offers Advantest employees worldwide a platform to recognize and express appreciation for colleagues who have exemplified excellence at work by adopting INTEGRITY as our company values, was introduced.

In FY2021, the award was received by a team of employees who worked together to carry our "Training Day" for employees at Advantest (China) Co., Ltd. The team has held these trainings and seminars by internal trainers for the past seven years, and has an award system to evaluate them. These training activities has also helped Advantest to realize a "learning organization".

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, providing industry-leading superior human resource training, and attracting the best talent in the industry through this program, in cooperation with Advantest Academy, which specializes in employee education.

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 our mid/long-term management policy. To make this training even more effective, we are forging and implementing new programs, including the expansion of 1-on-1 communication trainings. New programs will also 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 Europe GmbH (AEG) hosted the AEG Application Days, an event where over 100 participants, including all AEG application engineers, as well as employees from other areas such as sales were invited to join to learn about new solutions. The event not only allowed our employees to share application relevant information, exchange ideas, and learn about new market trends and new solutions, but also allowed them to grow and improve their daily work. We aim to develop and instill a system that boosts the level of the entire Advantest Group by sharing information on these efforts between Group companies.

Training in Japan

In FY2021, we continued to offer events that integrated both virtual and in-person as a flexible hybrid program due to restrictions by COVID-19 issue. We incorporated web conferencing systems to provide opportunities to learn despite the pandemic, offering environments for training that did not require coming in to work. By increasing online group work activities, which proved to be effective in boosting employee motivation, we were able to promote mutual awareness building across departments and expand connections regardless of work location.

In terms of language education, we focused on strengthening in-house marketing by introducing courses to employees and holding pre-learning sessions to solicit a wide range of participants. While spending most of the time at home due to the COVID-19 pandemic, we introduced micro-learning, allowing employees to effectively use their spare time, making it easier for learners to secure time to study. A total of 890 employees participated in language education, about 300 more than last year, and worked to improve their language skills.

As part of our leadership development initiatives, we introduced a liberal arts educational program to cultivate a sense of culture and have newly appointed managers obtain the "power to think" by themselves. As we enter a new post-pandemic era, this initiative develops the big picture of what is necessary for leaders from wide perspectives that include religion and philosophy as we enter a new era post-pandemic. While programs were offered virtually to avoid the spread of COVID-19, two seminars were held during the three training sessions, allowing our group members to deepen their awareness of issues through active interaction and exchanged opinions in preparation for the final presentation of results.

Training Time

At the Advantest Corporation (non-consolidated) in FY2021, a total of 5,436 employees received training of some kind, and the average number of training hours per employee was seven hours for 40,116 hours of total lesson time. A total of 7,863 people took part in e-learning globally, including Japan, and the average number of training hours per employee was approximately five hours for 39,870 hours of total lesson time. In total, the average training hours per employee was approximately 12 hours.

Training category	Target	Number of trainees	Lesson time (hours)
Business Training (human resource management, etc.)	Managers, General	726	6,158
Technical Training (technology)	Managers, General	1,045	2,454
e-learning (human resource management, etc.)	Managers, General	2,573	1,573
New Employee Training (by job level)	General	44	17,019
Language/TOEIC (global)	Managers, General	890	9,641
Outside seminars (e.g., on business skills, etc.)	Managers, General	158	3,271
Total		5,436	40,116

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

Development of Engineers (Japan)

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 FY2021, 1,045 engineers participated in the various technology seminars and technical training that were provided.

Some of the programs include courses in which Advantest's senior engineers appear as internal trainers. 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. Courses are held by inviting instructors from outside the company based on themes requested by engineers or management-level personnel, so as to support them in adapting to a rapidly changing business environment.

The program acts as a means of imparting not only technical knowledge but also Advantest's corporate DNA to future generations.

Software-Related Education

We have been conducting software engineering forums six times a year for the past 30 years. In these forums, cutting-edge information on topics such as agile, continuous integration (CI), Graphics Processing Unit (GPU), as well as security-related information and current affairs in the world are shared by internal and external instructors, from domestic and overseas. In October 2019, Advantest Engineering Friday was established as a place where employees can share their findings with each other on a continuous basis. Multiple subcommittees have been started from here, and they regularly meet up on Friday afternoons as a separate community from the organization where they can learn from each other. In FY2021, we enhanced exchanges with the SE and hardware development departments, and gained knowledge about the industry situation, including competitors, and hardware control, which gave our employees new perspectives on themselves and their work.

Other Courses on Advanced Technologies

We invite external instructors to provide course on themes and the latest trends that are of great interest to our employees, which also serve as a means to pass on technical know-how to the next generation.

In FY2021, we held an online lecture on open innovation and a study session on "learning organizations" which were presented by external lecturers. During the online lecture, we set aside time for a panel discussion after the lecture, where the lecturer and participants could actively interact on how to proceed with new businesses and innovation, ensuring that learning goes both ways.

We are planning to increase the number of participants not only by holding various trainings and lectures, but also by establishing an environment where participants can learn what they wish to learn (on-demand education), and encourage employees to learn independently.

New Employee Education and Training (Japan)

Advantest's training program for new employees starts with one month 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 first learn the basics of design, and then go on to learn the necessary skills as Advantest engineers through basic technology training to obtain the basic knowledge required, hardware training, software training, and device test training. New administrative employees receive basic training for administrative operations to learn the basics of administration and brush up on their administrative skills, while learning the contents of the Group's business and how the divisions are interrelated.

We review the training programs each year to ensure that they reflect the characteristics of new employees and the policies of the company as a way to cultivate the basic skills of junior employees.

Since the new employees in FY2021 joined the company during the COVID-19 pandemic, all training was offered virtually. Once being assigned, we conducted additional face-to-face team building training so that

they could communicate and bond together in a better manner.

By having new employees experience diverse types of training in this manner, 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	May	June	One year after assignment
Engineering roles	Combined group training	Basic engineering training ● Safety training ● Software training ● Quality assurance training ● Device test training, etc. ● Hardware training		OJT period Team building training
Administrative roles		Basic administrative training ● Microsoft training ● Manufacturing training, etc.		
Manufacturing roles, Others		Manufacturing training ● Screw tightening, Soldering, etc.		

Fair Evaluation and Treatment

Performance assessments and career development are conducted under a common global system. Goals are set at the beginning of the fiscal year, communication with superiors is conducted as necessary during the year, and an evaluation interview is conducted at the end of the fiscal year. This interview is conducted not only for full-time employees but also for some contract and temporary employees.

Advantest Resource Management System (ARMS)

With overseas sales ratio of over 90%, and more than 60% of our employees located in overseas affiliated companies, this allows Advantest to grow as 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.

Since the introduction of our global human resources system, during which 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.

Employee Health and Safety

Based on our belief that employee health as well as safety and health management are priority issues in all business operations, Advantest has committed to health management and safety as well as health activities.

Promotion of Health and Productivity Management

Thus far, Advantest has implemented various initiatives for employee health and productivity, including measures on lifestyle disease prevention, mental health, and abstinence from smoking. To further promote these initiatives, we have decided to incorporate Health and Productivity Management, and in September 2019, we formulated a Declaration of HPM Policy.



Since establishing the Declaration of HPM Policy, Advantest, our domestic Group companies, the health insurance association, and labor union have come together to promote health check-ups, boost the implementation rate of specified health guidance, and introduce a health portal site, along with various other activities that directly affect employee health. These activities include online dieting/smoking cessation programs, encouraging exercise using a mobile app-based health promotion, and health literacy training.

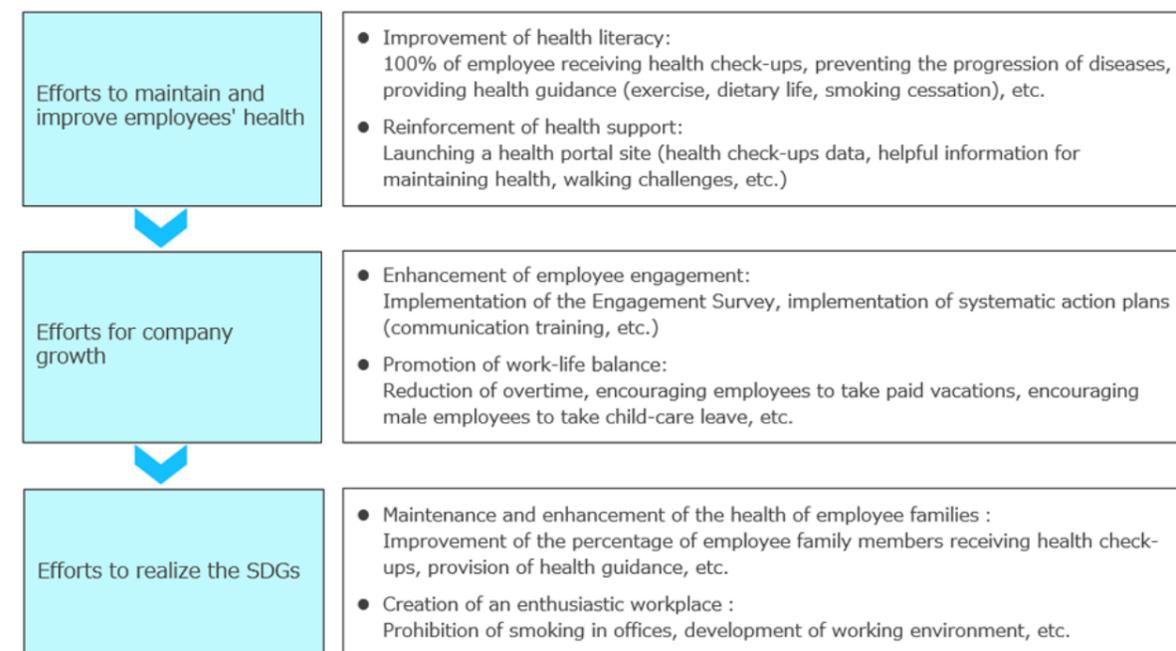
We have also actively made efforts to encourage work-life balance. In November 2020, Advantest obtained the "Eruboshi" certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and in February 2021, we obtained the "Kurumin" certification mark based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Advanfacilities Co., Ltd. also obtained the "Eruboshi" certification in July 2022.

