

# 1

## Sustainability Vision and Goals

- 1.1 ESG Governance Structure
- 1.2 Stakeholder Engagement
- 1.3 Sustainability Goals and Materiality



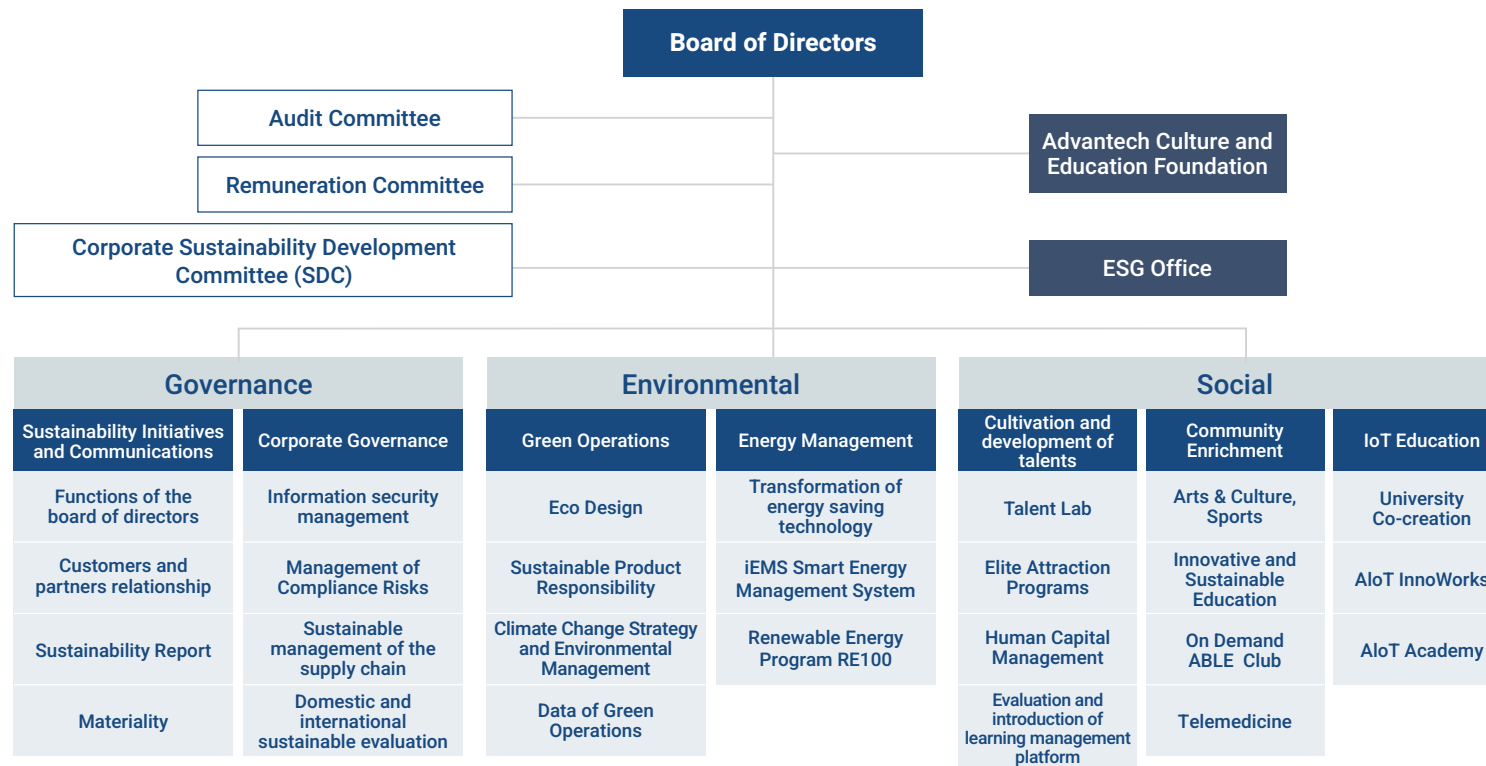
ADVANTECH

## 1.1

## ESG Governance Structure

Advantech has issued a Corporate Social Responsibility Report since 2013. The President reports the issuance of the yearly Report and a summary of CSR work priorities to the annual Board of Directors meeting. Meanwhile, the Board of Directors is responsible for reviewing the yearly Report, and the Chairman leads important CSR-related projects. In 2020, Advantech established the ESG Corporate Sustainability Committee and the ESG Office, managing projects related to corporate sustainability from the three aspects of governance, environmental, and social-related. Immediately afterwards, Advantech promoted the ESG Corporate Sustainability Committee to the board-level SDC Corporate Sustainability Committee in July 2022. This organization is shown in Figure 1.1.1.

Figure 1.1.1 ESG Organizational Structure of Advantech



Advantech's SDC Corporate Sustainability Development Committee consists of 3 members including the chairman (founder), Hung-Tse Chen as independent director, and Ling-Han Chang as director. The ESG Office draws up an annual plan, reporting the progress of material ESG topics and projects to Committee meetings on a quarterly basis. Climate issues are included in the Board's agenda at least once a year. The role of the Sustainability Special Committee is to manage climate change. After a new project is confirmed by the Committee, the responsible team will take action and the ESG Office will regularly track the results and propose improvement plan. In 2022, a total of four board meetings was held. The agenda that includes ESG-related topics involved: the Company's risk management plan, the evolution of the human resources organization's mechanism for talent cultivation and inheritance, the greenhouse gas inventory plan, the compilation of the sustainability report, the report topic for communication with stakeholders, and the progress and planning of RE100, etc. The dedicated ESG unit also reports to the chairman on the planning and progress of related projects from time to time. The chairman personally gives direction and strategic advice. Also, the general manager is entrusted to participate in important meetings and decisions.

