

Sustainability

Materiality for Enhancing Sustainability

Based on a long-term perspective, we consider our business and CSR activities to be the natural starting point for us to contribute to solving the various challenges of modern society through our measurement technologies. While bearing this in mind, we will fulfill our dual responsibilities to improve corporate value by generating profit and to contribute to the development of a sustainable society through all our corporate activities, including our supply chain.

Our Approach to Materiality

In recent years, the roles and scope of information technologies have expanded, generating enormous volumes of data.

Furthermore, we have entered an era when even greater reliability is required than in the past in areas supporting the people's lifestyles, such as data centers, automobiles, and medicine.

The role of semiconductors will become increasingly important in solutions for global social issues. Advantest will contribute to greater safety, security, and comfort for society and to creating a sustainable future through

semiconductor test supporting devices with high reliability, increased functionality, and increased capacity.

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

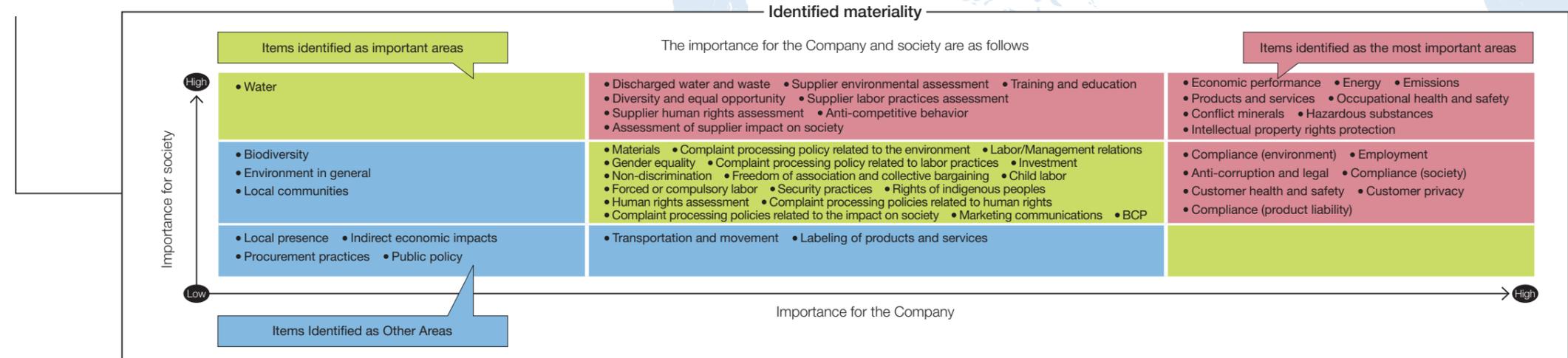
Identifying Materiality



Assessment criteria were formulated in light of GRI standards, RBA code of conduct requirements, industry standards such as SASB and international disclosure standards in addition to the content of surveys submitted by customers and investors, giving consideration to consistency with respect to the Company's boundaries and business risks.

CSR Working Group members, representatives of relevant departments, and responsible directors examined materiality in terms of both the level of importance as viewed by stakeholders, and the degree of importance to the Advantest Group.

The identified materiality items were determined after being discussed at the Managing Executive Officers Committee. One or two specific activity indicators and KPIs were set for each materiality aspect.



Sustainable Development Goals

The sustainable development goals (SDGs) were adopted by the United Nations in 2015 as common global goals to achieve a better future by, for instance, responding to climate change and eradicating poverty.

