

Environmental Action Plan (3-year topics)

We created our Third Environmental Action Plan (2004 to 2006), setting key challenges and targets for environmental management, and carried out voluntary initiatives with a focus on four key concepts: "environmental management," "environmental consideration for products," "business operations," and "social activities." Here we report our activities over this three-year period, focusing on especially important topics.

We held a Global Environmental Meeting to implement environmental activities on a global scale.



Participants of the Global Environmental Meeting

At Advantest, we believe that environmental management means enabling both conservation of the global environment and the sustainable growth of the Company. In order to further improve our environmental management, we believe that it is necessary to advance environmental activities in

line with our business operations throughout the group, both in Japan and overseas, maintaining a global perspective. Since fiscal 2004, we have held a Global Environmental Meeting each year, where employees from each region have exchanged information and views. At the Global Environmental Meetings, we decide policies for advancing specific and highly effective initiatives, as a common tool for operating our environmental management system. As a result, in October 2006 our Taiwan operating facility became our first overseas office to obtain ISO 14001 certification.

Speak up! Participating in the third Global Environmental Meeting

Two people from ATI attended the third Global Environmental Meeting, held on January 25 and 26, 2007. At the meeting, we discussed such topics relating to the environment as environmental legal regulations, reducing waste and product recycling. I could tell by the passion in the participants' statements that each company is deeply committed to environmental activities.

We also believe that creating an environmental management system is vital in terms of "what we can do" to combat global warming. For this reason, ATI obtained ISO 14001 certification.

I believe that it is still not too late to strive to protect the environment of our home, planet Earth. We remain actively committed to environmental activities.



Kevin Chung
Advantest Taiwan Inc.
(ATI)

We implemented activities aimed at reducing CO₂ emissions by 15% from fiscal 2000 levels.

Global warming, thought to be the cause of climate change, has become a critical global issue. We set a goal of "reducing our CO₂ emissions per unit sales by 15% from fiscal 2000 levels," in order to reduce risk at the global scale and avoid risk to our business operations. In order to accomplish



Changing the roof of our Gunma Factory to double shingles

this goal, we implemented energy-conservation activities to achieve both production efficiency and environmental efficiency (see p. 10, Just-In-Time production system and p. 38, Preventing Global Warming). Over the past three years, we have reduced our total CO₂ emissions by about 2,280 tons. We were unable to achieve our goal, however, achieving a reduction of just 10.1% due to such factors as sales levels falling below our estimates, and changes to our production equipment.

Speak up! Energy conservation at our Gunma Factory

Over the past three years, the Gunma Factory has carried out energy-conservation measures through equipment improvements and upgrades. In fiscal 2004, we changed the factory roof to double shingles. This improved the factory's insulation, reducing our electricity use for air conditioning with a decrease in our CO₂ emissions by about 500 tons per year as a result. Starting in February 2006, we changed the fuel used at the factory from heavy oil to natural gas, saving us about 15 million yen per year, and reducing our CO₂ emissions by about 1,000 tons per year.

These measures not only reduce CO₂ emissions; in fact, they have been highly effective in three areas: cost, quality control, and environmental management. For example, the double shingles help prevent condensation during winter, and the switch to natural gas enabled us to produce fewer emissions of the air pollutants NO_x and SO_x compared to heavy oil.



Masuo Fukamachi
FM Service Section
Advantest Corporation



Posing for a group photo

Planting trees in pairs

An enjoyable lunch at base camp

A memorial plaque and plate received from SAFODA

We completed a three-year forestation program on Borneo, Malaysia.

Commercial logging in Southeast Asia has greatly reduced the original rainforest and biodiversity there. In commemoration of our 50th anniversary in 2004, we implemented a forestation program aimed at restoring the rainforest on Borneo, in partnership with Fujitsu Limited and the Sabah Forestry Development Authority (SAFODA). In the third year of the program, we recruited volunteers from Advantest, including our affiliates, in collaboration with the Advantest Labour Union in order to enable as many employees as possible to experience forestation activities. This enabled us to expand the number of participants in the program to 28. Over the three-year period, we finished planting a total of 7,500 native dipterocarp seedlings, covering a total of 30 hectares.



Overview of the forestation program

Purpose	Contribute to local development through tree planting and support for the restoration of the rainforest, which has declined dramatically due to commercial logging and other factors.
Location	Eco Forest Park, located in the outskirts of Kota Kinabalu, on the island of Borneo, in Malaysia
Overview of the activities	Over a three-year period starting in fiscal 2004, plant 7,500 dipterocarp seedlings covering a total of 30 hectares, restoring a native dipterocarp forest there.
Three-year timeline	<ul style="list-style-type: none"> • First fiscal year: Four volunteer employees plant 80 trees over a 2-day period in January 2005 • Second fiscal year: 11 volunteer employees plant 1,653 trees over a 3.5-day period in November 2005 • Third fiscal year: 28 volunteer employees plant 2,023 trees over a 3-day period in November 2006

*In each year, the goal was to plant 2,500 trees with the remaining seedlings planted by SAFODA.

Speak up! Participating in the third year of the forestation program

When I learned that the three-year forestation program was entering its final year, I volunteered as a representative of ATS, wanting to take advantage of this experience made possible by being a member of the Advantest Group. I was able to participate from November 23 to 25, 2006. This was my first time participating in the program. The work was much harder and more exhausting than I had imagined: our job was to plant trees on a steep mountain slope. All together, the participants planted 2,023 trees, which gave us a sense of accomplishment and achievement. Only a few percent of the saplings we planted, however, will grow into adult trees, showing me that restoring nature is not an easy task. I want to extend my experiences to other people, in order to give as many people as possible a strong awareness of environmental conservation.



Yukie Nakada
Engineering Department
Advantest Tokyo Systems Co., Ltd.

What is a dipterocarp tree?

The word dipterocarp comes from the Greek dipterous ("having two wings"), and -karpos ("seed"); it is so named for the two-winged fruit produced by the tree. Large quantities of this tree are imported to Japan as lauan.

Environmental Awareness in Products and System Engineering

We are committed to offering creative new solutions, striving to deliver environmentally aware products by “improving energy efficiency and recyclability,” “increasing product lifetimes,” and “eliminating hazardous substances,” in order to help our customers reduce their environmental impact.



Interview

[Developer]

Hidenobu Matsumura
Manager
2nd R&D Department
1st SoC Tester Business Division
1st Test System Business Group

As needs become more diverse, it is no longer possible for a single company to solve all issues. It should be more efficient for each company to contribute in its core competencies.