## Recognitions and Honors

Please refer to the following table for recognitions made in relation to Advantech's efforts in the ESG/CSR fields in 2022:

Item	Unit/Award	Category/Group	Ranking/Honor
1	Taiwan Stock Exchange 8th Annual Corporate Governance Evaluations, 2021 TWSE	listed companies	Top 5%
2	CommonWealth Magazine Corporate Citizen Award	Large enterprise group	27th
3	GCSA Global Corporate Sustainability Award	Electronics and information manufacturing industry	Bronze Award of Sustainability Report Award
4	Taiwan Corporate Sustainability Awards (TCSA)	Electronics and information manufacturing industry	Taiwan Top 100 Sustainability Model Enterprises Award
5	Taiwan Corporate Sustainability Awards (TCSA)	Electronics and information manufacturing industry	Silver Award of Sustainability Report Award
6	Best Taiwan Global Brands	–	5th
7	Eco Vadis	–	Silver medal
8	BCCTaipei Better Business Awards	Best Innovative Health and Wellbeing Award	Winner
9	Buying Power	Social Innovation Product and Service Procurement Awards	Second prize
10	Women's Fan DEI Vision Award for Diversity and Inclusion	Large enterprise	DEI Vision Award for Diversity and Inclusion
11	Veken Cup · OFweek 2022 Artificial Intelligence Network Industry	–	Most Innovative Product Award AIR-020 Edge AI Inference System <a href="#">News</a>
12	The 18th CONTROL ENGINEERING China - Best Product Award	–	Best Product Award AIR-500D Edge AI Server <a href="#">News</a>

Item	Unit/Award	Category/Group	Ranking/Honor
13	The 30th Taiwan Excellence Award	Productivity & Energy Collection	Taiwan Excellence Award Smart building e-paper solutions Product Number: EPD-662 <a href="#">News</a>
14	The 30th Taiwan Excellence Award	–	Taiwan Excellence Award EI-52 Edge Intelligence System <a href="#">News</a>
15	2022 VDC Research's Gold Award	–	Gold Award for IoT & Embedded Technology Vendor Satisfaction in the Boards & Modules categories <a href="#">News</a>
16	2022 Bloomberg Green Gold ESG	–	Annual Responsibility Pioneer Award
17	2022-2023 China Automation + Digitalization	–	Top 50 Brands
18	2022 AIoT New Dimension Award	–	Pilot Enterprise Award
19	2022 Polaris Cup	–	Comprehensive Energy Service Excellent Case Enterprise Award
20	Included in Yuanta FTSE4Good TIP Taiwan ESG ETF, TWSE Corporate Governance 100 Index, and TIP Taiwan Environmental Sustainability Index		
21	CDP Carbon Disclosure Program - Climate Change BLevel		








## 1.2 Stakeholder Engagement



Based on the Company's operational conditions, with reference to the annual international sustainable trends, the Company's own operational development, and the sustainable development process of related peers, and based on the sustainability reports of previous years, the ESG Office invites colleagues of key departments to identify stakeholders with reference to AA1000 SES Stakeholder Engagement Standard to identify communication targets and consider adjustment principles. Key stakeholders include: employees, customers, partners and universities and research institutions, suppliers and contractors, media and public associations and the government, shareholders and institutional investors, communities and non-profit organizations as a total of seven categories of stakeholders.

We interact with stakeholders by using a range of channels including telephone communication, online customer service (live chat), physical and online meetings/forums, event satisfaction surveys, customer satisfaction surveys, customer visits, supplier audits, participation in public association initiatives, and other means, as well as by using the corporate social responsibility mailbox ([csr@advantech.com](mailto:csr@advantech.com)) and CSR website "[Contact Us](#)" section of the CSR official website for stakeholder consultations. Responsible colleagues of each unit shall respectively engage with the demands of our stakeholders and respond accordingly.

Table 1.2.1 Stakeholder Communication Channels of Advantech

Stakeholder	Issues of concern	Communication Channel	Communication Frequency	Responses and Action Results	Covered Region	Response to Chapters or Public Information
 Employees	<ul style="list-style-type: none"> <li>Information security</li> <li>Sustainable Intelligent Solutions</li> <li>Human rights</li> </ul>	Employee Welfare Committee/ Overseas Labor Union	Permanent	1. 81.14% of the execution rate of the budget for employee welfare activities 2. For more responses and action results, please refer to 5.2.1 Employee Relations. 3. The annual Kick-off Meeting and Employee Zone are used to convey information to colleagues with disabilities or special needs. Besides, Advantech has also set up a complaint mailbox for employees to provide employees with complaints. There was be no appeals in 2022 4. Meanwhile, Advantech set up a feedback mailbox, Suggestion Box. In 2022, there were a total of 71 feedbacks. All units have been tasked with responding, addressing and closing the case. In addition, the LINE community is set up to respond to the real-time situation, and the feedback on the implementation direction of various policies is understood through the annual employee satisfaction survey. In addition, Advantech cooperates with Focus & Forecast to provide various assistance programs for Advantech employees. We are available 24 hours a day to solve and assist colleagues' difficulties	Due to different regulations/national conditions	<ul style="list-style-type: none"> <li>5.2.1 Employee Relations</li> <li>Advantech ABLE Platform</li> </ul>
		Physical and online employees meetings	Semiannual		Launched by headquarters and held by each respective global region/ business group	
		Employee intranet and social networking websites	Permanent		Held by each respective global region	
		Employee newsletter	Weekly		Held by each respective global region	
		Global electronic dashboard	Permanent		Launched by headquarters and held by each respective global region	
		Employee complaint mailbox	Regular		Launched by headquarters and held by each respective global region	
		ESG education and training	New hire training		Headquarters	
		ABLE Line Community	Permanent		Headquarters	
 Customers	<ul style="list-style-type: none"> <li>Information security</li> <li>Sustainable management of the supply chain</li> <li>Eco Design and Sustainability Liability of Product</li> <li>Co-creation of customers and partners</li> </ul>	Key account quarterly meeting	Quarterly	1. Survey of global customer satisfaction is handled once a year 2. The Corporate Social Responsibility section of the Company's website is updated once a year and the latest news from time to time to communicate Advantech's sustainable performance to stakeholders 3. MyAdvantech magazine is released quarterly to communicate with customers about the latest products and solutions, and Advantech's sustainable strategy and direction 4. Communication with stakeholders is expected to be better through 960 interactive posts on social media LinkedIn, and a total of 778 interactive posts on social media Facebook 5. The Corporate Social Responsibility section of the Company's website has a dedicated telephone line and a comment mailbox. They are used to respond to the audit of ESG-related questionnaires from time to time. Its feedback goes to the annual issues of material stakeholders or to be included in the reference of sustainable project work through consultation on sustainability topics	Held by each respective global region/ business group	3.4 Co-creation of customers and partners
		Advantech Connect (online seminar)	Intermittent		Launched by headquarters and held by each respective global region/ business group	
		Local business and engineering assistance	Immediate		Global	
		Customer Satisfaction Survey	Intermittent		Available for global regions/business groups	
		MyAdvantech Magazine	Quarterly		Headquarters/global regions (Chinese, English)	
		Customer ESG Audit	Intermittent		Headquarters/global regions	
		Corporate Social Responsibility area of the Company's website	Regular		Headquarters (Chinese, English)	
		Collect customer opinions and engage in two-way communication with customers through social media	Regular		Launched by headquarters and held by each respective global region/ business group	