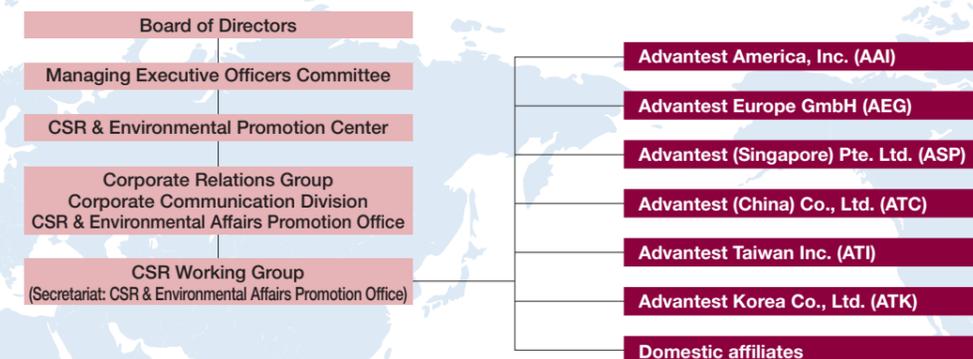
Based on our management philosophy of "Enabling Leading-Edge Technologies," Advantest will contribute to the technological advancement of society and the resolution of social issues through semiconductor test as a form of social infrastructure.

Implementation System

The Advantest Group has established the CSR & Environmental Affairs Promotion Office directly under the Board of Directors. The CSR & Environmental Affairs Promotion Office has the function of investigating sustainability trends, clearly defining sustainability issues that should be addressed, and promoting their resolution throughout the Company.

In addition, to facilitate the development of a company-wide CSR framework, a CSR Working Group has been established, consisting of members appointed from the Company's units responsible for general affairs, human resources, PR, IR, sales, quality assurance, production, etc. The CSR Working Group implements activities on a worldwide basis.

Advantest's Organization for Promoting CSR^(1, 2)



*1: CSR management activities related to each region are to be promoted by subsidiaries in each region.

*2: Global CSR initiatives and CSR activities related to business operations (e.g., compliance, customer relations, quality assurance, human rights, environment) are to be promoted by the CSR Working Group.

Sustainability Goals (Materiality)

Advantest contributes to the safety, security and comfort of people around the world and helps to create a sustainable future through semiconductor test supporting a wide range of end products.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals were adopted by all 193 members of the United Nations in September 2015 with the aim of resolving social issues such as poverty, inequality, biodiversity losses, and climate change, in order to create a better future and protect our planet.

If the entire world addresses the 17 goals and 169 targets listed in the SDGs, we can overcome the enormous challenge of creating a world where "nobody is left behind."



