

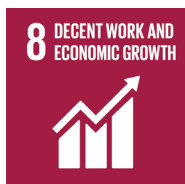
# 5

## Employee Development

- 5.1 Employee Attraction and Retention
- 5.2 Employee Development Plan
- 5.3 ABLE club
- 5.4 Appendix : Employee Composition



## 5.1 Employee Attraction and Retention



Advantech ensures that salaries are set according to employees' academic and professional experience, job performance, and market conditions. Salaries are not influenced by gender, race, religion, political orientation, or marital status. We have established clear recruitment strategies to strengthen our employee diversity. We have also implemented internal diverse cultivation and talent development channels to gradually reduce the differences due to employees' physical or mental conditions. We regularly track indicators related to salaries and bonuses in each region, each job category, and employment level to ensure that we create and consolidate a diverse and fair working environment. We support employees autonomously forming various types of clubs, and we also support various union activities in different regions (for example, our German branch office has a union), ensuring that our employees have freedom of association and equal rights.

The talent recruitment plan, "Elite," centers on the concept of "Right People on Bus." Rather than taking a task-based approach to realizing new job openings, we first identify outstanding talents and then create a suitable position for them in the company. Through our diverse recruitment channels and special projects for flexible recruitment, we attract professional talents who demonstrate innovative potential. Our Elite programs meet a wide range of abilities, from fresh recruits to industry elites rich in experience. We aim to provide outstanding talents with as much space as they need to reach their potential. In 2020, a total of 38 full-time employees were recruited through the Elite recruitment program, accounting for 11.6% of total new employees. The Elite program includes:

- Elite Champion – Talent recruitment focusing on elites with high potential and at least 3 years of work experience
- Elite 100 – Recruit and cultivate reserve talents with up to 3 years of work experience

Annual HR meetings are held to inspect, review, and adjust relevant performances in order to continue to respond to talent market trends.



## Performance reward system

Advantech offers highly competitive salaries, including a basic salary, personal performance bonus, team performance bonus, and outstanding talent stock or cash dividend reward to attract, cultivate, and retain talents. We reward employees who perform well and continue to contribute to the company.

### Market conditions

We regularly refer to salary survey reports to assess the status of each operation base and salary standard to plan a suitable salary structure to ensure market competitiveness.

Table 5.1.1 Advantech male and female employee salary ratios

| Region            | Ratio of men's actual minimum salary vs. legal minimum wage <sup>1</sup> | Ratio of women's actual minimum salary vs. legal minimum wage <sup>1</sup> | Minimum salary ratio for women vs. men | Ratio of men's average salary for the lowest job grade vs. legal minimum wage | Ratio of women's average salary for the lowest job grade vs. legal minimum wage | Average salary ratio for the lowest job grade for women vs. men |
|-------------------|--|--|--|---|---|---|
| Advantech Taiwan  | 1.08   | 1.07   | 0.99                                   | 1.28  | 1.32  | 1.03  |
| Advantech Kunshan | 1.05   | 1.05   | 1                                      | 1.25  | 1.21  | 0.96  |

\*Note1: The minimum salary is defined as the actual payment. In 2020, the minimum wages by law in Taiwan was NT\$23,800, and that in Kunshan was RMB2,020.

Table 5.1.2 Average salary of full-time employees in non-management positions at Advantech Taiwan (Unit: NT\$1000)

| Item                 | 2018  | 2019  | 2020  |
|----------------------|-------|-------|-------|
| Mean salary          | 1,001 | 1,002 | 1,023 |
| Median of the salary | -     | 855   | 857   |



## Performance appraisal

Each year, we regularly conduct performance appraisals for all employees. This consists of summarizing work results from the previous year and establishing goals for the new year. Supervisors and their subordinates work together to establish their development plans. Performance appraisal results then form a basis for employee promotion, training development, and salary adjustment. Performance appraisals are not influenced by gender, race, religion, political orientation, or marital status.

Employees who have reported to work for over 3 months must receive a performance appraisal. The table below shows the percentage of employees who received a performance appraisal in 2020. Only the Chairman and three presidents (a total of three men and one woman) did not receive performance appraisals.