Furthermore, we have taken thorough measures to prevent the spread of COVID-19 infection, such as issuing notifications from top-level management to prioritize health, and thorough implementation of remote working. As a result of these efforts, Advantest has recently been selected for the first time as one of the brands in the 2022 Health & Productivity Stock Selection, which are jointly selected by Japan's Ministry of Economy, Trade, and Industry (METI) and the Tokyo Stock Exchange. At the same time, METI has certified Advantest as one of the "White 500" (large listed corporation section), the top 500 corporations certified under METI's 2022 Health and Productivity Management Awards, for the second consecutive year.

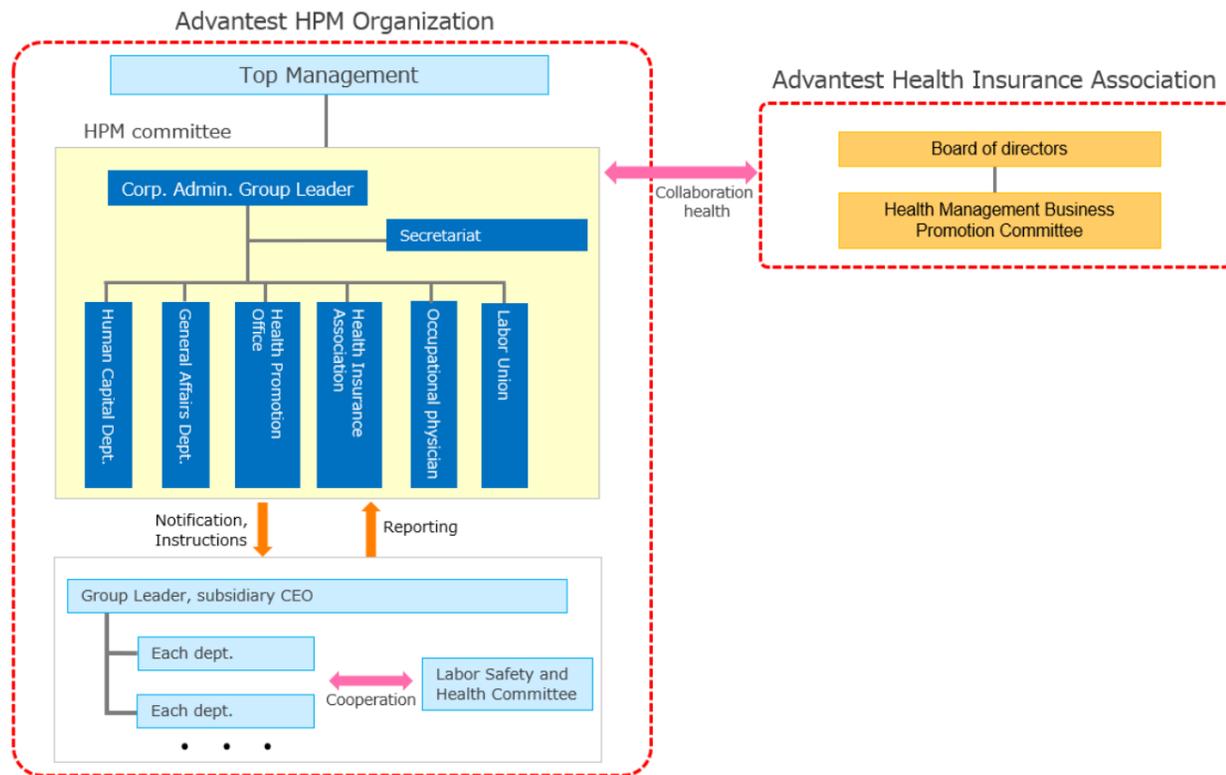
Declaration of Health and Productivity Management Policy

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

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



Organization



Our China Subsidiary Has Been Recognized as a Company Promoting Healthy Workplace Development

Advantest (China) Co., Ltd.(ATC) has been making efforts in an employee health project since 2019. This project assesses the physical and mental health of employees through online tools, providing direct interviews from medical experts to care for those who are assessed to be in a high-risk zone. This facilitates early detection of health risks for employees and the company as well as enables measures to be taken to address such risks.

This project has been recognized and in March 2020, the company received the Outstanding Practice Award at the "2020-2021 China Healthiest Work Place (美世卓越健康雇主)" held by Mercer China (美世咨询公司), the Chinese subsidiary of Mercer, a global human resource consulting company.

Mental Health

At Advantest we believe that a vigorous workforce makes for a vigorous workplace. Accordingly, our Health Promotion Office supports efforts to ensure both the mental and physical health of our workforce, so that we can provide a safe and comfortable workplace environment. We introduced stress checks in FY2012 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 everyone in our workforce, which is useful for self-care.

In the 2021 stress check, which achieved 85% response rate, 7.9% of the employees with the highest diagnosed stress levels were referred to mental health consultations, and 8.2% of them actually received consultations. We also held seminars (during FY2021, e-learning seminars were held) to reinforce self-care, and the participation rate was 72.9%.

Organizational analysis stated that high stress workplaces decreased from 17.2% in FY2017 to the 4% range (4.7% in FY2021). From fiscal 2019, this initiative was narrowed down to target only managers in high stress workplaces and offered more practical training for workplace environment improvement. We continuously work on improving stress levels by 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 occupational physician from the latest reports as well as provide support for employees to return to the workplace after taking a leave of absence, enabling them to take time off without worry if their mental state worsens due to a variety of stress. In addition, an eight-step process (which includes status reports, consultation with occupational physician, return to work planning, and follow-up interviews after returning to work) has been set up to avoid overstressing people and the workplace.

Health Consultations

At Advantest's Health Promotion Office, a comprehensive range of health professionals (including occupational physician, 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 2021, counseling services were provided on 800 occasions.

Health Check-ups and Health Guidance

Advantest and its domestic Group companies provide regular health check-ups to maintain and improve the health of employees in addition to regular physicals through subsidies from the health insurance association. We provide health check-ups once or twice each year both in domestic and overseas bases, with an examination rate of 90% or higher. We have achieved a 100% health check-up ratio since FY2018 for domestic employees.

The Health Promotion Office provides health guidance, email support, and staff/occupational physician consultations for employees who have received a diagnosis through checkups. Furthermore, employees with a history of brain and heart disease are interviewed regardless of their health check-up results, and work restrictions are put into place to ensure their safety.

Examples of Advantest's Activities

Online Well-Being Carnival for all Advantest Group Employees

From October 2021 to January 2022, Advantest held the "Online Well-being Carnival", a health promotion event, at our eight locations worldwide to encourage the health and well-being of our employees on a global scale. This event was proposed by our Chinese employee in response to the considerable shift in our workstyles and living environment triggered by the impetus for working from home due to the COVID-19 pandemic, which was held after discussion among Global ESG Team from eight locations worldwide.



Announcement
Poster of Online
Well-Being Carnival



Employees enjoying
basketball

During the event, employees were asked to take small actions to construct a more well-being working culture such as participating in in-house health activities, managing their weight with an application, placing plants on their desks, and taking up new sports, and shared them on our in-house social media network, "My LIFE. ON.". As a result, many activities and posts such as "I'm doing my best in sports" were received from various locations, helping to promote the mental and physical health of our employees.

Olympic at Home (Advantest Taiwan)

Employee care as the main goal of Employee Welfare Committee (EWC), Advantest Taiwan Inc. (ATI) has been concerned about our employees' mental and physical health. Since the outbreak of COVID-19 in May 2021, WFH has been mandated in ATI. Concerned that our employees may be gaining weight in the duration of WFH, with not only Ct value out of control but also BMI value in alarm, EWC held an event called Olympic at Home. The event urged everyone to stick to exercise and win game machines as rewards.

In this vibrant activity, firstly, ATI EWC distributed packs of health products to all employees' homes, and then all the employees could share their home exercises with everyone else by posting photos or videos on the Facebook ATI EWC group. Even though our employees could not meet each other during WFH period, with everyone's passionate participation in this event as well as social media sharing, they got to connect each other with lots of encouragement in such a unique time.

Promotion of Occupational Safety and Health

Advantest Group Health and Safety Policy

Advantest Group recognizes that Health and Safety (H&S) is one of the important aspects of our business operation. 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 operation 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.