Category	Identified materiality	KPIs	Material Reasons	SDGs related items	
Economy	Economic Performance	Net sales, operating profit margin, ROE, EPS	We consider economic performance metrics such as net sales, operating income, ROE, and EPS our foundation and the most important factor in our ongoing corporate activities.		
	Energy	Rate of improvement in energy intensity	Advantest considers efficient energy use an important CSR activity for the global environment.		
	Emissions	GHG emissions (Scope 1/2)	We consider efforts to reduce the emissions through more efficient energy use to be vital, as efforts to reduce greenhouse gases, which should be conducted worldwide, are indispensable to our business activities.		
	Discharged water and waste	Waste recycling rate	We promote 3R (Reduce, Reuse, Recycle) for resources based on the belief that contributing to a recycle-oriented society is part of our corporate social responsibility, and this positions waste-reduction measures as an important issue.		
	Environment	Hazardous substances	Percentage of suppliers covered by hazardous substance surveys	Advantest places great importance on compliance with all additions and revisions of electrical and electronic regulations, including the RoHS Directive.	
		Products and services	Percentage of products meeting in-house green products criteria	Advantest products generate various small and large environmental impacts through their use. Green products, which reduce environmental impact, are important for us not only because they address environmental issues but also as messaging that conveys the quality of our products.	
		Compliance (environment)	Number of cases of environmental compliance	Our business activities have a range of impacts on the environment. In order for us to achieve responsible, continuous development, it is important that we share environmental information with stakeholders and reflect this in our environmental management.	
Supplier environmental assessment		Percentage of new suppliers that were screened using environmental impact criteria	Advantest emphasizes the development of high-quality green products by working from the perspective of environmental conservation in parts procurement, materials, and manufacturing processes.		
Society	Conflict minerals	We ensure our use of materials with a low risk of conflict mineral associations by asking business partners to ensure transparency in regard to the sources of materials and components, etc., and by working together with industry organizations to investigate information relating to conflict minerals (i.e. mineral processing firm information).	Conflict minerals are not only regulated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, but are also a major problem faced by society as a whole. Advantest is no longer subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act, having delisted our corporate stock in the United States in April 2016. However, Advantest remains aware of the importance of the conflict minerals issue, which also has deep ties to efforts conducted by the entire industry.		
	Employment	Percentage of employees returning to work after taking childbirth and/or childcare leave	The heart of corporate activities is people. Advantest employs diverse human resources and considers the provision of a workplace where employees can reach their full potential to be an important measure for improving corporate value.		
	Occupational health and safety	Occupational accident rate	Advantest sees employee safety and health assurance as vital to executing our business activities, and recognizes the need to continually raise awareness.		
	Training and education	Average number of hours of training per employee per year	To enhance corporate value, we need to ensure that employees clearly understand their role and make an effort to develop their capabilities. We recognize training and development as an important CSR theme based on these needs.		
	Diversity and equal opportunity	Female employees as percentage of total workforce	Advantest recognizes the acceptance of employee diversity, the elimination of discrimination, the facilitation of each individual to reach their full potential, and the provision of a workplace open to full employee participation as vital to earning trust from society and improving corporate value.		
	Supplier labor practices assessment	Percentage of new suppliers that were screened using labor practices criteria	Advantest considers it important for a broad range of stakeholders, including our business partners, to affirm human rights and ethical labor practices in the conduct of our business.		
	Non-discrimination	Number of complaints submitted to the helpline that are properly resolved	Advantest considers the elimination of discrimination based on age, gender, nationality, religion, or any other characteristic to be vital to enthusiastic employee participation and motivation worldwide.		
	Supplier human rights assessment	Percentage of new suppliers that were screened using human rights criteria	Advantest recognizes the influence we can exert to protect human rights in the context of parts, materials and manufacturing processes, and considers this a vital responsibility, extending to our suppliers.		
	Anti-corruption	Number of confirmed incidents of improper behavior	Legal compliance and governance is the basis of our corporate activities. We recognize the elimination of acts that will truly damage the trust of our stakeholders such as bribery and corruption to be our greatest corporate social responsibility.		
	Compliance with anti-monopoly legislation	Number of incidents relating to relevant legislation	Advantest considers the elimination of anticompetitive practices vital to earning trust from society.		
	Compliance (society)	Number of non-compliance instances relating to social issues	Advantest considers social responsibility based on ethical convictions held by each and every employee to be vital to earn the trust and faith of our stakeholders.		
	Supplier assessment for impact on society	Percentage of new suppliers that were screened using criteria for impact on society	Advantest recognizes that compliance issues and adherence to social norms in parts, materials and manufacturing processes impacts the company, and we emphasize the fulfillment of our social responsibility throughout the entire supply chain, including all of our business partners.		
	Customer health and safety	Number instances of non-compliance with in-house safety standards	Modern society views product safety as being of increasing importance. We recognize the necessity of ongoing efforts to more readily respond to this societal expectation.		
	Customer privacy	Number of complaints relating to information security	Information that we receive from our customers and business partners needs to be protected, and it is also thus an informational asset for the company. We recognize the proper protection and management of this information as vital.		
	Intellectual property rights protection	Percentage of employees who have undergone e-learning training relating to intellectual property rights protection	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 is vital to our continued existence as an enterprise.		
Compliance (products/services)	Number of non-compliance instances relating to products/services	Adherence to laws related to products and services is a corporate social responsibility that we believe is important to a broad array of quality management items.			