## Reward system

In Taiwan and China, the personal performance bonus plan is integrated with and given together with the end-of-year bonus (median: approximately 10%–15% of the fixed annual salary). Team performance bonuses are handed out in July (median: approximately 10%–15% of the fixed annual salary). Sales units have bonus plans to encourage representatives to achieve personal sales goals. Some manufacturing units design short-term monthly or seasonal performance bonus systems based on specific job content.

## Salary adjustment scope

Every 2 years, Advantech commissions a third-party consultant to conduct a high-tech industry salary survey and comparison, giving us the opportunity to assess the macroeconomic indicators and salary standards for our domestic and foreign operating bases. Salary adjustments are performed in April each year for all employees in Taiwan and overseas, so as to maintain salary competitiveness.

## Employee stock ownership

Every 2 years, we offer stock ownership certificates for upper managers and outstanding employees. After receiving stock subscription certificates for 2 years, employees may subscribe to stocks (which may be accumulated) according to terms and conditions. For more details, please refer to the 2020 Annual Report.

Table 5.1.3 Ratio of employees in four major categories receiving performance appraisal in 2020

| Region            | Four major categories | Ratio of men receiving performance appraisal | Ratio of women receiving performance appraisal |
|-------------------|-----------------------|--|--|
| Advantech Taiwan  | R&D                   | 98.8%  | 95.7%  |
|                   | Sales                 | 94.6%  | 94%  |
|                   | Administration        | 93.9%  | 90%  |
|                   | Manufacturing         | 98.7%  | 96%  |
|                   | Total ratio           | 98.2%  | 95.2%  |
| Advantech Kunshan | Administration        | 100%   | 99%  |
|                   | Manufacturing         | 93%  | 95%  |
|                   | Total ratio           | 94%  | 96%  |

Table 5.1.4 Employee performance assessment percentages by job level

| Region            | Job Level           | Man   | Women |
|-------------------|---------------------|-------|-------|
| Advantech Taiwan  | High-level managers | 98.5% | 96%   |
|                   | General employees   | 98%   | 95.2% |
| Advantech Kunshan | High-level managers | 100%  | 100%  |
|                   | General employees   | 93%   | 96%   |



## Employee welfare system

We realize that life shouldn't be all about work. We sincerely hope that all of our employees can maintain physical and mental health and a sense of personal happiness, and for this we offer a range of welfare projects. For example, we provide 5 days paid sick leave, allow staff to have daily tea breaks with all-you-can-drink beverages, host seasonal birthday parties, and provide department-based dining subsidies to build positive relations among colleagues and create a more positive team atmosphere. We also organize art and cultural activities such as exhibitions and performances to cultivate diverse interests and help employees maintain a balanced and relaxed life.

### Insurance

We comply with relevant laws and provide various insurances and benefits, including superannuation, group insurance, and overseas travel insurance for business trips to ensure that employees are safe and healthy at work and in their personal lives.

1. Taiwan: Provide group insurance consisting of term life insurance, health insurance, and accident insurance.
  - Term life insurance: The coverage for each employee is 24 times their monthly salary, up to NT\$10 million.
  - Health insurance: Includes accident insurance, hospital room and board insurance, and cancer hospital room and board insurance.
  - Accident insurance: Coverage for each employee is 24 times their monthly salary, up to NT\$10 million. This includes insurance for severe burns and scalds, transportation incidents, and death from fire or drowning.
2. Kunshan: Provide employer liability insurance, consisting of death from illness, death from incidents at work, and medical fee reimbursement.
  - Death from illness: RMB150,000/year.
  - Death from incidents at work: RMB150,000/year (for people with social insurance) and RMB500,000/year (for people without social insurance).
  - Medical fee reimbursement: Outpatient clinic: RMB1000/year. Inpatient: RMB10,000/year.

### Health benefits

Advantech offers annual employee health checks, which goes above and beyond requirements set out in the Labor Standards Act. We also promote good health through activities such as running clubs, implementing a no-smoking policy at the workplace, and regularly conducting environmental inspections to ensure employee health. We also offer private spaces for breastfeeding, facilities for sports and recreation, and safe and sanitary dining environments.

### Retirement system

- 1.Taiwan: For employees under the old system, we contribute 2% of their total monthly salary to a special account for retirement funds at the Bank of Taiwan. For those under the new system, we contribute 6% of their monthly salary to a special account at the Bureau of Labor Insurance. In 2020, the total annual contribution amounts were NT\$8,618,664 under the old system and NT\$138,581,005 under the new system. For more details, please refer to the 2020 Annual Report.
- 2.Kunshan: Advantech adheres to China's regulations on retirement. Employees who have paid for statutory social insurance for 15 years are eligible for a monthly pension when they retire. The Law of the People's Republic of China on Employment Contracts states that the age of retirement is 60 years for men and 50 years for women.