Japan's company-wide Health and Safety Committee is made up of the heads of the Health and Safety Committees at each business location, which are officers and presidents of domestic Group companies. Furthermore, the Health and Safety Committees at each business location are 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

Fiscal 2021

In FY2021, we achieved the frequency rate of zero accidents, as we did in FY2020. Safety assessments for our domestic business sites were also conducted by external organizations, which contributed to the reduction of our hazard risks.

Fiscal 2022

For FY2022, we will continue our safety awareness initiatives with a greater focus on safety. We will establish an occupational safety and health management system at the Gunma Factory aiming to acquire the ISO 45001 certification.

Occupational accident rate in Japan (frequency rate*)



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

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

* From FY2019, the data includes temporary employees.

There have been no fatalities in operations in the last five years.

In addition, the rate of occupational accidents (frequency) was 0.4 for FY2021 when including both domestic and overseas Group companies.

Implementation of fire extinguisher training at overseas bases

Advantest Test Solutions, Inc. invited the local fire department staff where we received instructions and hands on training on how to properly operate a fire extinguisher in case of a fire as well as guidance on fire prevention. Disaster prevention drills are conducted every year at each business site in Japan pursuant to laws and regulations, upon notification to the local fire departments.

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. E-learning has been incorporated to some areas of Advantest's unique health and safety education. We will strive towards further participation from employees.

Occupational health and safety results achieved in fiscal 2021

Education category	Target employees	Number of trainees (Total)	Hours of education
General education	Managers, General employees	4,870	2,600
Specialized education	Managers, General employees	1,136	3,167

Respecting and Protecting Human Rights

Under "The Advantest Group Declaration of Human Rights," we believe that the rights of our employees, who are a valuable resource to the company, should be protected along with the rights of all individuals affected by our business activities.

Advantest Group Human Rights Policy

The Advantest Group contributes to humanity's safe, secure and comfortable existence by "Enabling Leading-edge Technologies." We recognize that the human rights of all the people we touch must be protected in our global business activities. This is stipulated in "The Advantest Way," the Advantest Group's code of ethics, and this Advantest Group Human Rights Policy (hereinafter "this policy") expresses the Advantest Group's responsibility to respect human rights, based on "The Advantest Way."

(1) Respect for international norms

We support and respect international human rights standards such as the Universal Declaration of Human Rights, the 10 Principles of the United Nations Global Compact, the International Code of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. We promote respect for human rights based on the UN's Guiding Principles on Business and Human Rights.

(2) Responsibility to respect human rights

We will implement appropriate measures to prevent / mitigate any negative impacts on human rights from our business activities, or implement remedies should it become clear that we have contributed to negative impacts. We will fulfill our responsibility to respect human rights.

(3) Scope of application

This policy applies to Advantest Group officers and all employees (including full-time employees, contract employees, and dispatched employees). In addition, if a negative impact on human rights caused by a supplier, employees of an outsourcing partner, other business partners, or related parties, is directly linked to the business activities of the Advantest Group, we will take measures to prevent infringement of human rights based on dialogue and consultation with the other party.

(4) Compliance with applicable laws and regulations

The Advantest Group complies with the laws and regulations of the countries or regions in which we operate. In countries and regions where there are discrepancies between laws and international norms, we consider local laws and regulations insofar as possible. We promote efforts to respect international norms regarding human rights.

(5) Human rights due diligence

We will continue to build and implement due diligence mechanisms for human rights to address any apparent or potential negative impact of our business activities on human rights.

(6) Education

We continuously promote appropriate education to raise awareness of human rights among officers and all employees so that this policy and our human rights due diligence are understood and effectively

implemented throughout our business activities.

(7) Disclosure of information

We report on the status of our human rights activities and impact on our corporate website and in our Integrated Annual Report, based on this policy.

(8) Dialogue / discussion

We will appropriately implement top-priority issues related to human rights as the separately defined "Advantest Group Priority Issues Related to Human Rights," based on this policy. We understand that these priority issues need to be reviewed as appropriate to reflect changes in social and business trends.

July 1, 2021

Yoshiaki Yoshida

Representative Director, President & CEO

 [Advantest Group Priority Issue Related to Human Rights \(PDF 63KB\)](#)

System to Promote the Respect and Protection of Human Rights

Focused around the Corporate Ethics Office and the Human Rights Protection and Personnel Mediation 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.

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 FY2013, we launched an e-learning program on the Advantest Way for all Group employees. In FY2021, this training was completed by all employees in the Advantest Group, both in Japan and overseas.

Harassment Prevention

In July 1999, Advantest created a manual to prevent harassment, and has since made efforts to prevent all forms of harassment. This manual has been revised and expanded following amendments to laws and regulations to include pregnancy, childbirth, and parental leave. The manual is published on the intranet to offer easy access to employees.

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 boost employee understanding of harassment prevention, every year starting from April 2006, training for new employees and new managers has incorporated training on harassment prevention as well as human rights education. Furthermore, training on the topic of harassment was conducted for all management personnel from FY2019 to FY2020.

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.

Organizations include the Advantest Labor Union at Advantest and its domestic subsidiaries. All unions engage in discussions on labor and management.

Furthermore, safety, health, and settlement of grievances are described in the labor agreement with the Advantest Labor Union, and both sides cooperate to respond to issues such as Health and Safety Committee operations, human rights issues, and personnel grievance settlements at each business base.

Reporting and Consultation Framework (Whistleblower Office) for Human Rights Issues

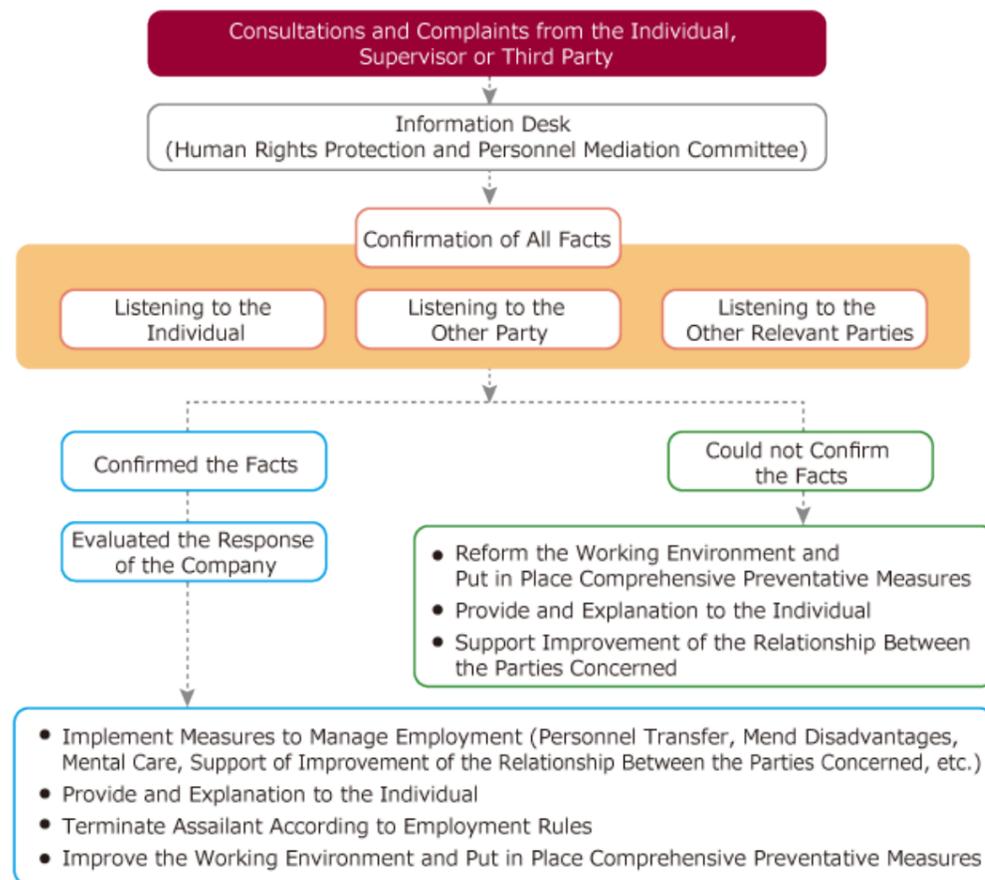
Advantest has set up a Corporate Ethics Helpline to address human rights issues and concerns that are not readily resolvable in the workplace, designed so that those facing such issues can report to and consult with our Corporate Ethics Office. Reports and consultations are overseen mainly by the Corporate Ethics Office, and every precaution is taken to prevent those employees seeking help from suffering any disadvantage or retribution, through measures such as protecting their anonymity. Additionally, we have established an external law firm (lawyer) as a contact point in order to make it easier for our employees to consult with or report to the helpline. The helplines and contact point can also be used from overseas and in English, and links are available on the Global Intranet page.

Moreover, in Japan, we have established a Human Rights Protection and Personnel Mediation Committee together with the labor union to oversee consultations about domestic human rights issues. There were two harassment-related consultations received by the Helpline and Human Rights Protection and Personnel Mediation Committee in FY2021 (already resolved). The Human Rights Protection and Personnel Mediation Committee properly responds to all incidents to seek a rapid resolution while giving due consideration to

the privacy of the employees concerned.