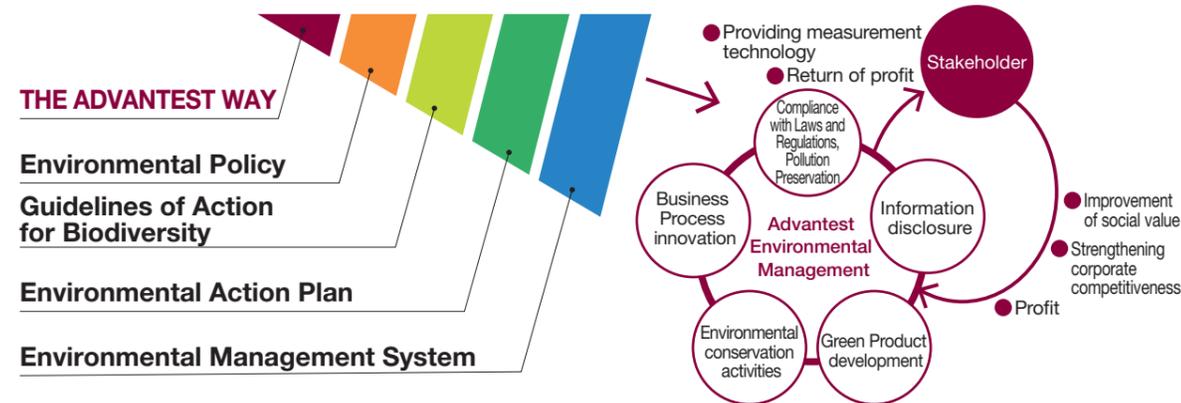
Materiality Focus

Materiality Focus 1 - Environment

Advantest Group Environmental Policy

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

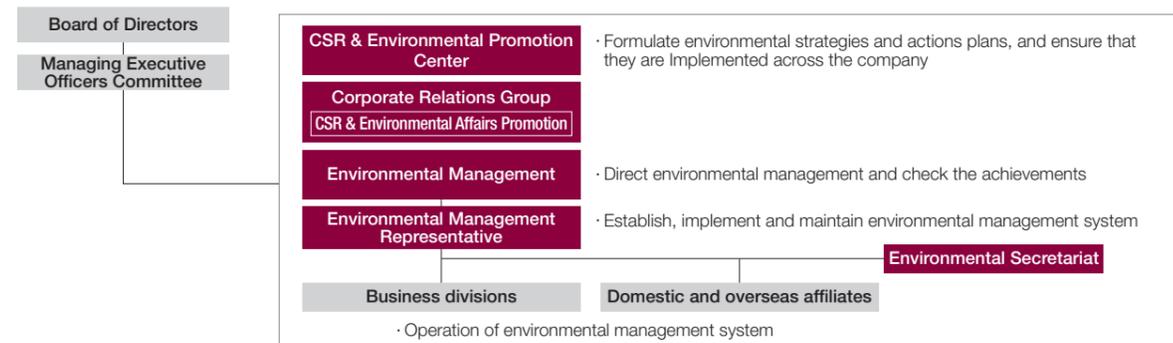
We also strive for environmental protections such as measures against climate change and conservation of biodiversity, and use renewable resources such as energy and water resources to actively participate in the environmental conservation activities below together with all our employees, reinforcing our identity as an enterprise that deserves society's trust.



- 1 **Promoting Environmental Management**
By maintaining our environmental management system, we promote global environmental conservation efforts that achieve environmental targets set for both our business activities and environmental concerns.
- 2 **Reduction of Customers' Environmental Burden**
We promote energy conservation, improved recyclability, and the elimination of hazardous substances to provide environmentally-friendly products and services that contribute to our customers' reduction of their environmental footprints, giving consideration to the life cycle of our products from materials procurement to waste disposal.
- 3 **Better Workplace Procedures**
We continually improve our work procedures to hone our environmental performance by creating environmentally friendly products.
- 4 **Environmental Protection and Sustainable Use of Resources**
By being alert to the environmental impact of our business activities, we strive to protect the environment through measures ranging from climate change prevention to the conservation of biodiversity, as well as sustainable use of resources such as energy and water.
- 5 **Complying with Environmental Laws and Regulations and Preventing Pollution**
Upholding all environmental laws and regulations and voluntary standards, we protect nature and shield our neighbors from environmental pollution and health hazards caused by chemical substances, waste and other contaminants.