Traditionally, each manufacturer has manufactured its semiconductor test systems using its own proprietary architecture. Since these architectures were mutually incompatible, it was not possible to combine modules made by different manufacturers. It is not feasible, however, for a single company to meet the needs of all semiconductor vendors. We thus resolved to create a framework enabling solutions from a broad range of industry players to be collected together. We led the establishment of the Semiconductor Test Consortium (STC) in the United States, and advocated the OPENSTAR® specifications, with the concept of publishing broadly in the industry the technologies and knowledge required for designing the modules constituting a test system. The STC has about 100 members, including manufacturers, universities, and other scientific and research institutions. OPENSTAR® defines only the interface necessary to maintain tester functionality; implementers are free to use it to implement any functionality they like via embedded modules. This makes it possible to utilize a platform flexibly for a wide range of test applications by swapping out modules, reducing the generational turnover of the test systems themselves. The T2000 LS mainframe is a space-saving, energy-efficient, environmentally friendly product created under the OPENSTAR® specifications. By combining with high-density modules, the T2000 has about 70% of the footprint of conventional systems, while providing twice the number of pins with equivalent power consumption. The platform consists of approximately 40% of the number of components of conventional platforms. Furthermore, the T2000 delivers environmentally friendly performance: when configured with 1,024 digital channels (an indicator of tester scale), it consumes about half the electricity of conventional models.

* OPENSTAR® is a trademark or registered trademark of Semiconductor Test Consortium, Inc. in the United States, Japan, and other countries.

Our approach to environmental awareness in products

Especially in the European market, environmental laws and regulations relating to electronic devices are growing tougher, while customers are increasingly demanding green procurement. At Advantest, we do not stop our greening process at mere regulatory compliance; we are committed to achieving technological breakthroughs and offering products that reduce our customers’ environmental impact throughout their life cycles. Most conventional semiconductor test systems need to be replaced in tandem with the short two to three-year generational turnover of semiconductors themselves. This created the unique problem of products becoming waste while their hardware was still fully usable. In order to resolve this issue, the T2000 Test System is designed to have a longer lifetime by promoting open product standards.

The T2000: A flexible, environmentally friendly platform with an open architecture

The performance of semiconductors is required to improve at a dizzying pace. The generational turnover of semiconductors is severe, and they must support small-lot, high-variety production. In many cases, the test systems that check these semiconductors are unable to continue testing semiconductors when the performance of the semiconductors themselves improves dramatically. Since different types of semiconductor require different methods of analysis, different test systems are almost always used for each type of semiconductor. In order to reduce this waste of resources, we promote product development by means of an “open architecture” that standardizes product specifications. Our “T2000 Test System” can be freely combined with any manufacturer’s modules, as long as they comply with the OPENSTAR® specifications. This allows semiconductor manufacturers to freely customize their testers according to each device, without the need to introduce a new test system for every device it needs to measure, greatly helping to reduce testing costs and make effective use of testing resources (conserving resources and reducing waste).

Environmental performance of the T2000 (LS mainframe)

- The mainframe consists of about 40% of the parts as conventional models
- About 70% of the footprint of conventional models
- Digital channels consume about 50% of the electricity of conventional models (when configured with 1,024 channels)
- About four times the pin density of conventional models
- Components progressively being replaced with RoHS-compliant components

Our approach to environmental awareness in systems engineering

We at Advantest are committed to manufacturing environmentally friendly products, and reducing the environmental impact of our products in all aspects, including development, design, operation, and maintenance. Over the past few years, the ability to provide high-quality support, services and powerful solutions to our users has grown in importance in addition to product quality. Our system engineers must also respond to the needs of our customers, while improving their awareness of the environment. We are committed to enhancing our systems engineering services, and helping our customers to reduce their environmental impact with applications that maximize the performance of our testers.

We strive to communicate actively with our customers and improve our system engineers’ skills.

We communicate closely with our customers, proposing the optimum test systems and applications to reduce test time, and contributing to test-program development and evaluation, launch of mass production and maintenance of high operating ratios by our testers. We also continually strive to improve our technical skills, in order to offer a high added-value solution business.

Interview

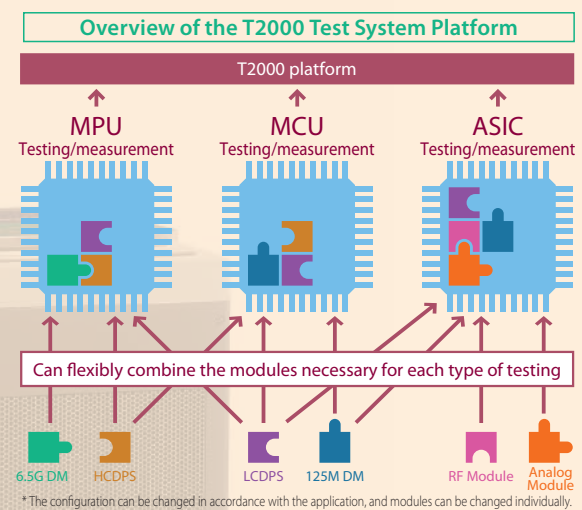
[System Engineer]

Satoru Kitagawa
SoCSE Section 3
SoCSE Department 2
SE Group



Performing accurate testing with short operating times: System engineers are necessary for balancing ecology with economy.

I think that the system engineer’s job is basically to streamline running costs. I believe that from our perspective, balancing ecology with economy, is the foundation of environmental awareness. The shorter the time that the tester is running, the less energy it uses. This contributes to the customer’s environmental activities. What you have got to be aware of, however, is that no matter how short the running time, the tester has still got to be accurate. Customers often tell me that they want to cut testing time in half, but we have already reduced testing time as far as it will go, and we cannot neglect accuracy. I think we are facing a moment of truth now. Increasing the number of units that can be tested at one time is an effective way to further reduce power consumption, so I plan to propose environmentally aware solutions from this system engineer’s perspective. Advantest currently has a whopping 400 system engineers group-wide. As a product system engineer, my job requires me to deal extensively with the development divisions, but I also have quite a few opportunities to meet directly with customers and learn their needs. In fact, there are more cases now where I accompany developers to visit them when they have technically difficult issues and troubles. Valuable hints for environmental measures are often hidden in what our customers tell us. So, as a system engineer, this is a valuable form of communication.