Through this activity, Advantest aims to foster a workplace environment in which employees can work with peace of mind while respecting each other's human rights.

Flow of response to consultations and complaints



Community Activities

We bear in mind our responsibility as a member of civil society, and work to actively contribute to regional communities.

Efforts Toward Social Contribution Activities

The social contribution activities of the Advantest Group focus on "preserving the global environment," "developing the next generation," and "contributing to local communities" under our basic policy of "We will respect our stakeholders, promote harmony with society, and contribute to the SDGs in order to achieve a sustainable society" within the "ESG for Sustainability" established in July 2019.

In addition, we use our business activities to meet the needs of our stakeholders and of society, and to fulfill our social responsibilities as a group throughout the world.

Academic Support and Next-generation Development Support

Enabling Leading-Edge Technologies: the business activities of Advantest are supported by the skills of many engineers from around the world and the understanding of the communities in which we operate. With this, Advantest supports academia and science education, mainly in regions that host our research and development sites, to contribute toward the development of human resources for science and technology. For example, in Japan, we have established "The Advantest D2T Research Division" at the Tokyo University Systems Design Lab (d.lab), to provide students in Japan studying design technology of very large scale integration (VLSI) with an integrated education environment from VLSI design to testing, with the aim of developing specialist in test design and supporting research activities for SoC (System on Chip) design. Advantest also makes efforts to promote mutual understanding and exchange between international students and Japanese society, etc. through supporting (by making donations to) the Foundation of Corporate Friendship Network for Foreign Students with the aim of supporting students from around the world studying in Japan. We also are continuing our community-based activities while under the limitations due to the COVID-19 pandemic, such as holding science craft classes for children in elementary schools near our Japan business bases, and hosting "Girl's Day" workplace experiences by inviting German female students interested in electronics to our offices.

Humanitarian Support—Efforts During the COVID-19 Pandemic

Advantest has been involved with many social support and charitable activities around the world for many years, rooted in "The Advantest Way."

This was especially true in the year 2020, when the COVID-19 pandemic spread across the world. Advantest increased its donation budget across the group to support medical assistance and socially vulnerable citizens in need in Japan, the U.S., Germany, and Singapore, through donations to organizations such as medical and nursing associations, medical institutions, Red Cross Societies, and NPO organizations. Direct support to enhance virus detection capabilities in society was also made through donations of our nanoSCOUTER™ particle counter to research institutions.

Along with support activities related to the pandemic, Advantest also supports victims of major disasters. Furthermore, Advantest employees around the world continue to engage in charitable activities along with their business activities in order to support disabled people, refugees, and people facing economic hardships.

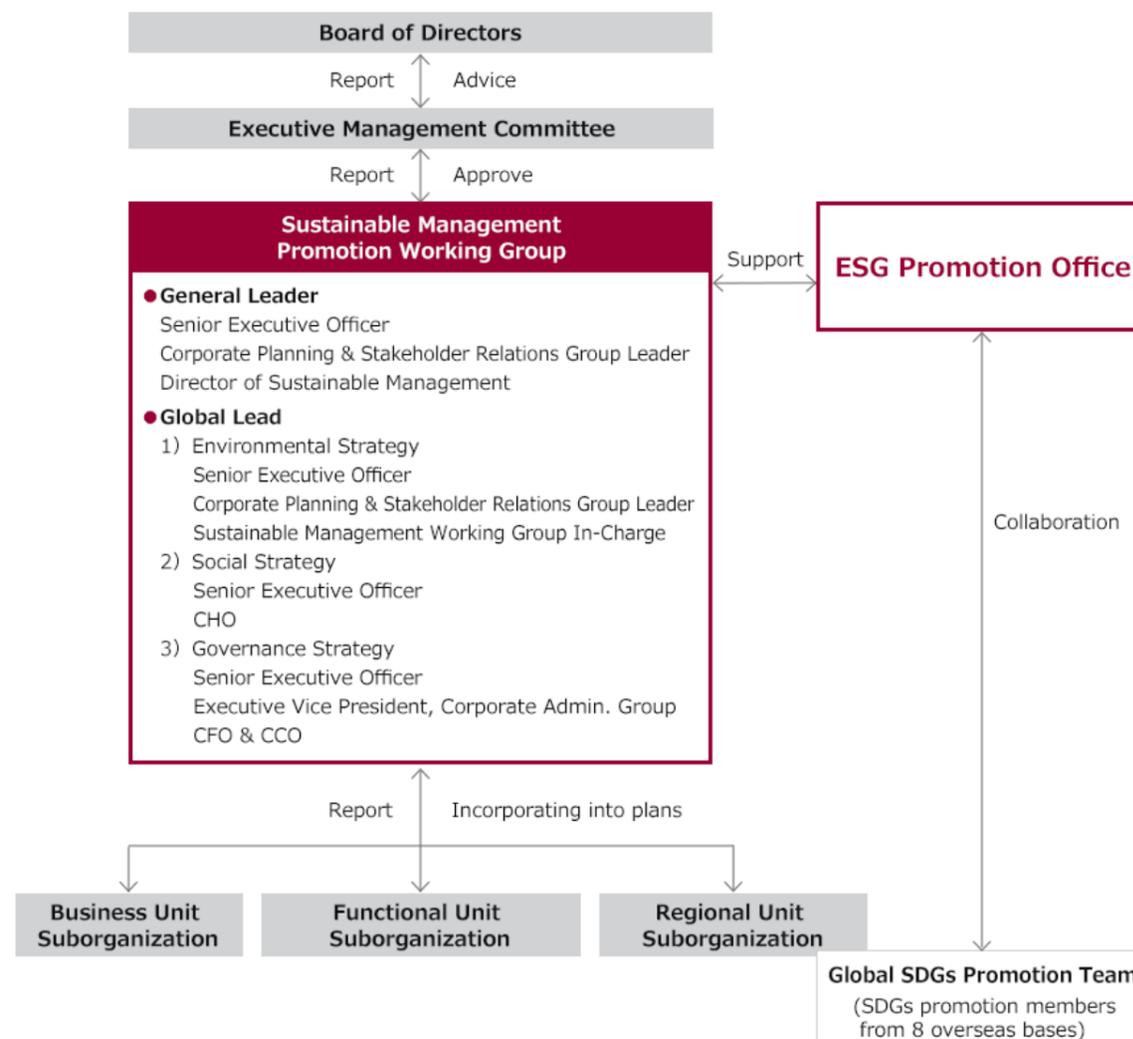
Promotional Structure

Advantest has promoted CSR and environmental initiatives in every country and region. However, the importance for more global CSR and environmental initiatives is increasing as a company that contributes by itself or through its supply chain to a broader range of societies. We continue contributing to global societies through our CSR and environmental initiatives.

Framework to promote employee participation

The Advantest Group actively advocates for employee participation in volunteer activities. Volunteer activities for giving back to society recruit participants through systems such as an intranet message board. Reports on activities in each region are also published in our internal newsletter and social media (My LIFE. ON.), which contributes to attracting new participants. Employees can save up their unused paid holidays that would otherwise not be carried over to the next year and use them for volunteer activities.

For details on My LIFE. ON., please refer to ["Global Educational Activities on Our Internal Social Networking Platform "My LIFE. ON." \(Environmental Education page\)](#).



Examples of Social Contribution Activities in Fiscal 2021

The Advantest Group implements various social contribution activities at its bases around the world. In fiscal 2021, a total of 50 or more activities were implemented during the year. The following are examples of our activities.

Community Contribution

Japan

At the Gunma R&D Center, we held quarterly events to pick up trash around the surrounding areas. A total of 111 employees, including our executives and managers, participated and collected a total of 77.7 kg of garbage, including PET bottles and cigarette butts, during the year. We have been doing the trash pick up activities for more than ten years.



Collecting trash

United States

Our volunteers partnered with Open Space Authority to help clean up one of San Jose's largest remaining wetlands called Spreckles Hill. 22 employees and family attended and by the end of the event we had removed roughly 70 bags, weighing 1.3 tons of Stinkwort weed.



Weed removal in the wetland area

Poverty Relief

Japan

We participated in the "10,000 Pencils Campaign by High School Students", which supports children in Afghanistan by donating school supplies, and donated 120 pencils collected from our employees to the project. We also participated in the "SAKURA" project, which donates Japanese elementary school backpacks or *randoseru* to children in Afghanistan, and donated 20 school bags collected from our employees to the project.



Donated pencils and school backpacks

Taiwan

During the Chinese New Year, the Taiwan office held a Spring Couplets Charity Bazaar, and donated NTD 57,135 from the proceeds of the bazaar to welfare organizations. 110 employees from Taiwan participated in this activity.



Snapshot from the Charity Bazaar

Support for People with Disabilities

Singapore

Advantest Singapore's CSR Committee encouraged their fellow colleagues to make donations via online payment platform, and contributed a total of SGD 4,525 and an additional SGD 4,525 from a dollar-to-dollar match from Advantest Singapore itself and donated them to the Singapore Association of the Visually Handicapped.