## 5.2 Employee Development Plan



Advantech offers interdisciplinary, cross-national, and diverse job opportunities as a stage for employees to develop their careers. We encourage our employees to be proactive in discovering their potential. Through job rotation, our employees can gain a more global perspective and broader range of experiences, making them more competitive in the job market. In addition to focusing on improving their career competency, we also offer them comprehensive learning courses, ranging from basic training to the sharing and inheritance of operational philosophy and cultivation of talent for mid- and high-level management positions. Through internal training mechanisms, our mission is to cultivate outstanding talent for the company to carry on our corporate culture and philosophy, thus establishing a sustainable foundation for the company's future.

### Highlights on new annual special projects

#### Talent Meet Board

Over 10 higher-level managers from our offices around the world were arranged to meet with board members in order to establish relations with the board and strengthen their understanding of our corporate strategy.

#### Elite Mentoring Program

Our mentor system matches top-level managers with prospective middle- and higher-level talent. Over a period of 6 months in 2020, the system helped 21 middle- to higher-level talents improve their management and leadership abilities and accelerate their career development. In particular, this cross-domain and cross-department mentor-mentee exchange broadened the participants' perspective on innovation.

#### Talent Radar Screen Review

Annual development plans have been established for managers who demonstrate high potential for future development. The Human Resource department regularly tracks the implementation status of these plans as well as how well prospects perform. In 2020, a total of 49 high-potential talents were selected. The development project achievement rate was 93.75%, and the retention rate was 98%. In future, we plan to expand the scope of talent analysis and development. In 2021, we expect to increase the number of participants to between 100 and 200.

#### Elite LEAP WorkOut

The term "LEAP" is derived from four words: Learn, Experience, Alignment, and Partnership. The term also reflects the achievement of someone exhibiting a sudden and decisive increase in ability and understanding. For a range of different topics, we select talents to form special project teams. Through adopting an action learning approach and providing coaching from higher-level managers, we are able to develop and promote employees at a faster rate. In 2020, a total of 27 employees participated, 6 of whom were promoted 1 year of participation. The promotion rate was 22%.

## Employee training

Advantech values the individual characteristics and potential of each employee. We endeavor to create an environment in which employees can realize their potential and advance their career. The Advantech Institute was established based on this concept. The institute offers a series of elite cultivation education training programs, including the e-Learning platform (Learning@Advantech), ten core programs, an annual strategy workshop, technology workshops, study groups, and the Executive Talks event. In addition, in response to the Electronic Industry Code of Conduct management principles that we have incorporated, we use our company internal website and manual for new employees to communicate management regulations on anti-bribery policies and labor equality. All new employees are required to comply.

In 2020, total training expenses for Advantech's Greater China operations (Taiwan Headquarters and China) were NT\$ 5,050,834 for a total of 891,017 training hours. The training hours per capita was 144 hours. The average satisfaction with the online courses was 4.88 (out of 5).

Table 5.2.1 E-Learning hours by employee gender and job function

| Job function        | No. of participants | Total hours of e-Learning training | Average e-Learning hours logged by men | Average e-Learning hours logged by women |
|---------------------|---------------------|------------------------------------|--|--|
| R&D                 | 1,746               | 221,996                            | 129.6                                  | 120.5                                    |
| Marketing and sales | 622                 | 50,801                             | 67.4                                   | 106.9                                    |
| Administration      | 424                 | 41,884                             | 122.5                                  | 87.5                                     |
| Manufacturing       | 3,398               | 241,606                            | 66.8                                   | 75.6                                     |
| <b>Total</b>        | <b>6,190</b>        | <b>556,287</b>                     | <b>91.7</b>                            | <b>87.4</b>                              |