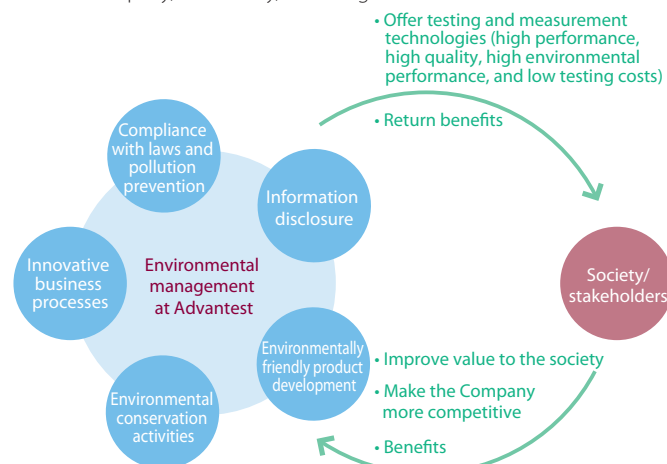
Group Environmental Policy and Environmental Action Plan

At Advantest, we are seriously committed to protecting the global environment as a trusted company.

Our approach to environmental management

"We will increase the Company's value to the society and grow by offering highly reliable products that use leading-edge technology. We will return benefits to our stakeholders, and contribute to the society."

All business operations impact the environment, but minimizing this impact and offering environmentally aware products is not only friendly to the global environment, but also helps to reduce the company's costs and benefits its customers. Our approach to environmental management is that environmental activities should be a matter of course in our business operations, and that we can leverage these activities to return great benefit to the Company, the society, and the global environment.



Advantest Group Environmental Policy (summary)

Mission: Care For Our Planet Guiding Principles

- 1) Promote sustainable management that achieves both corporate management and environmental efficiency
- 2) Offer our customers environmentally friendly products that reduce environmental impact
- 3) Improve customer satisfaction and help our customers reduce their environmental impact
- 4) Create innovative business processes and reduce environmental impact
- 5) Comply with laws and regulations, prevent pollution, and protect the environment
- 6) Disclose information about our environmental conservation initiatives to the public

Advantest Group environmental policies

Web <http://www.advantest.co.jp/environment/plan/en-index.html>

Our Fourth Environmental Action Plan

The Advantest Group has created its Fourth Environmental Action Plan for the period from fiscal 2007 to fiscal 2009. The scope of the new action plan will be expanded to include all Group companies in Japan and overseas. Under it, we have set specific topics and targets in line with our business operations, and will strive to reduce environmental impact.

Fourth Advantest Group Environmental Action Plan (summary)

[Environmental management]

We will practice global environmental management throughout the Group.

- Environmental management system: Expand ISO 14001 certification to our non-production facilities in Japan and overseas
- Environmental education: Build a global environmental education curriculum

[Environmental consideration for products]

We will offer our customers products and solutions that reduce their environmental impact throughout the life cycle.

- Environmentally friendly products: Offer products that reduce our customers' environmental impact
- Green procurement: Create a CSR procurement policy, and apply it to all suppliers as an evaluation criteria

[Business operations]

We will create innovative business operations processes, and reduce environmental impact.

- Preventing global warming: Promote introduction of natural energy
- Resource conservation: Strive to attain "zero-emission" of waste at our overseas offices
- Logistics measures: Promote reuse of packaging materials and use of returnable packaging

[Environmental communication]

All employees will be aware of their social responsibility, and will promote information disclosure and activities to contribute to the environment

- Information disclosure: Enhance communication with stakeholders
- Activities to contribute to the environment: Globally deploy programs in collaboration with the local community and NGOs

Speak up!

Our Fourth Environmental Action Plan

The Committee on Environmental Conservation promoted the standardization of design and components, and tackled the following key issues: environmental measures for products, measures to reduce the CO₂ emissions of our business operations, and compliance with environmental regulations. Starting in 2007, measures to combat global warming will become an increasingly critical topic, as the first commitment period of the Kyoto Protocol approaches. Our Fourth Environmental Action Plan will roll out initiatives to reduce environmental impact throughout the supply chain to the entire Advantest Group. These initiatives include offering energy-efficient products and services that reduce our customers' environmental impact, making production operations more efficient based on the Just-In-Time production system and taking logistics measures.



Junji Nishiura
Chairman of the Committee on Environmental Conservation
Director and Senior Executive Officer

Results from Third Advantest Group Environmental Action Plan

Our third Advantest Group Environmental Action Plan, which was created in fiscal 2004, ended in fiscal 2006. As a result of our efforts to promote CSR in the areas of the "economy," the "environment," and the "society," we achieved the targets of 12 of our 16 topics. We will analyze the causes behind the four targets that we did not achieve, study specific improvement measures, reflect them in the topics of our fourth action plan, and then act to ensure that we achieve these targets.