Taiwan

The Taiwan office collaborated with Association for the Deaf and Hard of Hearing Welfare, a non-profit organization for helping families who have members suffering from hearing impairment and initiated mock interviews for students with hearing loss. The program, which consisted of four parts: "Finding Differences from the Videos", "Interviewee Skill Sharing", "Mock Interview", and "Experience Sharing", helped students to gain soft power. A total of 23 employees and students participated in this program.



Snapshot from the mock interview program

South Korea

Our Korean office donated KRW 7,200,000 to Chungcheongnam-do Rehabilitation Center for the Blind, an organization supporting the visually impaired.

Medical Assistance

Germany

Our German office held our annual raffle of obsolete IT equipment, in which a total of EUR 3,515 was collected and has been divided amongst 2 charities picked by the local team: Förderverein für krebskranke Kinder Tübingen e.V. (Support association for children with cancer Tübingen) and "Ambulanter Kinder- und Jugendhospizdienst in Holzgerlingen" (Ambulant hospice service for children & youth in Holzgerlingen).



China

Advantest China hosted flea-market charity activity on Children's Day among the four cities of Shanghai, Xian, Beijing, and Suzhou, where approximately 200 employees and their families participated. The total earnings of RMB 4,900 were donated to the Shanghai Baby Home Health Care Center, a non-profit organization which takes care of orphans with serious diseases and supports them with medical care and supplies.



Disaster Relief

Germany

We donated EUR 100,000 to the humanitarian organization, Aktion Deutschland Hilft e.V., to help the German flood victims of summer, 2021.

Support for Ukraine

We donated a total of JPY 90 million to the Japanese Red Cross Society, Médecins Sans Frontières (Japan, U.S.A., Germany), International Rescue Committee (U.S.A.), and Aktion Deutschland Hilft e.V. to provide victims suffering from of the Ukrainian crisis a humanitarian assistance and an ongoing relief.

Developing the Next Generation

Japan

A total of 101 children participated in speaker-making science workshops held at two elementary schools in Gunma Prefecture (February 2022). In addition, 18 children participated in an online toy-making event using the principles of a hovercraft (July 2021). These Advantest-sponsored science workshops have been held since 2005 and 2021 marks our 16th year since its launch.



Our volunteers who made it happen



At the special science class

The Sendai Office received a letter of appreciation from the Sendai City Board of Education regarding the special science class "Connect with light, save energy with light—Let's experience optical communication" held at two elementary schools in Sendai city.

The Japanese government has proposed an IP creation education* to enhance society by having children and students understand and enjoy "creating something new" and "respecting what has been created". Schools and communities need to work together to create educational materials in order to promote IP creation education with consideration for their development stage.

Advantest has decided to hold classes and workshops based on the concept of invention and great

inventions in the history of Japan, starting with elementary schools near the Gunma R&D Center. In 2021, 101 children participated in these workshops. The children learned that people's lives have been enriched by inventions, garnering positive feedback from their schools. We will continue our activities so that more children can receive IP creation education.



Scenes from workshops held at elementary schools and workshop slides

*For details of IP creation education, please refer to the materials on IP creation education of the Cabinet Office.

<https://www.kantei.go.jp/jp/singi/titeki2/tizaikyouiku/pdf/s-1.pdf>

We installed an interactive globe at Advantest's Gunma R&D Center, displaying real-time Earth data, for use in environmental education for stakeholders such as our employees and children who, we believe, are the generations that will bear the responsibility of shaping the world's future. This tool not only allows us to learn about global atmospheric temperature changes, but also about the past, present, and future of the Earth. We have already demonstrated this tool during our new employee training for fiscal 2022, and we will continue make effective use of this innovative tool to help future generations learn about the environment we live in.



"SPHERE", an interactive digital globe

In addition to science classes for elementary school students, Advantest has also participated in the "EduTown SDGs Alliance" (produced by Nikkei Business Publications and TREE / operated by Tokyo Shoseki) project since fiscal 2021, which provides education on the SDGs to elementary and junior high school students.

The "EduTown SDGs Alliance" is a project that supports the development of creators of a sustainable society, and has created and operates the educational website "EduTown SDGs" as well as freely distributes supplementary materials (booklet).

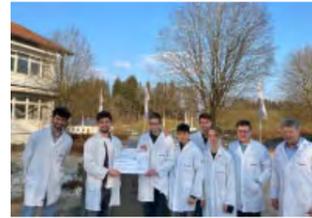


[Advantest's page on the EduTown SDGs website](#)

[Advantest's page on the EduTown Ashitane website](#)

Germany

Our German office donated EUR 500 to high school students for their participation in the CanSat (a mini "satellite" in the size of a soda can) competition. The donation is used to cover the material costs of the satellite. Moreover, Advantest invited the students to join a company tour in Amerang.



China

With the rapid development of semiconductor industry in China, the country is facing the shortages of the IC test engineers. Advantest (China) Co., Ltd. has actively engaged with the universities and institutes globally to develop the talents of semiconductor testing and related industry since 2017.

Training materials for our customers were too difficult and took hours to learn, making them unsuitable for university classes, alongside the IC test systems being too expensive to afford. In order to address these challenges, Advantest decided to leverage our collaboration experience of CloudTesting Service™ to optimize the cost issue, and offered a redesigned course with materials that easily match the university classes.

We also developed an online certification system on the most popular social platform in China from fiscal 2021. Despite the big challenges due to COVID-19 pandemic, we successfully held the courses six times at four universities, providing trainings for 123 learners and granted 89 qualified certificates. This has not only set a good foundation for the future talent pool but also served as a good learning opportunity for those who served as the instructors.



Taking Responsibility for Our Products

We constantly aim for improvement in customer satisfaction in various areas such as design, manufacturing, sales, and service.

Supporting Product Safety and Quality

Initiatives to Secure Product Safety and Quality

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

To achieve the above, we formulated the "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 continued to actively take part in product safety improvement initiatives.

In FY2021, we commissioned external specialists to undertake inspections of the safety and durability of 14 major Advantest 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 2021 there was one case in which the standards specified in Advantest's Product Safety Promotion Regulations were violated. This case has been rectified by changing the product design in order to comply with the relevant regulations.

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

Even in The United States, Advantest takes measures to comply 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 due to 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), which allow internationally recognized in-house EMC certified 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 148 KVA power capacity that can withstand 10 t, and equipment that can provide water cooling.

It is necessary to keep an eye on the latest legislative trends for each country of origin particularly for EMC laws and regulations. Advantest collects information about EMC laws and regulations by participating in

the KEC Electronic Industry Development Center (KEC) working group. We also provide EMC regulatory information to the semiconductor manufacturing industry through the Semiconductor Equipment Association of Japan (SEAJ).

Advantest Group Quality Policy

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

- (1) Provide technology, products and services that will satisfy our customers worldwide in a timely manner.
- (2) Promote quality creation, from early in the design process, and overall optimization of the process.
- (3) Compliance to applicable statutes and regulations.
- (4) Properly administer and implement continual improvements of the quality management system.

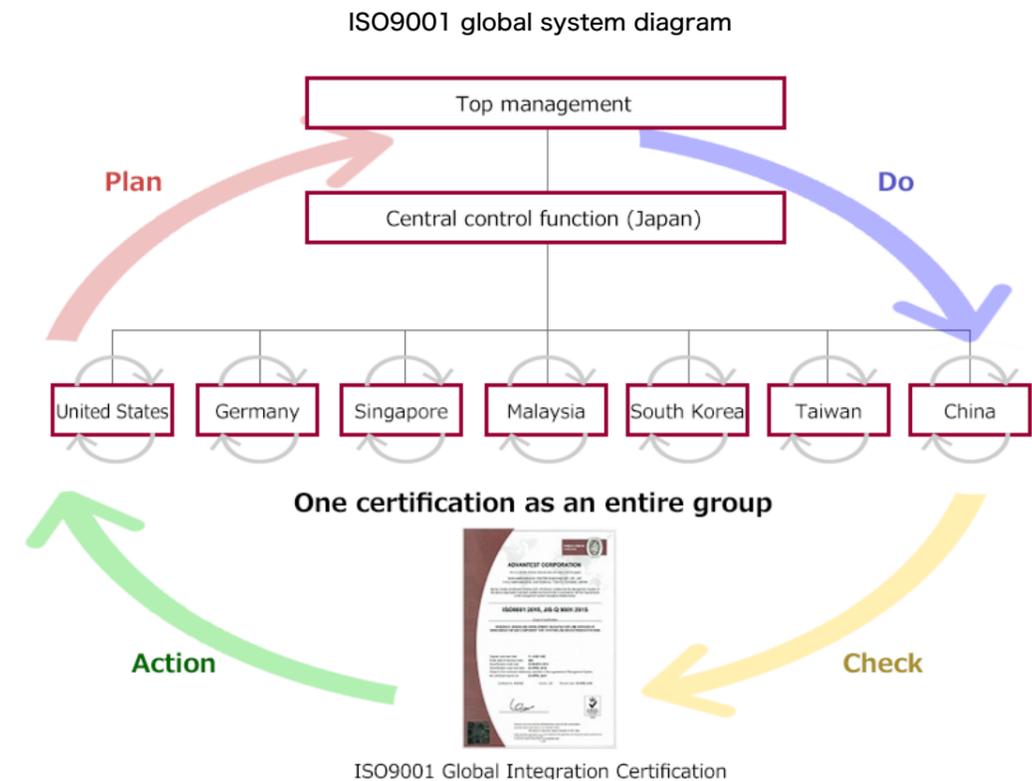
Quality Management System

In keeping with our product quality plan where customer satisfaction is the fundamental basis of all our activity, 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.