Stakeholder	Issues of concern	Communication Channel	Communication Frequency	Responses and Action Results	Covered Region	Response to Chapters or Public Information
 Supplier and Contractor	<ul style="list-style-type: none"><li>Information security</li><li>Co-creation of customers and partners</li><li>Eco Design and Sustainability Liability of Product</li><li>Sustainable management of the supply chain</li></ul>	Supplier ESG promotion and evaluation	Annual	<ol style="list-style-type: none"><li>An assessment of ESG sustainability risks was conducted and a total of 271 suppliers were identified</li><li>11 suppliers with high sustainability risks were audited and coached.</li><li>332 new suppliers were implemented and 296 new suppliers were approved</li><li>88 existing suppliers were planned to perform the audit with a total of 77 completed the audit</li><li>Advantech discloses its sustainability report every year to fully explain supply chain issues so that stakeholders can fully understand them</li></ol>	Headquarters/global	<ul style="list-style-type: none"><li>2.3 Sustainable management of the supply chain</li><li>2.1.2. Corporate Governance</li></ul>
		Supplier ESG assessment	Annual		Headquarters/global	
		Supplier conference	Intermittent		Headquarters/global	
		Supplier Evaluation	Annual		Headquarters/global	
		Mailbox for reporting integrity and ethics concerns	Regular		Headquarters/global	
 Shareholders and Institutional Investors	<ul style="list-style-type: none"><li>Sustainable management of the supply chain</li><li>Innovative mechanism</li><li>Risk Foresight and Crisis Management</li><li>Information security</li><li>Greenhouse Gas Inventory and Energy Management</li></ul>	Investor service mailbox and telephone on the Company's website	Permanent	<ol style="list-style-type: none"><li>Response actions in 2022: Overall communication times &gt; 1,000 investors (Chinese/English)</li><li>Material topics of sustainability that investors are concerned about are responded to in writing/ESG special meetings, and the results are presented in major international ESG evaluations.</li><li>The investor relations monthly report is issued every month, and institutional shareholder feedback and public opinion collection are provided for the reference of the high-level management team</li></ol>	Headquarters (Chinese, English)	<ul style="list-style-type: none"><li>2.1 Operational Performance and Corporate Governance Structure</li><li>Public Information for Investor RelationsEvents &amp; Presentations - Investor Relations - Advantech</li></ul>
		Market Observation Post System	Regular		Headquarters	
		Shareholders' meeting	Annual		Headquarters	
		Large-scale institutional investors' conference	Quarterly		Headquarters	
		Seminars for domestic and overseas institutional investors as well as face-to-face meetings	Intermittent		Headquarters/global	
		Issuance of the Company's Annual Report	Annual		Global	
		Announcement of Company news on the official website	Intermittent		Global	
		Investor area of the Company's website	Regular		Global	
 Media/Public Associations /Government	<ul style="list-style-type: none"><li>Co-creation of customers and partners</li><li>Information security</li><li>Application advocacy and education of IoT</li></ul>	Interviews, phone interviews, video interviews	Intermittent, averaging once a month	<ol style="list-style-type: none"><li>A regular media-exclusive law conference every quarter, and an operating revenue message every month</li><li>Arrangement of 15-20 one-on-one media interviews (face-to-face interviews, telephone interviews, video conferences)</li><li>Actively participate in 15-20 key meetings of various associations to drive partners from different industries to introduce intelligent solutions. They are even allowed to join Advantech and become partners in promoting IoT solutions and co-creation</li></ol>	Available globally/regionally	<a href="#">Advantech News Center News &amp; Archives - Advantech (advantech.com)</a>
		Media luncheons	Intermittent, averaging once every six months		Available globally/regionally	
		Operating revenue announcements	Monthly		Headquarters (Chinese, English)	
		Press conferences	Intermittent, averaging four sessions per year		Headquarters	
		Press release	Intermittent, averaging one article per month or more		Available globally/regionally	
		Company-specific events	Intermittent		Available globally/regionally	
		Media-exclusive investor conferences	Regular		Headquarters (Chinese, English)	
		Media exclusive institutional investors' conference	Annual		Headquarters	