Third Advantest Group Environmental Action Plan and results of fiscal 2006

Major Category	Theme	Target Year	FY 2006 eval.	FY 2006 results	Related pages
1) [Environmental management]					
Environmental management system	Group companies will promote environmental management focused on environmental efficiency.	Ongoing	○	Eight domestic operating facilities obtained ISO 14001 certification (Nov. 2006)	P35
	The head office and overseas affiliated companies will promote environmental conservation activities.	FY 2005	Completed (FY 2005)	Advantest Taiwan Inc. became our first overseas Group company to obtain ISO 140001 certification (Oct. 2006) Held third Global Environmental Meeting (Jan. 2007)	P28, P35 P28
Information disclosure	The "Sustainability Report" will be newly issued with the addition of sections on environmental management, society, and economy to the conventional report entitled "Environmental Report."	FY2004	Completed (FY2004)	Changed title to "Sustainability Report" to reflect the enhanced social aspects (published 5,000 copies of Japanese-language version, and 2,000 copies of English-language version)	Web
2) [Environmental consideration for products]					
Environmentally friendly products	The lifecycle assessment (LCA), which indicates the environmental efficiency of products, will be adopted for main products.	FY 2005	Completed (FY 2005)	Applied LCA to new products in addition to major products	P30, P37
	"Standard of Environmentally Friendly Products" will apply to all new products, and a target will be set that all products acquire an eco label based on our Company's own standards. Lead-free assembling will be realized for all products.	Jan. 2006 End-Dec. 2005	Not achieved	Semiconductor test systems require high precision, high quality, and long lifetime. Therefore, environmental conservation measures involving the replacement of parts or materials, such as lead-free soldering, were adopted after quality and reliability had been fully verified.	P30, P37
Green procurement	Fifteen banned substances will be eliminated to comply with the EU's RoHS Directive.	End-Dec. 2005	Completed (FY 2005)	We are progressing with the elimination of banned substances. 76% of the parts we currently use do not contain any banned substances. We plan to finish surveying the presence of these substances at the end of the fiscal year.	P16, P37
	A function to manage substances contained in products will be added to the parts information system, and the database will be maintained.	FY 2004	Completed (FY 2004)	Utilized environmental information database when selecting parts for new designs and product environmental assessments.	
Product recycling (resource recycling)	An optimal product recycling system will be developed for each region: Japan (2004), Europe (2005), and North America/Asia (2006).	FY 2004-2006	○	Japan: Develop product recycling system (FY 2004)	P37
				Europe: Select recycling contractors (FY 2005)	
				North America & Asia: Select recycling contractors (FY 2006)	
3) [Business operations]					
Prevention of global warming	CO ₂ emissions per unit sales due to energy consumption will be reduced by 15% as compared with that in fiscal 2000.	FY 2006	Not achieved	Reduced emission per unit sales by 10.1% as compared with that in fiscal 2000.	P38
Waste reduction	Eight domestic facilities will realize "zero-emission" of waste.	FY 2005	Completed (FY 2004)	Continued to maintain "zero-emission" of waste	P39
	The quantity of waste discharged will be reduced by 10% as compared with that in fiscal 2000.	FY 2006	Not achieved	Reduced waste output by 8% as compared with that in fiscal 2000.	
Green purchasing	The ratio of low emission cars to all Company cars will be increased to 50% or more.	FY 2006	Achieved	Achieved low emission cars introduction rate of 71%	Web
4) [Social activities]					
Publicity and information disclosure of environmental management and social responsibilities will be actively promoted.	Publicity and information disclosure of environmental management and social responsibilities will be actively promoted.	FY 2005	Completed	Published 8 environmental advertisements	P27
				Conducted lectures and panel exhibits at environmental seminar (Feb. 2007)	
				8 newspaper articles about our environmental and social activities were published	
Environmental social contribution programs will be established and promoted.	Environmental social contribution programs will be established and promoted.	FY 2006	Achieved	Implemented third forestation program in Malaysia (Nov. 2006; 28 people participated)	P24, P29
				Gave science/handicraft classes and nature observation classes (7 classes; 650 people participated)	
				Conducted community cleanups (8 operating facilities in Japan)	
Environmental education will be enhanced.	Environmental education will be enhanced.	Ongoing	○	Gave an environmental seminar at Waseda University (Jan. 2007; 50 people attended)	P35
				Conducted environmental/social contribution programs at 8 of our overseas affiliates, including donations of used computers and a forestation program.	
				Implemented training for new graduates (27) and other newly hired employee training (40)	
				Implemented internal environmental auditor training (20)	
				Organized environmental lecture by outside lecturer (120 people attended)	

Environmental Accounting

We utilize the environmental accounting in our internal controls in order to make environmental conservation activities visible in a way that anyone can understand and evaluate them and disclose statistics to our stakeholders.

We have introduced environmental accounting in compliance with the guidelines of the Ministry of the Environment.

The Advantest Group has introduced environmental accounting in compliance with the guidelines of the Ministry of the Environment. About 150 million yen of our environmental conservation costs in fiscal 2006 were for environmental capital investment. There was no environmental capital investment in our R&D costs, because we have already achieved a certain level of compliance with EU Directives on the environment and other environmental regulations. Despite this, however, the overall amount increased by 94% from the previous year, because when

our Gunma Factory upgraded its lighting and air-conditioning equipment, it implemented measures to combat global warming. Our total environmental conservation costs were about 870 million yen. This is about 80% of the level of the previous year, owing to the fact that as with our environmental capital investment, our investment as part of our R&D costs decreased. Our environmental conservation benefits declined from the previous year, in which we implemented several major measures, including switching to alternate forms of energy. Our economic benefits, however, increased, thanks to the sale of recyclable materials and reduction in packaging materials. We remain committed to revising our accounting standards and introducing new systems.

Performance of environmental accounting

Unit: thousand yen

Category	Description	Environmental expenditure		Expenses	
		FY 2005	FY 2006	FY 2005	FY 2006
Conservation costs	1) Manufacturing related				
	(a) Pollution prevention	6,090	0	156,531	116,584
	(b) Global warming prevention	55,580	151,347	178,458	105,287
	(c) Resource recycling	0	0	205,545	233,909
	2) Upstream/downstream	0	0	30,223	35,104
	3) Administrative	2,700	0	311,613	276,308
	4) R&D	13,650	0	206,963	98,790
5) Community activities	0	0	3,987	6,923	
6) Environmental damage	0	0	591	0	
Total		78,020	151,347	1,093,911	872,905
Type of benefits	Description	FY 2005		FY 2006	
Conservation benefits	1) Economic benefits	Value of benefits			
	(a) Reduced bills for energy consumption	19,364			4,308
	(b) Gain from recycling	7,101			12,502
	(c) Reduced expenses for packaging materials	3,514			11,038
	(d) Secondary effects	24,419			16,345
	Total	54,398			44,193
	2) Physical benefits	Amounts reduced or reused			
	(a) Reduced power consumption	199 (MWh)			287 (MWh)
	(b) Reduced heavy oil consumption	1,013 (kl)			0 (kl)
	(c) Reduced energy consumption	2,533,830 (MJ)			2,944,138 (MJ)
(d) Reduced CO ₂ emissions	1,106 (t-CO ₂)			103 (t-CO ₂)	
(e) Recycled waste materials	1,157 (t)			1,118 (t)	
(f) Recycling rate of waste materials	97 (%)			97 (%)	
(g) Reduced purchase of packaging materials	59 (t)			75 (t)	
Effects on customers	Description	FY 2006 two models			
	Use of our environmentally friendly products	(a) Reduction in power consumption			8,734 (MWh)
		(b) Reduction in power bills			131,010 (thousand yen)
		(c) Reduction in CO ₂ emissions			3,118 (t-CO ₂)

Environmental Management System

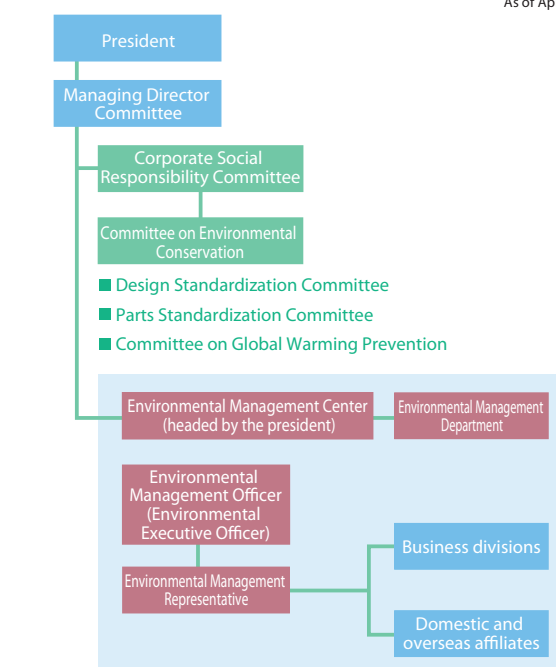
We have built an environmental management system for the entire group, both in Japan and overseas, and conduct ongoing activities under this system, in order to carry out environmental conservation efforts in accordance with a unified global policy.