Framework to Promote Environmental Management

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



Green Products

Basic Stance

Contributing to the sustainable development of society and conducting environmentally-friendly business operations are essential issues that need to be addressed in modern business management. The Advantest Group works to develop products from the perspective of environmental conservation while prioritizing high precision and high quality, and certifies as green products those products that are environmentally-friendly in terms of the three key aspects of energy and

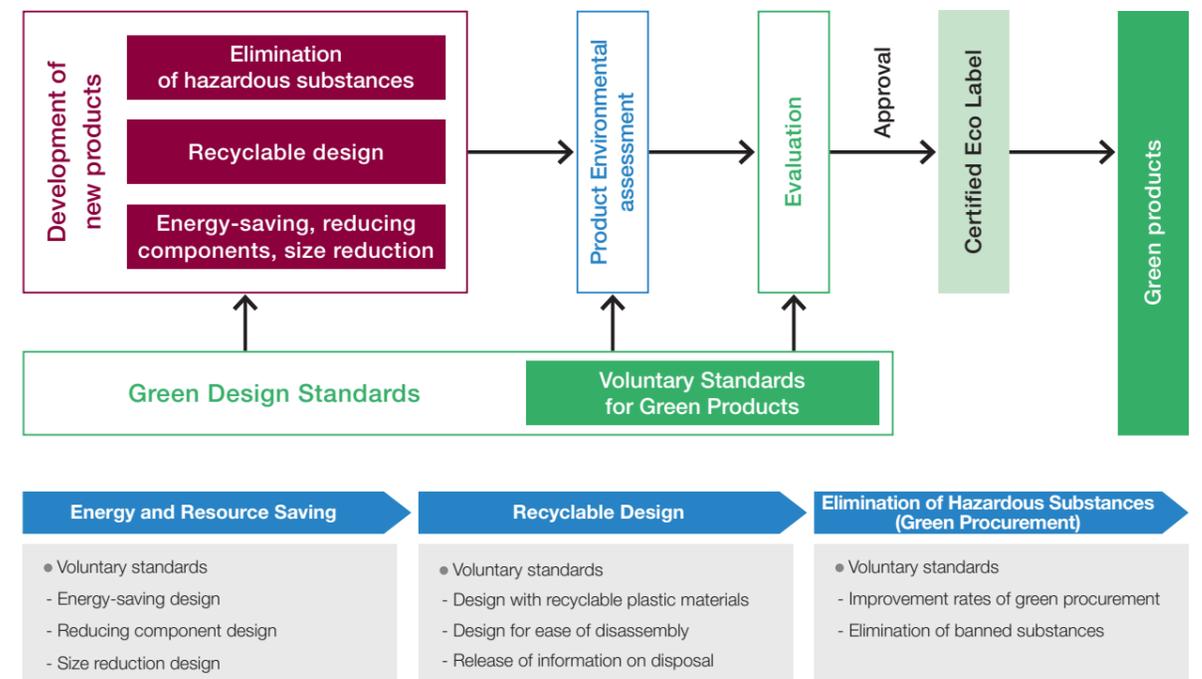
resource saving, improving recyclability, and elimination of hazardous substances. There is demand in society for the supply of green products because they provide both a reduction in the environmental footprint and an improvement in economic value. The Advantest Group is developing green products in response to these demands and based on the belief that these products will be beneficial for its customers.

Development Flow of Green Products

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

During the product environmental assessment, products are assessed from various aspects, including energy-saving, reducing the number of components, size

reduction, recyclable design, and elimination of hazardous substances. Products that meet the Voluntary Standards for Green Products defined by Advantest are certified as green products and are awarded an Eco Label (type II).



Materiality Focus

Materiality Focus 2 - Society

Diversity and Equal Opportunity

Advantest is supported by a variety of stakeholders including customers, employees, and local communities, and has a social responsibility toward all of them. We implement management activities based on identified materiality aspects (see p. 43-44) relating to society.

Diversity Management

Advantest celebrates the diversity of its workforce and strives to create a workplace where every employee can achieve their potential and participate to the fullest. We respect individual differences while striving to facilitate a corporate climate where everyone can reach their full potential and actively participate with their own unique personality and skills.