The number of product recalls in FY2021 was zero with the help of this quality control system. In the future, we aim to strengthen and expand quality control while maintaining this framework.



Design Review System Aimed at Improving Quality

Customers constantly require functionality, performance, and quality in Advantest products. In response, our circuitry has become increasingly larger 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 group, 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 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.

Activities to Improve Component Quality (SQE Activities)

We are committed to the belief that individual components underpin overall product quality, and therefore the quality of each and every component has to be exceptional. Based on this belief, 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 MTBF¹ so that systems will operate without malfunction over longer duration of use, while also reducing MTTR² so that systems will be more readily serviceable when a malfunction does occur.

*1 MTBF: Mean Time Between Failure

*2 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 Group. The specification sheet, a parallel product of development, is examined by the Quality Assurance Group 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.

Advantest promotes the incorporation of Automotive SPICE¹ into the development process in order to ensure the quality of embedded automotive software. In 2021, we obtained Automotive SPICE Level 1 certification for the V93000 system software SmarTest. We are also working to obtain Automotive SPICE Level 2 certification for T2000 system software. These initiatives help to bring about the timely delivery of even better products.

*1 : Stands for "Automotive Software Process Improvement and Capability Determination", which is an automotive industry standard software development process model

Initiative Towards Customer Satisfaction

In recent years, capital investment has been accelerating in semiconductor-related markets, driven by factors such as the advancement and sales of smartphones, progress in automobile electrification, and investments related to data centers. There has also been a marked evolution in semiconductor technology to correspond to digital innovations, primarily including IoT, cutting-edge driver assistance systems, and AI. Advantest places the foremost priority on proactive, speedy provision of products and services to respond to these market changes and the development of competitive next-generation technologies.

Basic Policy for Improving Customer Satisfaction

Customer satisfaction is the most fundamental principle underpinning Advantest's business.

- (1) Provide technology, products and services that will satisfy our customers worldwide in a timely manner.
- (2) Promote quality creation, from early in the design process, and overall optimization of the process.
- (3) Compliance to applicable statutes and regulations.
- (4) Properly administer and implement continual improvements of the quality management system.

By sharing the above product quality policy throughout the Group, we strive to offer products that provide 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, by providing an ever higher level of guaranteed quality, top-notch service, and support on a global scale.

Sales and Marketing Practices to Ensure Higher Customer Satisfaction

Advantest prioritizes the important challenge of proactively providing products and services quickly in order to respond to market fluctuations and technological evolution. As one measure responding to this issue, we integrated our business units' marketing into our sales headquarters in December 2016 before integrating system solutions in June 2017. By integrating sales with marketing, more efficient product development and delivery to customers has become possible due to accurate, timely understanding of market and customer needs, which are collected directly by the sales units for sharing with the marketing units. These are in turn then provided as feedback to business divisions. Integration of system solutions has also led to more robust technical support for customers.

The sales and marketing units within the sales headquarters were integrated in March 2020.

We aim to further improve customer satisfaction by taking measures in accordance with these changes.

Sales and Marketing Activities to Improve Customer Satisfaction

Not only do we provide test solutions, but also demonstrate leadership within the industry by organizing events to share the latest technology and product information with our customers, and continuously communicate information related to technology and markets so as to stay committed in supporting

our customers' technical innovations. However, due to the COVID-19 pandemic, we were forced to hold our conventional face-to-face exhibitions and customer events online. While taking vigilant measures to prevent the spread of infection under these circumstances, we held the VOICE 2022 Advantest Developer Conference, a long-awaited face-to-face event, in Scottsdale, Arizona, in May 2022. VOICE is run by a committee made up of Advantest and voluntary customers, serving as an international community where users and strategic partners related to our product portfolio (V93000, T2000 SoC test platform, memory tester, handler, test cell solution, etc.) gather and grow together. The conference is also a place for participants to deepen their insights and build lasting relationships by discussing the efficiency and productivity of semiconductor testing and learning about the latest technology trends and applications. We will continue to keep pace with the "new normal" while globally expanding our activities to enhance communications based on our customer support improvement initiative.

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.

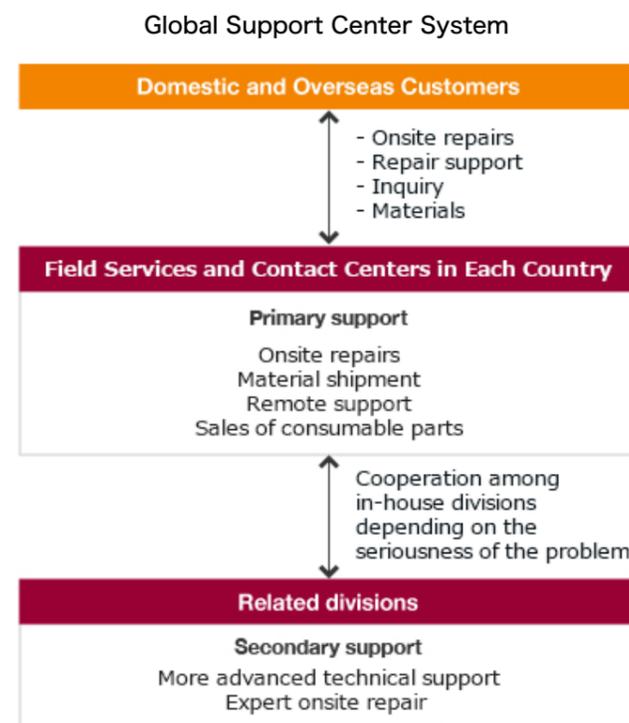
Better Customer Support with a Global Focus

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.



Strengthening the Recycling and Remarketing Businesses

Advantest Finance Inc. (AFI) changed its name to Advantest Pre-Owned Solutions Co., Ltd. (APO) in January 2022. Therewith, the company marked its transition from its leasing/rental business and sale of pre-owned (used) Advantest equipment to one which focuses on business including after-sale services as a part of the Field Service BU (FS BU). This has enabled us not only to respond to long delivery times for new products but also to propose and provide purchase/resale services as a complete solution. Despite recycling being a

domestic Japan-only solution, we will continue to consider its global applications and expand our activities.

Advantest will contribute to our customer's test capacity management together with FS BU. One stop shopping, quick upgrade and End-to-End test cell integration expert support will be provided for all Advantest products.

*Remarketing business: Business that puts second-hand goods back on the market ("remarket")

[Product Recycling](#)

Advantest Named THE BEST Supplier of Chip Making Equipment and #1 ATE Supplier for 3rd Consecutive Year by TechInsights (formerly VLSIresearch)

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



We make efforts to 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 TechInsights, a company renowned for its semiconductor market research.

In the 2022 Customer Satisfaction Survey, Advantest captured the No.1 spot of global semiconductor companies for the third consecutive year. The company has also been named on the 10 BEST Suppliers list of large suppliers of test equipment for the 34th consecutive year. Advantest also achieved superior customer ratings for Recommended Supplier, Trust in Supplier, Technical Leadership, Partnering, and Field Engineering Support and was once again the only ATE supplier to receive a TechInsights Five-Star designation.

<Some reviews from our customers>

- [Advantest Collaborates with Synopsys to Deliver Real-Time Data Analytics for Semiconductor Test](#)
- [Advantest Introduces Industry's First Flexible DUT Interface Enabling Increased Parallelism on V93000 EXA Scale Test Systems](#)
- [Advantest Rolls Out ACS Adaptive Probe Cleaning to Optimize Probe Card Cleaning Efficiency](#)
- [Advantest's TAS7500 Terahertz Spectroscopic Imaging System Wins Laser Industry Award for Excellent Product](#)

Innovation Initiatives

Advantest will further contribute to the semiconductor industry by enriching, expanding, and integrating our test and measurement solutions throughout the entire semiconductor value chain, as well as cultivate new businesses outside the semiconductor value chain. Providing value to society through measurement technology is Advantest's strengths, which we promise to continue refining.

At the Advantest Group, all products undergo a product environment assessment to ensure that all products that we develop are green products. In terms of the promotion of CO₂ reduction, we have set reduction targets in the ESG Action Plan 2021-2023 to achieve a better balance between the pursuit of technology and the realization of a sustainable society.

[Materialities and the ESG Action Plan](#)

ACS Nexus enables real-time test data analysis for highly efficient semiconductor manufacturing processes

Advantest has been promoting Advantest Cloud Solutions (ACS), which integrates data generated through customers' semiconductor manufacturing processes with semiconductor testing data, which is then analyzed to generate new value.

The newly developed ACS Nexus solution enables real-time data streaming for the analytics solutions of customers and third parties. The strategic collaboration between Synopsys, Inc., a world leader in electronic design automation (EDA) software for semiconductor design, and Advantest delivers real-time data analytics in Synopsys' SiliconDash with Advantest's new ACS Nexus.

Expanding the existing data logging capabilities will dramatically escalate the analytics capabilities of test results.