We have created an "Environmental Management Center" in order to promote global environmental management.

In May 2003, we created an "Environmental Management Center" headed by the president in order to promote global environmental management. The center proposes environmental management strategies and action plans, and rolls them out company wide, thereby promoting specific activities to enhance and get results from environmental management. The "Committee on Environmental Conservation," which was established at the same time, deliberates on such topics as design, part procurement, recycling and reducing environmental impact throughout the supply chain, with an emphasis on environmental measures relating to our business operations. The committee makes policy and strives to roll them out and ensure their thorough implementation in all line organizations company wide.

Environmental management hierarchy

As of April 2007



We have obtained integrated ISO 14001 certification for all our research, development, and production facilities in Japan.

We have introduced the international standard ISO 14001. We are committed to creating a unified environmental management system, and carry out activities with a common understanding. In November 2006, we obtained integrated ISO 14001 certification for all research, development, and production facilities in Japan, adding this certification to that already possessed individually by our Kitakyushu R&D Center. In October 2006, Advantest Taiwan Inc. became our first overseas office to obtain ISO 14001 certification.

Status of ISO 14001 certification

Number of operating facilities	Facility name
Japan 8	<ul style="list-style-type: none"> Gunma R&D Center Otone R&D Center Kitakyushu R&D center Advantest Laboratories Gunma Factory Gunma Factory No. 2 Kumagaya Factory Gyoda Office → Comprehensive certification registered for 8 operating facilities (November 2006)
Overseas 1	Advantest Taiwan Inc.

We continually work to educate employees and raise their environmental awareness.

We continually educate our employees about the environment with the goal of raising their environmental awareness and teaching them environment-related knowledge and skills. We provide general and division-specific education, including education by rank and training for internal auditors. We also provide such specialized education as training for tasks with high levels of environmental risk, and orientations on environmentally friendly products. Additionally, we conduct such awareness-raising activities as environmental lectures and environmental VE proposals. We recognize employees for outstanding environmental efforts, including contributions to the environment through technology development and environmental improvements. Achievements in environmental activities are reflected in work performance. During Environmental Month in fiscal 2006, we awarded two employees with top prize for environmental VE proposals. The winners received an award certificate and monetary prize.

Environmental month activities

Environmental lecture

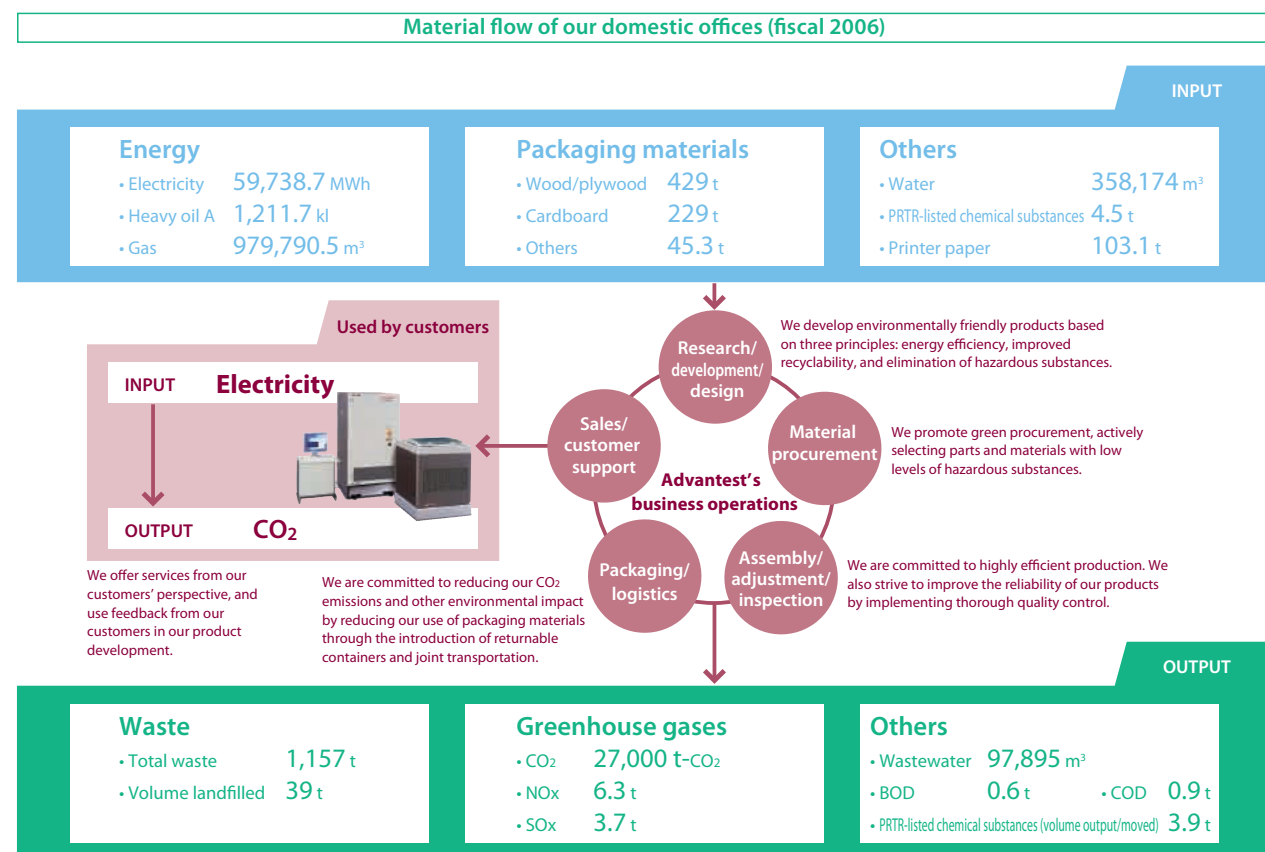


Eco Balance

We implement the measures to reduce environmental impact best suited to each of our domestic and overseas offices.