Stakeholder	Issues of concern	Communication Channel	Communication Frequency	Responses and Action Results	Covered Region	Response to Chapters or Public Information
 Community/ Neighborhood / Non-Profit Organizations	<ul style="list-style-type: none"> <li>Neighborhood and Community Care</li> <li>Human rights</li> </ul>	Neighborhood/ Community Communication	Intermittent	1. The sustainability report is published once a year, and the sustainability official website is updated once a year	Launched by headquarters and held by each respective global region	<ul style="list-style-type: none"> <li>Chapter 6: Altruism and Social Benefit</li> </ul>
		Setup of a ESG mailbox on the Company's website	Regular		Headquarters (Chinese, English)	
		Disclosure of CSR Report as well as website information	Regular		Headquarters (Chinese, English)	
		Collect stakeholder opinions through social media and engage in two-way communication	Regular		Launched by headquarters and held by each respective global region	
 Partners, Universities and Research Institutions	<ul style="list-style-type: none"> <li>Information security management</li> <li>Application and advocacy education of IoT</li> <li>Eco Design and Sustainability Liability of Product</li> <li>Innovative mechanism</li> </ul>	Directly contact partners or research institutions through the contact window of dedicated personnel	Regular	1. The experience and suggestions of students participating in the activities are collected through the opinion survey form. It is also provided to internal units as a basis for platform technology optimization, education and training documents, and adjustment of activity mechanisms. More than 80% of the respondents to the questionnaire think that they have learned and deeply used a new tool (WIS-IoTSuite, the IoT cloud platform). 75% of the students think that they can better understand the practical operation of the industry through this activity. Nearly 70% of the feedback from the students indicated that they experienced teamwork. Nearly 60% of respondents indicated that participating in this activity challenged themselves and gained a sense of accomplishment	Available globally/regionally	<ul style="list-style-type: none"> <li>3.3 Application advocacy and education of IoT</li> <li>6.1 Neighborhood and Community Care</li> </ul>

## Annual Stakeholder Survey

Through the annual stakeholder survey, we understand sustainability topics that are of concern to our stakeholders. The scope of our survey was expanded in 2022 for the sake of obtaining deeper and more comprehensive insights. The scope of questionnaire distribution and recovery is consistent with the boundary of the report. We also conducted an impact survey on Advantech's global senior management.

To encourage more stakeholders to participate in the surveys, Advantech donates NT\$100 for forest protection and biodiversity work for every valid survey collected. A total of 1,022 questionnaires was collected in the annual stakeholder survey in 2022. A total of accumulated donations of NT\$102,200 were donated to forest conservation units and wetland biodiversity conservation units as promised to fulfill sustainable responsibilities. The details are as follows: In terms of forest protection, we donated to the Tse-Xin Organic Agriculture Foundation for the adoption of 102 trees in Shalun, Taoyuan, and maintenance work for three consecutive years. In terms of biodiversity protection issues, we have cooperated with Kuandu Natural Park and donated 5 hectares of paddy fields and wetlands in the Guandu Plain. The environment and biodiversity are maintained through the cleaning and dredging of irrigation and drainage ditches, the waterways are guaranteed to be unobstructed, siltation is reduced, flood water storage space is provided, and the pressure of wetland terrestrialization is reduced.

Table 1.2.2 Advantech's 2022 Stakeholder Survey and impact assessment of materiality - Number of Valid Surveys Received

Stakeholder	Aspect of investigation	Valid surveys received		
		Advantech Headquarters and Global Locations	Advantech China	Subtotal
Employees	Level of concern	622	54	676
Customers		24	8	32
Partners/Universities/ Research Institutions		30	17	47
Supplier and Contractor		65	91	156
Media/Public Associations/ Government		20	4	24
Shareholders/ Institutional Investors		31	X	31
Neighborhood/Community/ Non-Profit Organizations		18	1	19
Directors and senior executives	Impact	31	6	37
Total		841	181	1022

## 1.3 Sustainability Goals and Materiality

### 1.3.1 Identification of Material Issues

Advantech pays attention to international sustainability trends and standards, including: GRI Standards, UN Sustainable Development Goals (SDGs), Responsible Business Alliance(RBA), Sustainability Accounting Standards Board(SASB); and concerned issues in international sustainability evaluation such as DJSI and MSCI ESG Ratings, CDP, TCFD, and other disclosure frameworks. Each year, Advantech conducts a survey and assessment on sustainability issues relevant to the company. This includes stakeholder engagement surveys to understand the level of concern regarding these sustainability issues' economic, environmental, and social (including human rights) impacts. The evaluation of senior management on the degree of actual and potential positive/negative impact on Advantech's operations and financial performance. Through a two-dimensional analysis of significance conducted by the Sustainability Development Committee and reported to the Board of Directors, the identified results serve as a reference for information disclosure and the basis for developing sustainability strategies and planning related projects.

Figure 1.3.1 Advantech's Sustainable Goal Setting and Strategy Development Process



## Collection/Identification of Advantech's Related Sustainability Issues

Given the breadth of sustainability topics, we collect and identify Advantech-related sustainability issues from both internal and external sources. Collection sources are shown in Table 1.3.1 below.

