

Reaction to Independent Review of CSR Report 2008

Below, we report on the activities Advantest has carried out based on the findings by Mr. Kawakita in fiscal 2008, and the goals that we were not able to achieve.

Areas where there has been progress but where further efforts are required

I rate very highly the fact that three new non-Japanese executive officers have been appointed in fiscal 2008. I also hope that with regard to the group's future overall human portfolio, just as Advantest's research and development structures and its production and sales system are based on long term market forecasts, its human resource strategy will be based on long term management plans to build hiring system and training curriculum capable of actively harnessing human diversity as a global corporation.

Fiscal 2008 initiatives and future directions

Advantest has assigned non-Japanese executive officers representing the United States, Europe, and Asia, in order to manage the company with a global perspective. We have also considered hiring and training systems that will enable us to take advantage of a diverse workforce. Nevertheless, we have not been able to create a plan for a human resource portfolio based on a long term management plan, due to the rapid changes under way in the market, and the fact that we are unable to foresee when the market will recover, due to the worsening of the world economy. Moving forward, we will work to create an environment where diverse human resources can be active on a global scale, through appropriate personnel assignments based on our business growth.

Areas where further effort is needed

Advantest should also add human rights and labor to its Supplier Evaluation Worksheet in order to encourage CSR initiatives by its suppliers. It should additionally identify and share challenges and future actions, while creating a foundation on which its suppliers can build a system for internal audits, share case studies through topic-specific meetings, and the like.

Fiscal 2008 initiatives and future directions

We added items relating to CSR initiatives, including human rights and labor, to the Supplier Evaluation Worksheet that we require our suppliers to submit. We also promoted the sharing of knowledge and awareness of issues by holding a conference with our suppliers, in which we showcased Advantest's initiatives and leading case studies from our suppliers, and shared information and issue awareness. We will continually work to improve our methods of communicating with our suppliers, in order to ensure compliance with our Procurement Policy and Green Procurement Guidelines.

Independent Review of Advantest Corporate Report 2009

This opinion is based on my review of this report, and interviews with people at the company in charge of customer satisfaction, the environment, procurement, compliance, human resources, social contribution, and other areas.

Although the company has begun to advance its CSR initiatives in a PDCA (management cycle) with a focus on reducing environmental impact, it has put some items on hold due to the worsening economic climate.

The company disclosed that it called for volunteers for early retirement, and that it did not renew the contracts of some contract and temporary employees, amidst the extremely severe business climate in which its sales are down by half compared to the previous year (p. 9). The company's employees are one of its most important stakeholder groups, and I thus rate this disclosure highly.

Strong points

- Your company continually strives to reduce its environmental impact. It continues to develop and bring to market the T5782 and other green products, and to reduce its environmental impact in all processes from product development to transportation, including switching its shipping pallets from conventional wooden pallets to a cardboard version that it developed independently (p. 30–31).
- With relation to the promotion and utilization of human diversity, your company has appointed three new non-Japanese executive officers (p. 8). I am confident that moving forward, it will increase the diversity of other management levels as well, including the promotion of non-Japanese, women, and disabled people.
- Your company promotes the hiring of disabled people. It actively creates effective opportunities to increase hiring, including the acceptance of trainees and giving company tours (p. 21). I am confident that your company will also continue to expand opportunities to share its knowledge and experiences with other companies you deal with, including lectures and collaboration with external organizations.

Areas where there has been progress but where further efforts are required

- Although I give your company high marks for its Procurement Policy, and for adding items relating to human rights and labor in the Supplier Evaluation Worksheet that it requires its suppliers to submit, I highly hope that it will gain an even more concrete grasp of the current status of its suppliers' initiatives and future issues, and further enhance opportunities for suppliers to improve each other (p.18–19).

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The IIHOE is an NPO established in 1994 with the purpose of achieving "the Democratic and Balanced Development for All Lives on the Earth." Although its main activity is supporting the management of civic groups and social welfare workers, it also supports the CSR of many major firms.
<http://blog.canpan.info/iihoe/> (Japanese only)