Data scope: Taiwan Headquarters and China

Table 5.2.2 List of courses offered to Advantech employees

| Item                | Course content summary   | Participants  |
|---------------------|--|---|
| Ten core programs   | To pass down Advantech's systems and norms, our higher-level managers have researched and identified the most basic key knowledge and skills in the company, including five major categories: quality assurance, sales and marketing, talent cultivation research and development management, and financial value creation.  | General employees   |
| Case studies        | Our operations management decision-makers identify topics that are critical to the company's overall future development, and we invite experts and scholars to hold discussions on these topics. Improvement plans are proposed and written up as corporate case studies and then used as a reference for future strategy integration.   | Related operations managers   |
| E-Learning platform | Employees worldwide may use our online learning platform to understand Advantech's management philosophy and corporate culture. This gives employees the opportunity to acquire the latest learning in topics specific to their needs. Our aim is to help employees learn to overcome spatial and temporal restrictions by giving them a platform to exchange knowledge with coworkers around the world. This lets them learn from global sources while expanding their global vision and improving their relations with coworkers.  | General employees   |
| LEAP Camp           | For the LEAP Camp, employees from around the world are invited to Advantech Headquarters for courses and training aimed at improving their knowledge and skills in special projects. In particular, the camp gives them first-hand experience regarding the company's culture and core values. This connection and interaction is fundamental to our ability to successfully cooperate with global partners. LEAP Camp courses are specifically designed according to the job responsibilities of the participants, with major focuses on sales, marketing, and AE tracks. | New employees with 6 years' experience or less                                    |
| Elite LEAP WorkOut  | Senior (with more than six years of experience) managers under the Executive Coach above AVP, directly participate in highly relevant work critical issues, becoming an important program for Advantech's talents and topic innovation and implementation. Through the customized Individual Development Plan, we will accelerate the cultivation and promotion of talents, practice promote within to help Advantech grow in the future, and hope to promote high-potential managers to the next management position.   | Senior (with more than six years of experience) managers                          |
| Study groups        | We believe that having all team members read the same texts is conducive to consolidating team consensus. Therefore, we ask employees to regularly read selected texts and then convene for group study sessions. Experts, scholars, or middle to higher-level management from affiliated enterprises are also invited to introduce and develop innovative management concepts to help form key management operation strategies. For example, Advantech's guiding principle on talent, "get the right people on the bus," was adopted from Good to Great by Jim Collins.   | Suitable employees and supervisors are selected based on topics.                  |
| TCAP                | To expand the global vision and experience of Advantech elites with regard to major or emerging markets and opportunities, we offer short-term global special projects for employees to work abroad for 3 to 6 months. This gives them a chance to grow by facing new challenges. We believe that rotating the work environment and posts of our talents will expand their worldview and give them an invaluable experience with relatively short-term tasks.  | Advantech employees worldwide/employees who need to be sent abroad for 3–6 months |



## Advantech Executive Talks

To help realize more effective and transparent communication, Advantech Executive Talks was introduced in 2016 as an internal online platform aimed at ensuring that corporate policies are delivered clearly and in a timely manner to employees worldwide. Through broadcasting concise video messages, we are able to reduce the information asymmetry that is common in companies with offices located around the world. Messages are usually higher-level managers presenting essential information in Chinese or English are typically 5–10 minutes in length. Topics range from annual strategy development, financial direction, and changes from mergers to industry trends, innovation mechanisms, new market strategies, and new marketing tools or platforms. In the future, we hope to develop more customized videos contain precise, real-time information that is relevant at the regional, unit, or employee level. From 2016 to the end of 2020, a total of 222 videos were broadcasted (134 in Chinese and 88 in English). As of December 31, 2020, these videos have received 45,871 views.

## Assessing the effectiveness of management policies

We propose measures for modifying and improving management policies based on the effectiveness of employee cultivation items and use satisfaction surveys to review employee feedback. Survey content covers such topics as training courses for employees and feedback from mentees in the Elite Mentoring Program.

### Improvement plan

Compared to other international corporations, Advantech has a relatively low total budget for employee training. This flows onto our training budget per capita. We hope that in the future, we will be able to optimize the Advantech Institute platform, further enrich our courses, and incorporate external training mechanisms to increase the number of courses that are available and improve the level of equality in access to employee training.