Table 1.3.1 Sources of Advantech's sustainability topics

External	Internal
<ul style="list-style-type: none"> <li>Stakeholder feedback (investment institutions, clients, etc.)</li> <li>International sustainability standards and regulations (GRI Standards, RBA, SDGs, SASB)</li> <li>International sustainability ratings (DJSI, CDP, MSCI ESG Index, TCFD, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Feedback from management</li> <li>Advantech's operational strategy and objectives</li> <li>Advantech's ESG vision</li> </ul>

Before conducting the stakeholder survey, we strengthened the process of collecting stakeholder opinions. Through multiple communication meetings with investment institutions and clients and participation in external sustainability-related conferences, we gained insights into the issues that external stakeholders value, such as human capital and potential risks, product energy consumption standards and green design, and Advantech's overall carbon reduction targets. Consequently, we provided detailed descriptions of these issues in the questionnaire. Additionally, we proactively engaged with various stakeholder units (including sales, public relations, employee relations, investor relations, emerging business development units, and supply chain) to solicit feedback on whether there were any additional issues they would like to add or discuss in the questionnaire. This approach aimed to understand stakeholders' perspectives on the questionnaire design and the significance of Advantech's initiatives.

On the other hand, starting from Advantech's ESG vision to "Enable an Intelligent Planet in a sustainable manner," we believe that Advantech's core IoT technologies and solutions, as well as our corporate culture of open innovation and co-creation with partners and our long-standing IoT industry-university cooperation, shall enable us to effectively utilize the core capabilities of the business to respond to the UN Sustainable Development Goals (SDGs), specifically SDG 4 (Quality Education), SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), and SDG 17 (Partnerships for the Goals). In addition to addressing these specific SDGs, we also align our efforts with other SDG targets through various material topics, as outlined in Section 1.3.2 - Management Guidelines for Material Issues.

Figure 1.3.2 Process of Advantech's material issues survey

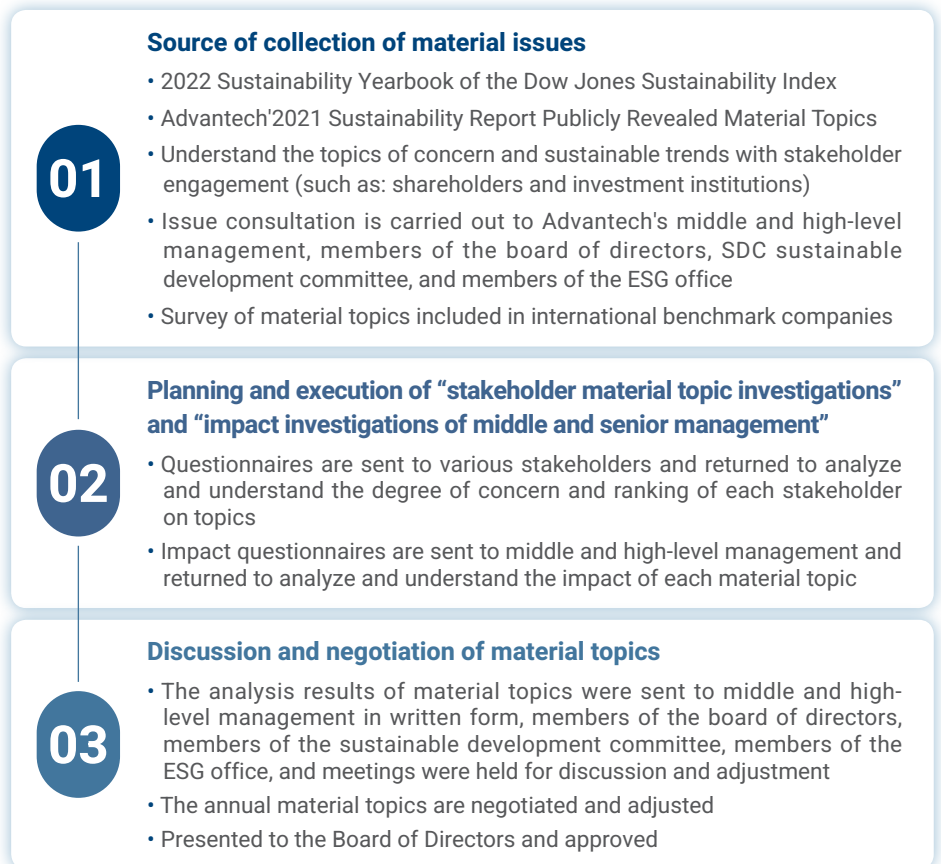


Table 1.3.2 Refinement of survey work on material topics in 2022

Convergence of Issue Focus	Increase in breadth of investigation	Target setting mechanism
<ul style="list-style-type: none"> <li>Focusing on the ESG three-aspect topic was converged, and this topic is clearly provided in the questionnaire</li> <li>A benchmark for issue adjustments was established to respond to sustainable trend changes resulting in rapid response to stakeholders</li> </ul>	The survey of interested parties has been expanded and sent to 6 main domestic and overseas operations (Advantech Headquarters, Advantech China, Advantech Europe, Advantech America, Advantech Japan, Advantech Korea)	The viewing period of the analysis results of material topics has been extended. The material topics for this year are all proposed for 2023 and 2025, for expecting us to fully review and respond to the expectations of stakeholders



Figure 1.3.3 Advantech's ESG Vision

## Advantech's ESG Vision: Enable an Intelligent and Sustainable Planet

### Employee and Community Enrichment

- Implementing employee care and social benefit using the ABLE Club platform
- Construction of an online learning platform for colleagues around the world, and multiple channels for cultivating talents
- Global talent to be visualized through construction of the Human Capital Management (HCM)
- Sustainable and innovative education supported by Advantech Foundation

### AIoT Popularization and mutual benefit

- AIAcademy
- AIoT InnoWorks Industry-Academy Collaboration
- IoT ecosystem partner co-creation

**2025 Goal:** Co-creation partnerships established with 50 universities worldwide

### Green Operations

- Climate change strategy and energy management
- Eco design and sustainable product
- Sustainable Intelligent Solutions