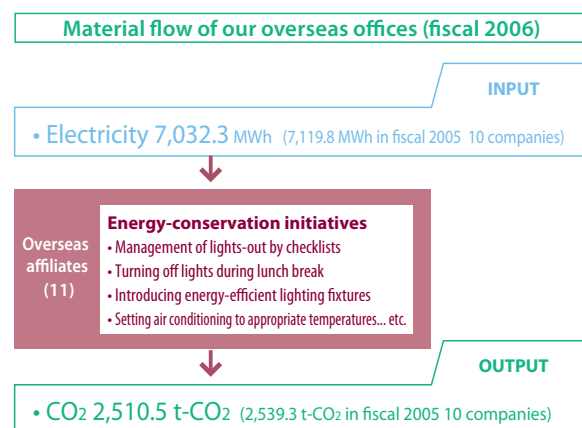
Eco balance of our domestic offices

The Advantest Group studies and implements highly effective initiatives by ascertaining, analyzing, and studying the level of environmental impact of our business operations.



Eco balance of our overseas offices

Our overseas offices have built an in-house structure, quantitatively ascertaining electricity usage and proposing specific measures to deal with it. As a result, we reduced our CO₂ emissions in fiscal 2006 by 2% against the previous year, despite the fact that we had one more operating facility subject to inclusion in the figures than in fiscal 2005.



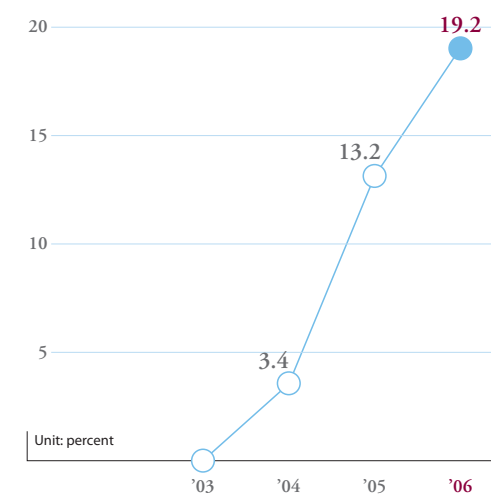
Environmental Awareness of Products

We believe that our products should be friendly to the environment throughout their life cycles, not only when they are produced, but also when they are procured, used, and disposed of. We also swiftly comply with new regulations, such as the Chinese Administration on the Control of Pollution Caused by Electronic Information Products (China-RoHS)

We have enhanced our product environmental assessment by improving environmentally friendly design.

We have performed product environmental assessments on new products since fiscal 2003. We take environmentally friendly design into account when developing products, and strive to make our products more environmentally friendly at the design stage, including making them more energy efficient, disclosing information about product disposal, and eliminating hazardous substances from our products. As a result of these efforts, a larger number of our products have received rating scores of 90 or higher on our product environmental assessments.

Growth rate of products receiving rating scores of 90 or higher



and information products sold in China; some Advantest products are also subject to this directive. We began preparations to comply with the China-RoHS in December 2006, and as of March 1, 2007, we have a system in place to ensure that all our products sold in China are in compliance with this directive. All Advantest products sold in China that were manufactured on March 1, 2007 or later have an "electronic and information product pollution control logo, environmental protection expiration date label, date of manufacture label, and packaging material logo." These products are also shipped with Chinese manuals that list information about hazardous substances contained in each product. We will continue to comply with any new or revised laws.

We ensure that Advantest products are recycled.

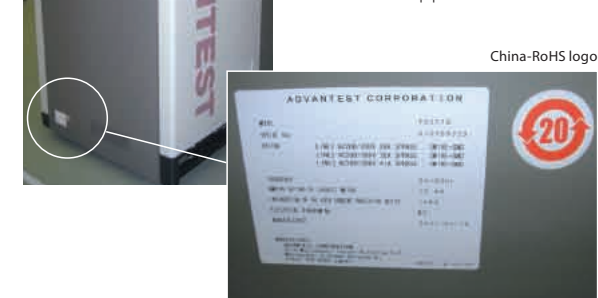
We help our customers make effective use of their assets and resources by supporting the maintenance of used products and the supply of replacement parts. Through the Advantest Recycling System, we have built a structure in Japan that enables us to appropriately dispose of used products from a CSR perspective. Outside Japan (in Europe, North America, and Asia), we introduce operators that can appropriately dispose of waste products upon customer inquiry.

Advantest product recycling flow overseas



We comply with China-RoHS Directive.

China has created its own version of the RoHS Directive. This new directive went into effect on March 1, 2007. The China-RoHS applies to electronic



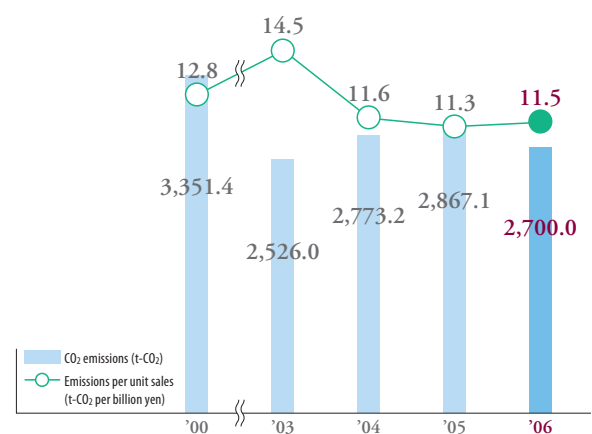
Preventing Global Warming

We are committed to reducing the CO₂ emissions consequent to our business operations, based on the active introduction of energy-efficient equipment, improving production efficiency, and through the actions of each individual employee.

We conduct energy-conservation efforts that achieve both production efficiency and environmental efficiency.

We have acted with three-year action plan targets for preventing global warming. In fiscal 2006, we reduced the CO₂ emissions of our operating facilities by 1,671 tons from the previous fiscal year (a 6% year-on-year decrease). This achievement is thanks to our efforts to improve equipment-related emissions, including changing over to the use of natural gas for fuel and the introduction of highly efficient equipment, as well as the cumulative efforts by our employees, including such manufacturing-process efforts as reducing production times, ensuring that lights are turned off, and controlling room temperatures. We remain committed to reducing our CO₂ emissions through the introduction of natural energy sources and other initiatives.