## 5.3 ABL Club

### Advantech Beautiful Life: Co-creating a happy enterprise with the Lita spirit

To achieve comprehensive employee care and service and to realize the spirit of work, learning, and love, Advantech integrates organizations such as employee relationship management, foundations, and the Employees' Welfare Committee. Through the ABL Club, which takes its not from "Advantech Beautiful Life," we invite employees, their families, and the public to participate in various innovative activities and special projects. It is our mission to build a beautiful life for everyone, together. Advantech ABL Club framework

#### Advantech Beautiful Life: ABL Club Overview

|                      | Employee Services & Relations  |   |  | Welfare / Employees' Welfare Committee   |   |  |   | Foundation<br>( Common good for the employee and community )                                   |  |
|----------------------|--|---|--|--|---|--|---|--|--|
| Theme                | Event  | Wellbeing   | Clubs  | Socilaizing  | Arts and culture  | Travel   | Growth  | Sustainability and community education   | Arts and culture   |
| Focused activities   | Sports Day<br>Family Day<br>Year-end Party<br>Others                   | Health promotion<br>Holiday bonuses and gifts<br>Work environment<br>Others | Regular club activities<br>Baseball Day<br>Cycling Day<br>NTC Day<br>Sports promotions<br>Special projects | Birthday parties<br>Single's parties<br>Team building<br>Internal socializing activities | Arts and culture appreciation<br>Movie viewing<br>Festival activities | Themed day trips (parent-children/youth/factory)<br>Family trips | Book club<br>Various talks<br>Growth experiences  | ABLE Scholarship<br>ACT Dreamer<br>Education platform<br>ACT Story<br>Drama<br>Volunteer Group | Art salon<br>Public Service<br>Art Gallery<br>Promoting traditional arts<br>Cultivating local arts and culture |
|                      |  |   |  |  |   |  |   |  | Lita Tree Public Welfare Platform  |
| Community connection | ABLE Club Website / Advantech Weely / Facebook Fanpage /LINE community |   |  |  |   |  |     |  |  |
|                      | Neihu Science Park Development Association                             | National Taiwan College of Performance Arts/ Guo Guang Opera Company        |  | iLab   | Taiwan Social Enterprise Innovation and Entrepreneurship Society      |  | Taishin Charity Foundation  |  |  |
|                      | Varius arts and cultural team  | External public welfare organizations                                       |  | Sports and Lohas alliances   | Social enterprise organizations                                       |  | Enterprise socializing interactions   |  | Others ...   |

## Results

Many planned activities (such as Sports Day and Family Day) could not be held in 2020 due to the COVID-19 pandemic. There were some activities, however, that were held on a reduced scale (e.g., Baseball Day and the year-end party). Although fewer large-scale group activities were held, club activities continued to be operated autonomously by our employees. Advantech has a total of 20 clubs, ranging from sports, lifestyles of health and Sustainability, arts and culture, to small-scale start-up. In 2020, a total of 1,000 people participated in clubs, with over NT\$6.5 million invested.

To encourage employees to participate in charity events, in September 2020, we cooperated for the first time with the donation website GIVE543. At the Neihsu Headquarters and Sunny building and Linkou branch, we held a second-hand object donation event. In 5 days, 166 employees donated 101 boxes of more than 1,000 items. Over 17 units and teams received 894 second-hand objects as of January 2021. (Items are still open for claiming.)



In 5 days, 101 huge boxes of 1,000 items were donated.



A music teacher from Chiayi Zhuwei Elementary School is grateful for being gifted boomwhackers by the Music Club.



The principal of Chiayi Dayou Elementary School combined people's gifts with reading education to encourage children to form the good reading habits.

To make communication with employees smoother and timelier, in addition to the existing ABLE Weekly Newsletter and fan page, starting mid-October 2020, we established an ABLE CLUB Beautiful Life LINE community, inviting employees and their family members to join. (As of the end of February, 2021, the group has over 1,300 people.) In this group, the Employee Relations Department Team serves as the ABLE Editor and is responsible for the timely promotion of activity information, sharing critical information about the company, and providing reminders. When employees have questions, they can also use LINE messenger to get a timely response. This group makes communication more convenient. A ransomware attack in late 2020 (see Chapter 2.4) disabled Advantech's internal communication network. Employee Relations implemented an emergency response mechanism. They cooperated with the IT team to remain up to date with any information, and critical information was broadcast via LINE groups. These updates helped employees adjust their work despite the momentary breakdown in network communication.