- 2021 Announced Science Based Targets initiative (SBTi)
- 2022 Issuance of Task Force on Climate-Related Financial Disclosure (TCFD) report
- 2025 Inclusion in the Dow Jones Sustainability Indexes (DJSI)
- 2025 Carbon Disclosure Project (CDP) score of A
- 2030 Advantech Kunshan & Taiwan factories renewable energy utilization rate reached 50%
- 2040 Advantech Global renewable energy utilization rate reached 100%
- 2050 Goal of net zero carbon emissions



The ESG Office has selected 14 Sustainability Topics in 2022 (Table 1.3.3) and formulated survey content accordingly based stakeholder input, external reference indicators and international initiatives (Table 1.3.1), and internal development strategies and goals (Figure 1.3.3). Simultaneously, the results of stakeholder opinion surveys and definition of material topic were sorted, and were reported by the Sustainable Development Committee to the Board of Directors for approval in the second quarter.

Table 1.3.3 Sustainability Issues in Advantech's 2022 Survey

Environment	Society	Economic Governance
<p><b>NO.02</b> Eco Design and Sustainability Liability of Product</p> <p><b>NO.13</b> Climate change strategy and management</p> <p><b>NO.14</b> Greenhouse Gas Inventory and Energy Management</p>	<p><b>NO.03</b> Application advocacy and education of IoT</p> <p><b>NO.08</b> Employer-employee relationship and diverse and inclusive workplaces</p> <p><b>NO.10</b> Human right</p> <p><b>NO.10</b> Industry Talent Cultivation and Development</p> <p><b>NO.12</b> Neighborhood and Community Care</p>	<p><b>NO.01</b> Information security management</p> <p><b>NO.04</b> Sustainable Intelligent solutions</p> <p><b>NO.05</b> Co-creation of customers and partners</p> <p><b>NO.06</b> Sustainable management of the supply chain</p> <p><b>NO.07</b> Risk Foresight and Crisis Management</p> <p><b>NO.08</b> Innovative mechanism</p>

## Stakeholder Survey, Impact Survey, and Materiality Analysis

Before conducting stakeholder engagement and materiality assessments, the Sustainability Development Committee's working group also conducted significant issue adjustments with relevant senior management (including consolidation, deletion, addition, and renaming). Through these assessments and stakeholder discussions, no issues were removed or consolidated. The adjustment results are as follows:

- "Green Design and Product Liability" was renamed "Eco Design and Sustainability Liability of Product":**

The concerns on the issues of life cycle management of our products from green design at the source to end-of-use and after product disposal are increasingly due to the trend of industrial sustainability. The issue of product carbon footprint also affect the choice of clients and the market. Advantech carried out an inventory of the carbon footprint of its first product in 2022. This material topic was renamed to strengthen the meaning of product sustainability.

- "Risk Management" was renamed "Risk Foresight and Crisis Management":**

Advantech has always paid attention to risk management. In addition to pan-operational risks, we also pay attention to pan-strategic risks and material risks with wide-ranging influence. In addition to risk control, we also need to understand crisis management and respond to risks. Therefore, this topic was adjusted.

- **"Talent Cultivation and Development" was renamed "Industry Talent Cultivation and Development":**

Advantech is a business entity spanning 28 countries around the world. In addition to maintaining a leading position in the industrial computer industry, we are more aware of the need for active transformation in our industry and the selection and cultivation of diverse talents. Meanwhile, Advantech is also committed to cultivating multinational and diverse talents to generate talent roles to meet market requirements. Therefore, this topic was renamed "Industrial Talent Cultivation and Development".

- **"Greenhouse Gas Inventory and Energy Management Actions" was renamed to "Greenhouse Gas Inventory and Energy Management":**

The name change is implemented in order to more accurately explain the management framework, target setting, progress, and inspection standards of the Company's energy strategy

- **"Human Rights Issue" was added:**

Human rights are also an emerging issue for Advantech. In particular, the disclosure of this project has an increasingly transparent and complete demand, facing the requirements of stakeholders and various domestic and foreign sustainable evaluations. Therefore, it was simultaneously added as a new topic.

- **"Climate Change Identification and Strategy" was renamed "Climate Change Strategy and Management":**

Advantech has spared no effort on the topic of climate change this year. We also believe that the topic of climate change needs to be viewed and managed systematically. In particular, systematic work strategies and action plans are required to achieve the response to the ambitious goals that have been set, such as: net zero carbon emission goals, RE100 goals, etc. It is estimated that this topic is called "Climate change strategy and management".

- **"Labor Relations and Equality" Incorporated into: "Employer-employee Relationship and Diverse and Inclusive Workplaces"**

In view of Advantech's demand for international talents, EDI (inequality, diverse, and inclusion) is also an emerging sustainable topic of workplace. In order to strengthen the cultivation of diverse talents, the name was changed.

- **"Application Advocacy and Education of IoT" has been added:**

The promotion and application of the Internet of Things and the cultivation of outstanding talents have always been important projects of Advantech. This project is not only related to promoting the achievements of the high-quality education of the United Nations' sustainable indicators SDG 4, but also the possibility of exploring forward-looking business opportunities and cooperating with sustainable market development in innovative development. Therefore, it is independently regarded as a new topic.