Specifically, the Company pledges in its basic policy to respect the human rights of every employee and eliminate all forms of discrimination on grounds such as race, gender, age, nationality, religion, social standing, physical disability, diseases, and sexual orientation. Moreover, we do not discriminate in our recruitment and employee compensation practices, and strive to hire, cultivate, and promote personnel who will shine on the global stage.

Recruitment and Use of Global Human Resources

Business has become more global in recent years, and we aim to secure personnel who understand other cultures, have high-level communication skills, and are able to execute business on the global stage. Specifically, we are putting more effort into building human resource systems from a worldwide perspective as well as taking a global perspective when hiring, developing, and assigning human resources

throughout the entire Group. We use personnel rotation and exchanges with overseas affiliates to promote globalism in our corporate structure. Through everyday business and training in both organizations, technology and know-how are shared, allowing each employee to learn more advanced technology plus adaptive skills for a diverse business environment.

Number of employees by region 2017-2019
(Employee headcounts are as of March 31 each year)

North America

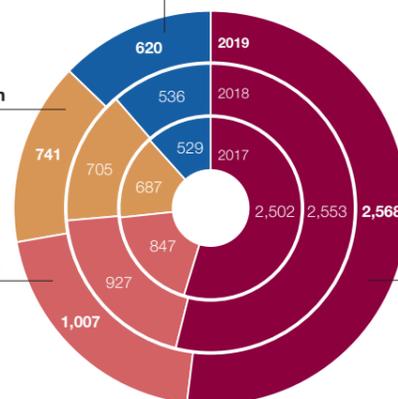
2019 620 (13%) including 108 women
2018 536 (11%) Including 88 women
2017 529 (12%) Including 84 women

Europe

2019 741 (15%) including 128 women
2018 705 (15%) Including 125 women
2017 687 (15%) Including 113 women

Asia

2019 1,007 (20%) including 236 women
2018 927 (20%) Including 217 women
2017 847 (19%) Including 197 women



Japan

2019 2,568 (52%) including 416 women
2018 2,553 (54%) Including 400 women
2017 2,502 (55%) Including 378 women



Global Human Resources Activities

Advantest engages in a wide range of initiatives both on a worldwide basis and tailored to each country's conditions to develop global and frontier human resources.

In terms of specific activities, regular Global HR Meetings are held to share our HR status and efforts in each country and to create a place for debate about solving personnel issues shared throughout the Group.

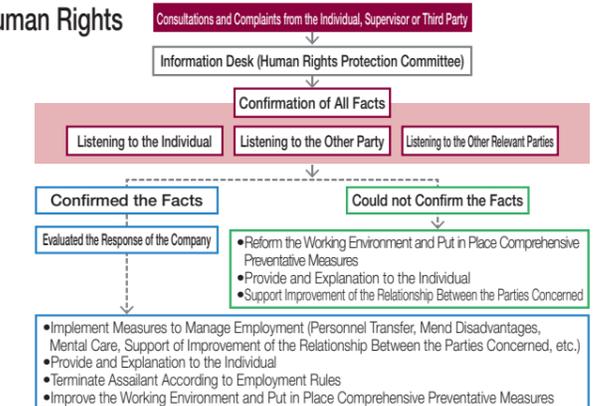
Human resource managers from each Group company gather at the Global HR Meeting to present their endeavors and challenges in each country. We have also deepened exchanges through discussion about further globalization such as the introduction of Group-wide human resource policies as well as new systems.

Respecting and Protecting Human Rights

System for Promotion of Respect and Protection of Human Rights

The Corporate Ethics Office and the Compliance Committee lead Advantest's initiatives to promote and set policies on human rights issues and deal with inquiries and 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 of forced labor, child labor, and discrimination).



Creating a Workplace that Respects Human Rights

Advantest believes considerations for 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 and respect basic human rights, based on the laws and regulations in each country and region.