Advantest is committed to contributing to the sustainable development of society by improving the quality and reliability of semiconductors, which act as the infrastructures of a rapidly developing digital society, with its corporate mission of "Enabling Leading-Edge Technologies".

The ACS Nexus delivers a solution that quickly achieves the desired quality with the highest attainable yield. We will strive to help realize a decarbonized society and contribute to the development of a digital society through highly efficient semiconductor manufacturing processes.

[New Solution for Dynamic Parametric Test is First Integrated Product from Advantest and PDF Solutions Partnership](#)

High-speed detection of CMOS image sensor defects contributes to significant improvement in production efficiency

Advantest has developed the fourth generation of its high-speed image-processing engine, "IP Engine 4" (Image Processing Engine 4), to be integrated on the T2000 image sensor solution (ISS) platform to test CMOS image sensors (CIS) used in smart phones and automobiles cameras. The new T2000 IP Engine 4's high-speed detection of defects in the data output from today's most advanced, latest high-resolution CIS significantly improves the production efficiency of our customers' semiconductor test processes and contributes to expand the applications of CIS.



IP Engine 4

While the number of cameras in smart phones is increasing, so is the pixel count per camera. Currently available CIS devices within today's most advanced smart phones incorporate more than 100 million pixels to achieve high resolution. In addition, in order to enhance safety performance, many automobiles have adopted a large number of CIS devices, which serve as the eyes of the automobile that detects and helps avoiding hazardous situations.

The new T2000 IP Engine 4 handles huge volumes of imaging data while also reducing test times and the cost of test. Used along with Advantest's 4.8GICAP image capture module, the new tester can perform high-volume, at-speed testing of the most advanced mobile CIS devices.

Image-processing accelerators will also enable fast testing of high-resolution CIS with more than 200 million pixels, optimizing testing environment that cuts down both testing times and costs.

We aim to provide customers with highly efficient test solutions using IP Engine 4, contribute to the expansion of automotive applications for CIS, and to realizing a safe, secure, and comfortable society through semiconductor testing.

[Advantest Introduces Latest Image-Processing Engine for Testing CIS Devices Used in High-Resolution Smart Phones](#)

Leveraging new test methods with the Link Scale™

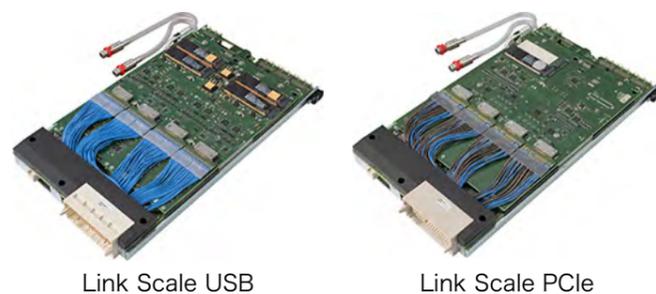
Many of today's complex high-performance computing (HPC) devices, graphics processors, and AI accelerators incorporate high-speed digital interfaces such as USB or PCIe.

The newly launched Link Scale™ family of digital channel cards for the V93000 platform, use these interfaces for very fast transfer of functional and scan test content, increasing test coverage and throughput simultaneously.

The high throughput of this approach keeps the test time under control, while the additional functional coverage helps to meet the stringent quality requirements of complex devices manufactured in the latest process nodes.

Pre-silicon functional tests can now be re-used, leveraging the Portable Test and Stimulus Standard (PSS), which is supported by major electronic design automation (EDA) tools and significantly increases test quality and shortens time to market.

Also, the new cards provide a customizable environment for host software to run on, which facilitates the exchange of test data among different environments, such as wafer sort, final test, and system-level test.



Link Scale USB

Link Scale PCIe

Link Scale™ offers complex high-end devices requiring large-scale testing designed to achieve an even more comfortable society and lifestyle.

[Advantest Launches New Channel Cards, Adding Software-Based Functional Test and HSIO SCAN Test to the V93000 Platform](#)

Achieving fully automated test cells based on Industry 4.0

Advantest has achieved automation of post-processing testing in collaboration with our clients. Through optimized operations that require less labor, we have improved the working rate of test cells, which in turn improves the energy efficiency per test and contributes toward reducing GHG emissions.

This system is comprised of two types of hardware, the Advantest SoC test system "T2000" and the "M4841" handler alongside software (created by our clients) that controls the hardware. Software-controlled, autonomous robots travel between device storage areas and handlers with trays. The software implements real-time communication with an Industry 4.0 tracking system, which manages the operation status of work in progress and equipment while monitoring and controlling the testers and handlers. Combining these test cells and software achieves a fully automated testing process, improving yields with machine learning and monitoring as well as boosting the efficiency of the overall process while reducing cost-of-ownership.

Advantest will continue to contribute to developing technologies that are useful to society towards our vision of "Adding Customer Value in an Evolving Semiconductor Value Chain."

Taking on a challenge in the life science field with nanoSCOUTER™

As part of our efforts toward the future, Advantest has been promoting development in fields that transcend semiconductors and telecommunications, using the nano-level semiconductor processing technologies, electron beam lithography technologies, three-dimensional length measurement technologies using the Scanning Electron Microscope,



nanoSCOUTER™

and precision electronic measurement technologies we have cultivated thus far.

The nanoSCOUTER™ utilizes a precise nanopore (nanometer-scale pore) sensor module made with semiconductor manufacturing processes and Advantest's ultra-minute current measurement technology, which we have honed since our establishment, as a particulate measuring device that swiftly and accurately measures the quantity and particle sizes of 100 nanometer particles such as viruses, exosomes, and liposomes. This degree of accuracy has been confirmed to be able to identify the COVID-19 virus quickly with high precision. These technologies are expected to be applied to the environment and industrial fields, as well as in the inspection of various microparticles related to living organisms, including new viruses.

[Results of Research on Identification of Covid-19 viruses Utilizing Advantest's nanoSCOUTER™ Fine Particle Measurement Instrument Published in Nature Communications](#)

Contribution to the development of society through the application of terahertz wave analysis technology

Terahertz waves generally refer to electromagnetic waves in the frequency range of 100 GHz to 10 THz (10,000 GHz). In this frequency range, we may observe characteristic interactions between electromagnetic waves and matter. It is expected that further applications for terahertz technology will be found in various fields such as non-destructive inspection, as it penetrates opaque resins, ceramics, and cloth. Additionally, the use of frequencies above 100 GHz is planned in the next generation of wireless communications Beyond 5G. In recent years, this frequency is also used in radio telescopes at astronomical observatories.



Left) TAS7500IM
Right) TAS7500SP

Advantest has been engaged in the research and development of terahertz wave analysis technology and the commercialization of applicable equipment. We have already commercialized the spectroscopic system TAS7500/7400 series that allows highly accurate, high-speed measurement of terahertz waves using our unique sampling method, which are used by research institutes such as universities and astronomical observatories in Japan and overseas. We also provide products with high frequency resolution suitable to evaluate the transmission characteristics and complex permittivity of various materials for next-generation wireless communications.

The TS9001 TDR system, which utilizes an ultra-short pulse signal processing technology, offers a non-destructive and highly accurate analysis of failures in cutting-edge semiconductor devices mounted in three dimensions, and it is supporting the advancement of semiconductors.

The utilization of terahertz waves will expand in various fields including wireless communication, semiconductors, ADAS (advanced driver assistance systems), non-destructive inspection of structures, pharmaceuticals, and medical care. Advantest will continue to contribute to the development of society through terahertz wave analysis technology.

- [Advantest Announces TAS7400TS High Frequency Resolution Option New Measurement Solution Enables Materials Characterization for Beyond 5G](#)
- [Advantest's New TS9001 Time Domain Reflectometry \(TDR\) System Employs Terahertz Technology to Provide High Resolution Analysis of Circuit Faults](#)
- [Advantest's TAS7500 Terahertz Spectroscopic Imaging System Wins Laser Industry Award for Excellent Product](#)

Intellectual Property Protection

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

Basic Stance Toward Intellectual Property

The basic principles of Advantest's intellectual property management are compliance with intellectual property laws and regulations and respect for the intellectual property of third parties.

Organization of Intellectual Property Management

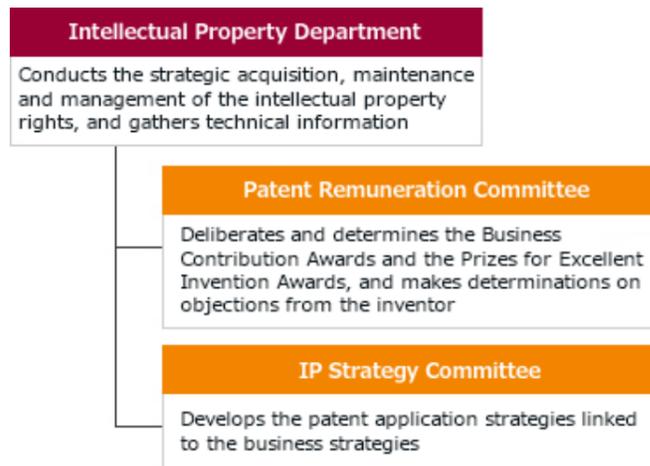
Advantest establish the intellectual property management systems seen below and we manage appropriately the intellectual property with cooperation of business units, Advantest laboratories and corporate planning department (cooperating organizations, universities, etc.) in Japan, Germany and the U.S., our major development bases.