**The Road Runner Club** 2020 Road-running Experience Day



**Badminton Club** Badminton Parent-Children Camp



**NTC Club** NTC Aerobic Day



**Volunteer Club** Ocean Music Day Beach-cleaning Activity



**Music Club** Performing at the Ocean Music Day Beach-cleaning Activity

## Award Highlights

2020 Outstanding Public Relations Award:  
Employee Relations Communication Award  
Outstanding Award  
2020 Buying Power First Prize



 109年 BUYING POWER  
社會創新產品及服務採購  
獎勵機制頒獎典禮

## 5.4 Appendix : Employee Composition

### Employee structure

As of the end of December 2020, Advantech employs more than 8,000 people worldwide, which is similar in size to what we reported in 2018. A total of 3,148 of them work at our branches in Advantech Taiwan (Neihu, Donghu, Linkou, Taichung, Kaohsiung, and Hsinchu). All upper management are Taiwanese. Table 5.4.1 details the employees' work region, job function, age, and gender.

Table 5.4.1 Advantech Taiwan human resources<sup>1</sup>

|                              | Item                               | Men   |        | Women |       | Total |
|------------------------------|------------------------------------|-------|--------|-------|-------|-------|
| Hired employees              | Total                              | 1,838 | 58.4%  | 1,310 | 41.6% | 3,148 |
| Upper managers               | Mangers, deputy managers, or above | 396   | 79.8%  | 100   | 20.2% | 496   |
| Age                          | ≤30 years                          | 211   | 49.2%  | 218   | 50.8% | 429   |
|                              | 31–49 years                        | 1,430 | 61.4%  | 900   | 38.6% | 2,330 |
|                              | ≥50 years                          | 197   | 50.6%  | 192   | 49.4% | 389   |
| Employment type <sup>2</sup> | Full-time                          | 1,817 | 58.3%  | 1,299 | 41.7% | 3,116 |
|                              | Contractor                         | 12    | 52.2%  | 11    | 47.8% | 23    |
|                              | Intern                             | 9     | 100.0% | 0     | 0.0%  | 9     |
| Job function                 | R&D                                | 1,071 | 78.1%  | 301   | 21.9% | 1,372 |
|                              | Marketing and sales                | 110   | 44.2%  | 139   | 55.8% | 249   |
|                              | Administration                     | 114   | 37.7%  | 188   | 62.3% | 302   |
|                              | Manufacturing                      | 543   | 44.3%  | 682   | 55.7% | 1,225 |

Note 1: Percentages are relative to the total number of employees.

Note 2: Full-time: workers on a non-fixed term contract; contractors: workers on a fixed term contract.



A total of 2,173 employees work at Advantech Kunshan. High-end managers there are all of Taiwanese nationality. Table 5.4.2 details their work region, job function, age, and gender. Note that China does not have regulations on parental leave.

Table 5.4.2 Advantech Kunshan human resources<sup>3</sup>

|                 | Item                               | Men  |     | Women |     | Total |
|-----------------|------------------------------------|------|-----|-------|-----|-------|
| Hired employees | Total                              | 1183 | 54% | 990   | 46% | 2173  |
| Upper managers  | Mangers, deputy managers, or above | 37   | 2%  | 21    | 1%  | 58    |
| Age             | ≤30 years                          | 309  | 14% | 235   | 11% | 544   |
|                 | 31–49 years                        | 845  | 39% | 750   | 35% | 1595  |
|                 | ≥50 years                          | 29   | 1%  | 5     | 0%  | 34    |
| Employment type | Full-time                          | 1183 | 54% | 990   | 46% | 2173  |
|                 | Contractor                         | 0    | 0%  | 0     | 0%  | 0     |
| Job function    | R&D                                | 0    | 0%  | 0     | 0%  | 0     |
|                 | Marketing and sales                | 0    | 0%  | 0     | 0%  | 0     |
|                 | Administration                     | 121  | 6%  | 159   | 7%  | 280   |
|                 | Manufacturing                      | 1062 | 49% | 831   | 38% | 1893  |

Note 3: Percentages are relative to the total number of employees.

## New and discontinuing employees

In 2020, we had 1,027 new employees join Advantech in Taiwan and Kunshan. Among them, 383 were in Taiwan (12.1% of all Taiwan employees), and 644 were in Kunshan (29.6% of all Kunshan employees). In 2020, a total of 1,040 employees discontinued working for us in our Taiwan and Kunshan branches. This breaks down to 356 employees in Taiwan (11.3% of all Taiwan employees) and 684 in Kunshan (31.5% of all Kunshan employees). Note that the percentages in this paragraph do not include people who left before the end of the probation period.