## List of material topics and description of changes in 2022

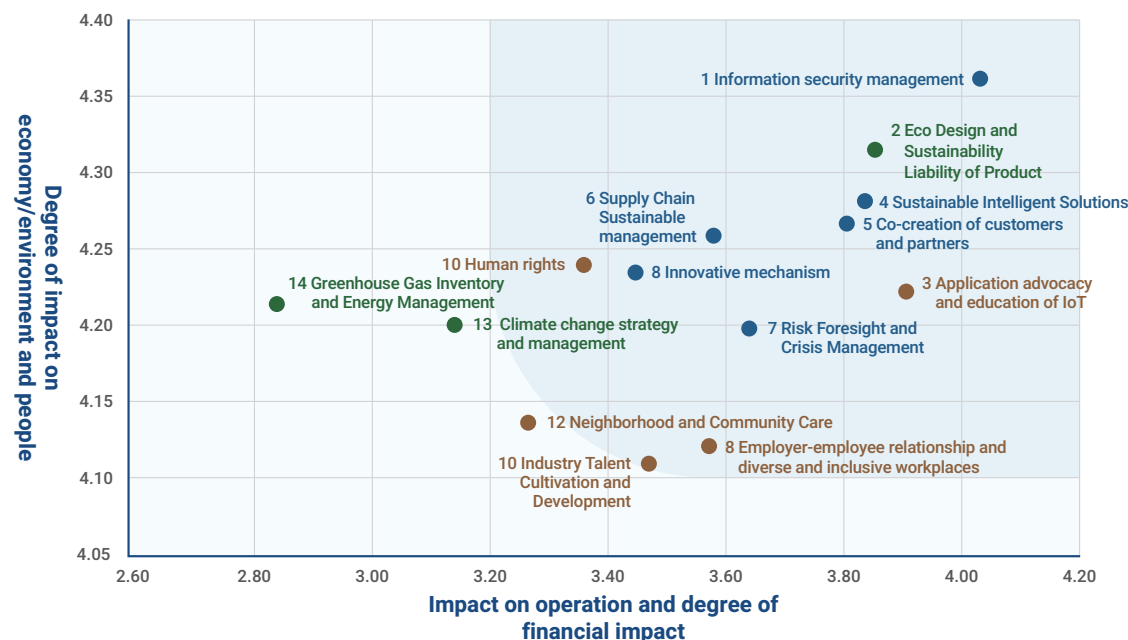
Ranking of material topics	Name of the material topic	Orientation of material topics	Changes in the ranking of material topics	Meaning to Advantech	Note
01	Information Security Management	G	▲	Advantech is a global IoT leader. Information security issues involves a company's operational stability, product security, privacy and other aspects. Regarding Advantech's brand value, it is extremely important to stakeholders such as employees, clients, and investors.	
02	Eco Design and Sustainability Liability of Product	E	▲	Green design standards are practiced and environmentally friendly products are provided. Starting from raw materials, product design and extending into manufacturing and environmental management, we are gradually setting goals and introducing each item of the standards. We thus are willing to do our best to improve the environment, reduce environmental impact, and produce environmentally friendly products.	Rename
03	Application Advocacy and Education of IoT	S	—	We promote various industry-university projects with the vision of popularizing and deepening IoT education. We achieve the universal education of the Internet of Things, thematic learning and innovation of the Internet of Things, the career exploration of the Internet of Things, the research and long-term cooperation of the Internet of Things. The gap between industry and education is eliminated, and the talents of the new generation of Internet of Things are cultivated and their energy is innovated.	Addition
04	Sustainable Intelligent Solutions	G	▼	Advantech's software and hardware products and integrated solutions can be used in growing markets such as renewable energy, climate mitigation, climate adaptation, telemedicine, and education. Aside from improving Advantech's corporate competitiveness, continuously developing products for sustainable use can also contribute to sustainability.	

Ranking of material topics	Name of the material topic	Orientation of material topics	Changes in the ranking of material topics	Meaning to Advantech	Note
05	Co-creation of customers and partners	G	▲	Good customer relationships can enhance Advantech's corporate competitiveness; high-quality partnerships can enhance the creativity of the IoT industry as a whole	
06	Sustainable Management of the Supply Chain	G	▼	The main process of Advantech is to purchase components from upstream component manufacturers, assemble and manufacture them in the Company, and then deliver them to our clients. Regarding the variety of items and the high degree of customization, Advantech regularly conducts supplier assessments and ESG management assessments. The concept of "Corporate Social Responsibility and Supply Chain Sustainability Management" is implanted into the evaluation norms, resulting in a win-win situation of sustainable value and service quality.	
07	Risk Foresight and Crisis Management	G	—	The purpose of risk management is to protect and enhance corporate value, being able to structure and systematically assess existing and potential risks that may be faced, making timely and responsive decisions that meet the Company's operational goals, and ensuring that goals are achieved while enabling continuous improvement. As a global leader in our industry, Advantech has had a continuous focus and drive for significant strategic and operational risk management.	Rename
08	Employer-employee Relationship and Diverse and Inclusive Workplaces	S	▼	The diversity of Advantech's talents prompts the integration of EDI (Equity/Diversity/Inclusion) elements into the workplace. Employee communication and welfare are emphasized to respect the diversity and differences of each employee. We support our employees to give full play to their strengths in suitable positions, so that employees have a sense of accomplishment and belonging.	Rename
08	Innovative Mechanism	G	▼	We actively invest in product and technological innovation, and also create a co-prosperity mechanism with ecological partners in R&D and business.	
10	Human Rights	S	—	We fulfill our corporate responsibility to protect human rights to protect the basic human rights and related rights of all employees, clients and stakeholders. We abide by domestic and international human rights laws and norms or guidelines.	Addition
10	Industry Talent Cultivation and Development	S	▼	Due to the characteristics of our industry (with a small amount of diversity and high demand for innovation and flexibility), there is high demand for specialized, interdisciplinary talent. The attraction, cultivation, and retention of talent are thus extremely important to Advantech's operations.	Rename
12	Neighborhood and Community Care	S	▲	Sustainability and altruism are one of Advantech's corporate spirits. Starting from Advantech's own core capabilities, we apply IoT technology to cultivate the field of intelligent medical care and assist in the practice of SDG 3 (Good Health and Well-Being). Beyond this, we additionally respond to topics in SDG 9 (Industry, Innovation, and Infrastructure) and SDG 4 (Quality Education). We offer long-term support for IoT education and each item of innovative to provide a learning experience and benefits for Taiwanese children, teenagers, and youth.	
13	Climate Change Strategy and Management	E	▼	Advantech has included climate change as one of the material risk projects of corporate sustainable management, and has managed it according to the two standpoints of "mitigation" and "adaptation." We are also actively identifying risks, building adaptation capabilities, researching and analyzing opportunities for climate change. We continue to invest in eco energy and in energy-saving products and solutions, and we are integrating them with the core business of energy management to promote energy conservation and sustainability.	Rename
14	Greenhouse Gas Inventory and Energy Management	S	▼	We are committed to reducing greenhouse gas emissions and efficient use of energy resources, and we are also striving to achieve publicly committed carbon reduction goals. The coexistence and co-prosperity of environmental protection and sustainable development of enterprises are ensured.	Rename