The Intellectual Property Department conducts monthly online meetings with intellectual property managers in Germany, the U.S., Singapore and China, joining forces with the IP Strategic Committee in each area to promote intellectual property activities in accordance with business unit, research and management plans.

The Patent Remuneration Committee consists of members in Japan, Germany and the U.S., and the members meet together to determine the Business Contribution Awards and the Prizes for Excellent Invention Awards every year.

The IP Strategic Committee is selected from among the various business unit, laboratories and corporate planning department in Japan, Germany and the U.S., and develops the patent application strategies linked to the business strategies.

Organization of intellectual property management



Providing Information to the Management and the Business Units

The strength of Advantest is our state-of-the-art technological capabilities. Therefore, we believe protecting our intellectual property as the source of our competitiveness vital to persist as an enterprise. In recent years, Advantest has been working to protect and manage our intellectual property, as well as to leverage our and other companies' intellectual properties. For instance, Advantest promotes an IP landscape and provides information on intellectual property to the management and each business unit.

Intellectual Property Education

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

In addition, since fiscal 2021, we have held intellectual property creation education for children.

Please refer to "Community Activities" for details.

Disputes and Litigation Relating to Intellectual Property

As of March 31, 2022 there were no such disputes.

Supply Chain Management

Cooperative relations with our business partners are the foundation of all our businesses. We value communication with our business partners, and maintain fair business dealings with them based on related laws and regulations.

In-house Initiatives for Supply Chain Management

Advantest upholds collaboration and cooperation with our suppliers in our ESG Initiatives Basic Policy. We place value on open communication with our business partners, which will ultimately lead to building trusting relationships and mutual development.

In order to maintain fair business relationships in accordance with relevant laws and regulations, we have established a Basic Procurement Policy, to which we have shared and sought cooperation from our suppliers. We have also prescribed the Supply Chain CSR Promotion Guidebook and Green Procurement Guidelines, and endeavor to build a supply chain with the need to respect human rights, occupational safety, and environmental considerations.

[Advantest Procurement Policy](#)

Supply Chain Management System

Advantest's Supply Chain Division and the Global SCM Center are responsible for formulating and implementing procurement, outsourcing, logistics strategies, and other additional services. Moreover, we procure parts, which have been certified by each global base, in a timely and appropriate manner based on globally standardized evaluation criteria for parts selection.

ESG Action Plan 2021-2023

Based on the Mid-Term Management Plan (MTP2), Advantest has established an ESG Initiatives Basic Policy, upon which the ESG Action Plan 2021-2023 has been set up in accordance with this policy. In the supply chain, we are working together with our business partners in order to promote CSR procurement, with the goal of realizing a sustainable society by promoting activities for climate change, respecting human rights, occupational safety, fair trade, and observing compliance.

[Our Activities in FY2021](#)

Education for Implementing Fair Trade

In FY2021, Advantest offered education on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors for all employees of group companies in Japan, along with company-wide compliance education. As a result, we saw an upliftment of the levels of consciousness among all employees in Japan, irrespective of the department they belong to.

Going forward, we will continue to maintain fair trade through ongoing employee education and individual support.

Efforts to Address Our Supply Chain

Supply Chain CSR Questionnaire

Based on our ESG Action Plan 2021-2023, we conducted a CSR Questionnaire for business partners who account for 85% of the transaction value of all Advantest Group companies (Supply chain due diligence). The contents of the FY2021 questionnaire mainly referred to the "Supply Chain CSR Promotion Guidebook" in line with international norm and initiatives such as the RBA Code of Conduct along with reports on the introduction of renewable energy and limitation of greenhouse gas emissions with the goal of mitigating climate change. We also launched an initiative to share information with our business partners and offer exclusive support so that the entire supply chain could address social issues. We aim to enhance supplier engagement not only by providing materials summarizing the results of the questionnaire for each business partner, but also by supplying feedback on points that were highly evaluated as well as requests for improvement.

The 2021 questionnaire was conducted in March 2022, to which we were able to obtain responses from all of the companies that received the questionnaire. Among them were mentions of the difficulty of reporting greenhouse gas emissions, while others responded that their measures to mitigate climate change remained undecided. We plan to coordinate with our business partners with active communication for mutual recognition and understanding of these issues. In Japan, we also evaluate the QCD* of our business partners every quarter aimed to ensure the stable supply of products while maintaining and improving quality.

* RBA Code of Conduct: A code of conduct pertaining to social responsibility advocated by the Responsible Business Alliance.

* QCD: An acronym of Quality, Cost, and Delivery.

Establishment of a Contact/Reporting Window

We ask for reports to be made through the [contact window](#) on our webpage if there is any action by an Advantest employee, etc. that violates the code of conduct, business contracts, or laws and regulations, or any other action deemed to be suspicious. There were no complaints filed (no cases) in FY2021.

Note that Advantest will not subject the whistleblower, nor the whistleblower's company, to any disadvantage. If an investigation finds any issues, the relevant action shall be stopped and measures shall be taken to prevent recurrence.

Announcement of the Declaration of Partnership Building

Advantest and Advanfacilities Co., Ltd. have agreed to and endorsed the Declaration of Partnership Building and announced our framework on Declaration of Partnership Building* in the fall of 2021.

The Declaration of Partnership Building declares, in the name of the representative of the company, that it will build new partnerships by promoting further collaboration and prosperous coexistence with business partners in the supply chain and encourage businesses that create value. The following are few examples of matters to observe for the promotion of partnership building.

- Leveraging information technology to promote operational efficiency throughout the supply chain
- Working together with suppliers and vendors to improve quality and productivity, aiming for mutual development
- Working together towards the realization of a decarbonized society throughout the entire supply chain, including Advantest.

* The Declaration of Partnership Building was founded by the Council on Promoting Partnership Building for Cultivating the Future, which consists of representatives from business circles and labor organizations including the Chairman of Keidanren, the Chairman of the Japan Chamber of Commerce and Industry, and the Chairman of the Japanese Electrical Electronic & Information Union as well as related ministers (Cabinet Office, Ministry of Economy, Trade and Industry, Ministry of Health, Labor and Welfare, Ministry of Agriculture, Forestry and Fisheries, and Ministry of Land, Infrastructure, Transport and Tourism).

Case for the Declaration of Partnership Building

In November 2021, Meisei Corporation, a partner company of Advantest, consulted Advantest about their business continuity plans and SDGs initiatives. We shared our initiatives and opinions regarding the global trends, with a particular emphasis on the promotion of initiatives that match the company's collective goal. After thorough discussion within Meisei Corporation, which stimulated their willingness to engage in contributions for the world, they drew out the following initiatives.

- Participate in the CoCoLo Project* to promote decarbonization and contribute to society by introducing solar power generation on factory roofs
- Disclose SDGs Declaration
- Promote female leader development education to for better tapping the high ratio of women

* CoCoLo Project: A project initiated by the West Group, which converts the environmental value created by companies into credits through the J-credit system* and utilizing them for various donation activities as efforts to promote the reduction of CO₂ emissions and regional revitalization.

* J-credit system: A system in which the government certifies the amount of CO₂ emissions reduced through the introduction of energy-saving equipment and the use of renewable energy, and the amount of CO₂ absorbed through appropriate forest management as credits.

Efforts for Procurement

Measures against procurement risks

In addition to the stagnation and confusion of logistics due to Russia's invasion of Ukraine and the prolonged lockdown in China, climate change and natural disasters are causing supply chain disruptions that has never been experienced before. On top of the ongoing visualization of the factory (visualization of processes and information from parts procurement to production and shipping), we have established a system to predict requirements in real time to enable prompt and appropriate response. Furthermore, at our global bases, executives are spearheading partnership agreements with our suppliers, exchanging information at the top level, and boosting cooperation with EMS.

Advantest promotes purchasing from multiple procurement sources as a general rule as a contingency for the procurement of components from the perspective of BCP.

We created a BCP map of our suppliers and manufacturing bases to speed up information collection and countermeasure examination in case of a disaster.

Response to Conflict Minerals

Although Advantest is not subject to Section 1502 of the US Dodd-Frank Wall Street Reform & Consumer Protection Act (Conflict Minerals Clause), we are voluntarily addressing the issue of conflict minerals. Since 2013, Advantest has been implementing an annual survey of our business partners using the Conflict Minerals Reporting Template (CMRT) tool developed by the Responsible Minerals Initiative (RMI). In FY2021, we conducted a survey of our business partners and verified the smelters/refiners listed on the CMRT with the information disclosed by the RMI. The results are as follows.

Survey (CMRT) collection rate	69%
• Total number of refineries/smelters	375
• Number of conformant certified refiners/smelters	238
• Number of refineries/smelters without conformant certification (including pending refineries/smelters)	137

In total, the ratio of conformant smelters was 63.4%.

The survey form collection rate fell below expectation, and we were unable to fully identify the elimination of substances (parts) provided by the Red List (nonconforming) smelters. We will continue to seek cooperation from our business partners who we are yet to confirm.

In FY2022, we will enhance our system so as to aim for 100% of our suppliers who are conflict-mineral-free.

* RMI: [Responsible Minerals Initiative](#)