Trends in CO₂ emissions and emissions per unit sales



Participation in Eco Life Day 2006

On July 22 and 23, employees of Advantest Manufacturing Inc. and their families—90 people in all—participated in “Eco Life Day 2006” organized by Saitama prefecture. For this event, families experienced “eco life,” using check sheets to reduce CO₂ emissions in the home. The check sheets consisted

Team Minus 6% activities



of 20 items, including turning off lights when not in use and using fewer plastic shopping bags. As a result of their efforts, the families reduced their CO₂ emissions by

82 kilograms. The families were happy to have participated in the event; one participant said it was a good opportunity to learn about the environment as a family.



Poster for in-house use

Reducing CO₂ by changing heat sources for air conditioning and other systems

Our Gunma R&D Center switched the operating method of the main heat source for air conditioning and the water-cooling test system in building 1 from a hot/cold-water generator to a turbo chiller. As a result, it has reduced its yearly CO₂ emissions by 60 tons.

We are committed to reducing CO₂ emissions from logistics.

In fiscal 2006, our CO₂ emissions from transportation were 2,150 tons. This is an increase of 670 t-CO₂ over the previous fiscal year. This increase was mainly due to milk runs* in our procurement logistics due to our Just-In-Time production system and increased numbers of shipments, but this has made major contributions to reducing vendor-side logistics costs and reducing CO₂ emissions throughout the entire supply chain.

* A milk run is a shipping method whereby a single truck makes pickups at multiple suppliers.

Reducing CO₂ emissions of our shipping vehicles

Advantest Logistics Corporation continues to reduce its CO₂ emissions each year. Amidst increasing numbers of new shipping methods consequent to production reforms, the Company created new measures and revised its indicators in order to create new, effective actions. Through these efforts, the Company plans to gradually reduce its emissions per unit sales to 87% by fiscal 2009, setting the fiscal 2005 emissions per billion unit sales at 100%.

New measures

1. Reduce ratio of older vehicles and improve fuel efficiency by introducing new vehicles
2. Reduce vehicle idling time through just-in-time
3. Reduce number of vehicles used by improving cargo load ratios

Reducing Waste

We practice thorough measures to reduce the amounts of waste we produce, and strive to reuse and recycle unavoidable waste.

We recycled 96.7% of our 1,157 tons of waste discharged in fiscal 2006.

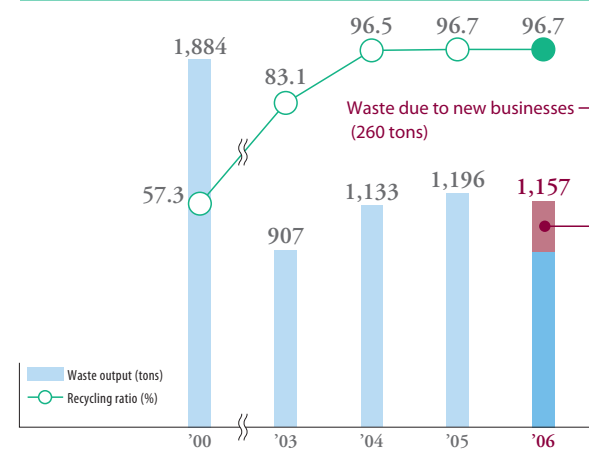
In fiscal 2006, we strengthened our commission standards*1 for “recyclable materials,” and promoted waste recycling. These efforts reduced our waste output by 213 tons. Despite this, however, our waste output increased by 260 tons, due to such factors as cleaning wastewater from new businesses. Our waste output in fiscal 2006 was 1,157 tons, with a recycling ratio of 96.7%.

Fiscal 2006 was the final year of our Environmental Action Plan, and we worked to meet our targets for waste reduction. However, we fell short of “our final target of reducing waste volume to 10% below fiscal 2000 levels by end-fiscal 2006 (no more than 1,130 tons of waste),” only achieving a reduction of approximately 8%.

We will continue to promote recycling and other efforts internally, and reduce our waste output.

*1 Standards for appropriate management and commission of recyclable materials (nearly identical to Standard for consignment contract of industrial waste management):
1. We commission disposal of recyclables after signing a Basic Agreement on Handling of Recyclable Materials (using unique Advantest format) with the contractor
2. We survey recyclable material contractors once per year.

Trends in waste output and recycling volume/ratio



* The standard is 1,255 tons, calculated by taking the 629 tons of sold businesses from the 1,884 tons of waste discharged in fiscal 2000.

We are recycling kitchen waste and fallen leaves.

Advantest facilities Co., Ltd. processes all kitchen waste and leftovers from the Gunma R&D Center using a garbage disposal system located on the premises to convert the garbage into “compost”^{**2}. We mix fallen leaves collected during winter into the compost, making humus which is used to fertilize flower beds and other plants on the facility grounds. The constituents of the compost made from our garbage composting system are well balanced, and appropriate for growing plants. We also provide this compost to organic farmers and to Advantest group employees. It is quite popular as a fertilizer for home gardens and the like.



Using humus made from fallen leaves in flower gardens

**2 Compost is fertilizer made by the decomposition of organic waste by microorganisms

We are committed to reducing waste from logistics.

We strive to reduce the amount of packaging we use by improving the packaging of purchased parts and materials, including the use of returnable packaging materials for our semiconductor testers shipped within Japan. In fiscal 2006, we implemented many improvements to the packaging of purchased parts and materials in collaboration with our suppliers, with the aim of optimizing packaging for our production processes. As a result, we reduced our use of cardboard by 6.7 tons compared to the previous fiscal year, and our use of bubble wrap cushioning material by 4.5 tons against fiscal 2005 levels. This also succeeded in reducing our labor by 1,000 man-hours.

Packaging material before improvement



Packaging material after improvement



Environmental Risk Management

We strive to thoroughly manage all risks that lead to destruction of the environment, complying with all environmental laws and regulations, and setting even more stringent voluntary standards as well.

We are committed to making our environmental risk factors “visible” by sharing information via our intranet.