Table 5.4.3 Advantech Taiwan new employee status<sup>4</sup>

|  | Item            | Men | Women | Total |       |     |
|--|-----------------|-----|-------|-------|-------|-----|
| Ratio of new employees (excluding those who leave during probation): 12.0%           |                 |     |       |       |       |     |
| New employees  | ≤30 years       | 70  | 57.9% | 51    | 42.1% | 121 |
|  | 31–49 years     | 141 | 54.9% | 116   | 45.1% | 257 |
|  | ≥50 years       | 2   | 40.0% | 3     | 60.0% | 5   |
| Ratio of discontinuing employees (excluding those who leave during probation): 11.3% |                 |     |       |       |       |     |
| Discontinuing employees  | ≤30 years       | 65  | 69.1% | 29    | 30.9% | 94  |
|  | 31–49 years old | 136 | 58.9% | 95    | 41.1% | 231 |
|  | ≥50 years       | 14  | 45.2% | 17    | 54.8% | 31  |

Note 4: Percentages are relative to the total number of new employees and total number of discontinuing employees, respectively.

Note 5: Ratio of new employees Taiwan= number of new employees of the year/ total employee;  
Ratio of discontinuing employees Taiwan=Discontinuing employees of the year/ total employee.

Table 5.4.4 Advantech Kunshan new human resources status<sup>5</sup>

|  | Item            | Men | Women | Total |     |     |
|--|-----------------|-----|-------|-------|-----|-----|
| Ratio of new employees (excluding those who leave during probation): 12.0%           |                 |     |       |       |     |     |
| New employees  | ≤30 years       | 197 | 65%   | 107   | 35% | 304 |
|  | 31–49 years     | 182 | 54%   | 154   | 46% | 336 |
|  | ≥50 years       | 3   | 75%   | 1     | 25% | 4   |
| Ratio of discontinuing employees (excluding those who leave during probation): 11.3% |                 |     |       |       |     |     |
| Discontinuing employees  | ≤30 years       | 210 | 62%   | 128   | 38% | 338 |
|  | 31–49 years old | 186 | 54%   | 156   | 46% | 342 |
|  | ≥50 years       | 1   | 25%   | 3     | 75% | 4   |

## Critical operating bases

Advantech's manufacturing plants enable the company to promote building a smarter planet. Our major operating bases are concentrated in Taiwan and in Kunshan, China. In Taiwan, we incorporate smart equipment into all buildings to connect people, architecture, and intelligence, leading the optimization and the increase of work performance of the entire region. Taiwan's main production sites are at Linkou and Donghu, with plants for motherboards and GPUs, system integration, configure-to-order services (CTOS), and a logistics center. These plants allow us to offer our clients a single location for low-volume/high-diversity production with a fast turnaround. As of December 31, 2020, the Advantech Linkou and Donghu employ 1,225 people (426 indirect employees and 799 direct employees).

Our plant in Kunshan was established in the Kunshan Hi-tech Zone in 2002. Covering an area of 245 acres, it is a critical R&D and manufacturing base in our global organization. The plant is divided into four areas: smart motherboards and GPUs, mainframe, system assembly, and CTOS. We provide our clients with a one-stop service, from collaborative innovation design and smart manufacturing to convenient post-sale service. Advantech Kunshan operate as an iFactory demonstration park, demonstrating our ideals of realizing corporate sustainability on the path of intelligentization for the Industry 4.0 era, which we believe we can achieve together with our partners. As of December 31, 2020, Advantech Kunshan employs 2,173 people (1,571 direct employees and 602 indirect employees).

## Unpaid Parental Leave

According to Article 16 in Taiwan's Act of Gender Equality in Employment, after being in service for 6 months, employees may apply for parental leave without pay before any of their children reach the age of 3 years. The period of this leave is until their children reach the age of 3 years but may not exceed a period of 2 years. All employees at Advantech Taiwan are eligible to receive parental leave under Taiwan law. However, China does not have relevant laws for parental leave. In 2020, the parental leave application rate in Advantech was 3.81%, and the percentage of people returning to work after having been on parental leave was 51.5%. In 2019, the retention rate for people who had worked for Advantech for over 1 year since resuming work after parental leave was 68.8%.