Furthermore, in addition to being a signatory to the United Nations Global Compact, which is a worldwide initiative advocated by the United Nations, we are a member of Global Compact Network Japan, which is the local network in Japan. We support the UN Global Compact's Ten Principles, which are universal principles to be observed by companies in the four areas of human rights, labor, the environment, and anti-corruption, and are promoting

initiatives in each of these areas. Moreover, "The ADVANTEST Way," which is the foundation of the Company's corporate culture, also specifies a policy for the protection of human rights that prohibits discrimination on grounds such as race, gender, age, nationality, religion, social standing, physical disability, illness, and sexual orientation. We have also established a manual for human rights and anti-discrimination and prevention guidelines for harassment, which promotes protection and respect for human rights.



Materiality Focus

Materiality Focus 3 - Governance

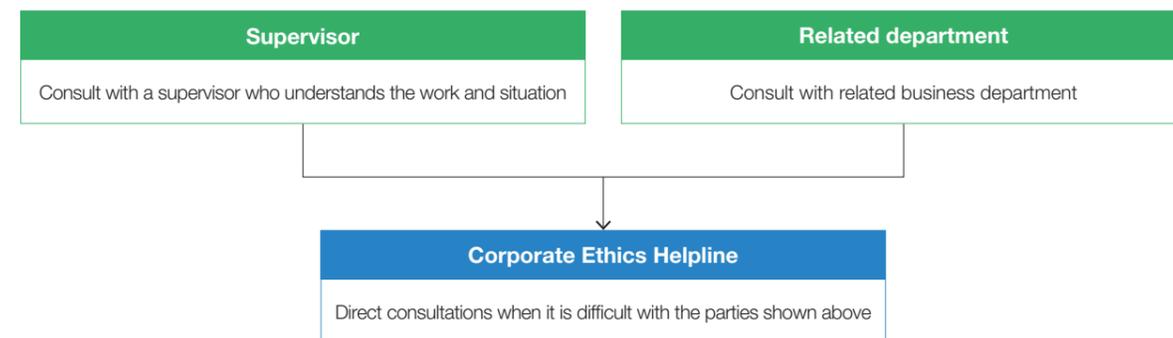
Corporate Ethics and Compliance with Laws and Regulations

Companies aiming for sustainable growth need employees who fulfill their social responsibilities and who possess a strong sense of ethics. They also need to earn the trust of stakeholders. Based on this belief, Advantest has established The ADVANTEST Way, which lays out our management direction and policy and indicates our Corporate Mission, Mission, Core Value, Guiding Principle, ESG for Sustainability and Ethical Standards for employees to enhance their ethical awareness.

Compliance Promotion System

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

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



Compliance Education

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

In FY2018, all of our Group employees took e-learning education and agreed to adhere to compliance.



Materiality Related to Compliance

Compliance is the most important issue in management and is a basic premise of conducting business activities. Advantest has presented standards of behavior in “The ADVANTEST Way” to enable each employee to execute their social responsibility with a strong ethical perspective, and is striving to raise awareness among all employees of the Group.

Materiality	KPI	Material Reasons	Responsible department/division
Environmental aspects	Number of alleged violations of environmental laws and regulations: 0	Work to prevent grave legal violations related to the environment before they happen	CSR & Environmental Affairs Promotion Center/ Environmental Management Officer
Non-discrimination	Number of complaints submitted to the helpline that are properly resolved: All	Aim to eliminate discrimination based on age, gender, nationality, religion, or any other characteristic to facilitate enthusiastic employee participation and motivation worldwide	Corporate Ethics Office, Compliance Committee
Corruption Prevention	Number of alleged incidents of dishonest acts: 0	Eliminate acts that will truly damage the trust of our stakeholders such as bribery and corruption	Legal Department
Antitrust Act	Number of legislative actions: 0	Eliminate anticompetitive practices and promotion of fair trade practices	Legal Department
Social Compliance	Number of alleged violations of laws and regulations: 0	Execute social responsibility with a strong ethical perspective	Corporate Ethics Office, Compliance Committee

Social Responsibility in the Supply Chain

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

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