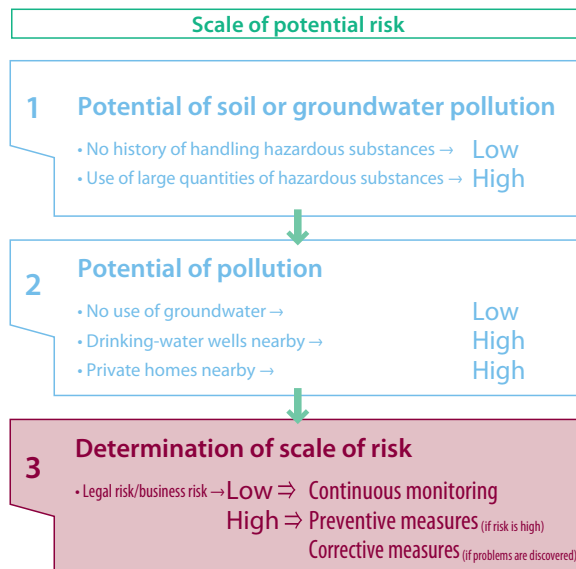
We are building a mechanism to share information using our intranet in order to make the status of compliance with environmental laws and regulations throughout Advantest—including our overseas affiliates—“visible.”

In fiscal 2007, we will create a new mechanism to identify and evaluate the overall explicit and potential environmental risk factors of Group companies, create a dedicated auditing organization, and implement activities to reduce such risk.

We have conducted a risk survey at our main domestic operating facilities.

It has been about 10 years since Advantest conducted its soil survey. Over the intervening period, surveying technologies have improved, as have their accuracy. We thus surveyed the means of storage and use, locations of disposal, handling, and the like of chemicals regulated by the Soil Contamination Countermeasures Law at our eight major operating facilities in Japan.

We determined risk based on the results of the survey; in the future, we will continue to survey and monitor soil and water quality.



We appropriately manage and swiftly treat Polychlorinated biphenyl (PCB) waste.

We have 3 condensers and 335 fluorescent ballasts that contain PCB in storage. In order to ensure thorough management, we conduct surveys each month using a storage status inspection sheet, in accordance with our PCB storage manual. We then report the status to the person responsible for PCB storage at the site.

A regulatory system has been created requiring the disposal of all PCB waste by 2016. We were among the first to register with Japan Environmental Safety Corporation, and will dispose of all such waste within this period.



Storage of PCB waste

We are committed to making our system more efficient (such as by using our intranet), and managing and reducing chemicals.

We use an intranet management system to register chemicals, conduct screenings to confirm safety and related regulations, and manage our monthly chemical balance sheet. This allows us to work efficiently and quickly. Each month, we report registered chemicals to the Safety and Health Committee of each operating facility, and report the results of the chemical balance—including PRTR data—to the committee each half-year. We additionally dispose of unneeded chemicals each half-year, and we are committed to reducing our use of chemicals at each operating facility and plant through proper management (including preventing volatilization and revising amounts used).

PRTR data					
Name of chemical	Amount handled	Amount discharged	Amount consumed	Amount moved	Amount recycled
Dichloropentafluoropropane	3,133	2,646	0	486	0
Lead and its compounds	644	0	443	18	183
Ethylene glycol monoacetate	514	0	0	514	0
Ammonium fluoride	129	0	0	129	0
1,1-dichloro-1-fluoroethane	73	54	0	19	0
2-amino ethanol	36	0	0.2	0.1	0
Hydrogen fluoride and its soluble salts	19	0	0	19	0

FY 2006 (unit: kg)

We have had the following accidents and complaints relating to the environment.

Numbers of accidents & complaints			
	FY 2004	FY 2005	FY 2006
Number of accidents	0	0	0
Number of complaints	0	0	0

Independent Review of Advantest Corporate Social Responsibility Report 2007

This opinion is based on my review of this report, and interviews with people at the Company in charge of human resources, the environment, procurement, and other areas. In my opinion, the Company is starting to conduct a broad range of its CSR initiatives, including reduction of environmental impact and compliance, appropriately within a PDCA management cycle.

Hideto Kawakita
CEO, International Institute for Human
Organization and the Earth (IIHOE)

川北 秀人



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)

Strong points

- The Company conducted an awareness survey of Group employees in order to confirm employees’ awareness of CSR and check for CSR-related issues (p. 7). I urge that it will communicate progress of individual divisions’ initiatives in even greater detail, and continue to enhance its periodic confirmation of CSR awareness and issues, expanding this initiative to all Group employees (including part-time, temporary, and subcontracted employees) and suppliers.
- It reduced its overall emissions of carbon dioxide (p. 38). I urge that it will expand and enhance such initiatives as actively learning from case studies of other companies, in order to achieve a reduction in emissions in excess of the growth in production and sales.
- It supports longer product lifetimes through program conversion and other means (p. 14).
- It has begun to use returnable containers and packaging for deliveries (p. 39). I urge that it will roll out this initiative company-wide.
- It has achieved biodiversity at its Gunma R&D Center’s biotope (p. 24). I urge that it will enable this biotope to achieve “long term coexistence with the local ecosystem,” taking native species into account.
- It has a complete range of support programs for employees raising children, including a program for leave of absence due to pregnancy-related illnesses or hospital visits that guarantees 100% income for expectant employees, and a shortened work-time program for parents, available until the child is in the third grade at elementary school (p. 20). Please take the next step in creating a workplace that facilitates leave taking (i.e. enabling employees to compensate for each other), so that the number of male employees taking active advantage of these programs increases.
- It offers internship opportunities to persons with disabilities (p. 20–21). I urge that it will use the feedback obtained from these interns to emphasize the creation of a workplace that is accessible to persons with disabilities.

Areas where further effort is needed

- The Company should, as a policy, require its suppliers to cooperate in appropriately supporting the human rights of their employees, including safety and health and management of working hours, in addition to environmental compliance, and it should provide case studies, guidance and other support (p. 16, 17). For example, it should create a foundation by creating separate working groups for each topic and rewarding outstanding examples.
- It should more actively develop job types that promote the employment of persons with disabilities, in order to meet the legally required employment ratio as soon as possible (p. 20–21).
- It should actively commit to the conservation of the forests upstream from its operating facilities, in order to ensure that they have a stable supply of water, which is a vital resource.



The authors and members of the CSR working group presented a report of their activities

Editors’ Postscript

Last year, Advantest worked to strengthen the foundation for its CSR activities, including the creation of a CSR Management Group and a CSR Policy. As one part of these efforts, we have changed the title of our report to Corporate Social Responsibility Report as of this fiscal year. This report was written based on feedback we have received from our stakeholders. In addition, there are articles in each section, written by a total of more than 30 Advantest Group employees. In each section, the authors of these articles have expressed their views of and thought on our activities. Additionally, Mr. Kawakita, the authors, and the CSR working group held a meeting to present their reports on May 9, 2007. Those attending the meeting recounted their own activities, while actively discussing future actions that should be taken. We remain committed to rolling out more initiatives that everyone can become involved in, and continual improvement, based on the guidance from Mr. Kawakita.

CSR Management Group