As explained in **1.2 Stakeholder Engagement**, Advantech's stakeholder survey and significant impact assessments with senior management in 2022 received a total of 1022 valid surveys, covering 14 sustainability issues and detailed descriptions of each issue (as the above Table). The degree of impact and likelihood of occurrence of material issues on the economy/environment/people (including human rights) were rated on a scale of 1 to 5 by relevant stakeholders. All relevant units are responsible for scoring, and the working group of the Sustainable Development Committee is responsible for compilation. Considering the differences in the numbers of valid surveys received from stakeholder groups, the average results of each stakeholder group were calculated and weighted based on their relationship with Advantech. After the analysis, we communicated and negotiated with the senior management to measure the characteristics of the Company and the industry, refer to the DJSI yearbook, and the renaming and adjustment of material issues by industry benchmark companies. It is fully disclosed in this report as shown in Figure 1.3.4.

Figure 1.3.4 Materiality Analysis Results



As shown in the "Figure 1.3.4 Materiality Analysis Results", we added the two scores to get the ranking of the issues; and for those whose impact level is higher than 3.28 and the stakeholder degree of concern is higher than 4.10, these are regarded as material issues for Advantech. Based on the above analysis results, the Sustainability Committee Working Group has measured the Company's core development strategies. After communicating with the Sustainable Development Committee in writing, 11 material issues have been adjusted and agreed to follow (in order of importance), and these shall be fully disclosed in this Report:

Table 1.3.5 Eleven Material Issues Addressed in the Report

1	Information Security Management	5	Co-creation of customers and partners	8	Innovative Mechanism
2	Eco Design and Sustainability Liability of Product	6	Sustainable Management of the Supply Chain	10	Human Rights
3	Application Advocacy and Education of IoT	7	Risk Foresight and Crisis Management	10	Industry Talent Cultivation and Development
4	Sustainable Intelligent Solutions	8	Employer-employee Relationship and Diverse and Inclusive Workplaces		

## Issues Boundaries

For each material issues, we assess the magnitude of the impact and whether it has an impact inside or outside the organization, and determine the level of disclosure. Table 1.3.6 defines the organizational and internal boundaries disclosed by each material issues.

Table 1.3.6 Boundaries of material issues, scope of impact, and corresponding GRI topics

		Internal						External		Range of Influence/ Impact
		Headquarters (Taiwan)	Advantech China	Advantech Korea	Advantech Japan*	Advantech America	Advantech Europe	Supplier	Customers	
Governance	Information security management	●	●	●	●	●	●	●	●	Employees/Suppliers/ Clients
	Sustainable Intelligent Solutions	●	●	●	●	●	●	●	●	Clients
	Sustainable management of the supply chain	●	●					●		Suppliers/Clients
	Innovative mechanism	●	●	●	●		●			Suppliers/Clients
	Co-creation of customers and partners	●	●		●		●		●	Suppliers/Clients
	Risk Foresight and Crisis Management	●	●	●	●	●	●	●	●	Employees/Suppliers/ Clients
Environment	Eco Design and Liability of Product	●	●	●	●	●	●	●	●	Employees/Suppliers/ Clients
Society	Application advocacy and education of IoT	●	●	●	●	●	●		●	Employees/Partners
	Cultivation and development of talents	●	●	●	●	●	●			Employees
	Human rights	●	●	●	●	●	●	●		Employees/Suppliers/ Partners
	Employer-employee relationship and diverse and inclusive workplaces	●	●	●	●	●	●			Employees

\*Note: Among the 11 material issues, five are self-defined topics and correspond only to GRI 103; namely, information security management, Sustainable Intelligent Solutions, innovation mechanisms, risk foresight and crisis management, and eco design and product liability.

● Fully disclosed in this report

● Partially disclosed in this report

## Assessment of Significance Impact

Following the definition of significance in the GRI Standards (2021) framework, Advantech conducted a comprehensive evaluation of the significance of 14 sustainability issues from both the perspective of "Advantech" and their impact on the external economic, environmental, and social (including human rights) aspects. The assessment primarily relied on Advantech's internal impact index, supplemented by stakeholder perspectives, to better understand the effects of Advantech's operations on these significant topics.

Drawing insights from ongoing operational assessments and emerging sustainability trends, we identified the material positive and negative impacts of each of the 14 sustainability issues. We further calculated the "degree of impact" and "probability of occurrence" for each issue.

### Evaluation Process

#### ● Quantifying Impact

The degree of impact and probability of occurrence of each material issue on the economy, environment, and people (including human rights) were rated on a scale of 1 to 5. These ratings were provided by relevant departments and consolidated by the Sustainability Development Committee working group. The investigation results of the "positive impact degree" multiplied by the "positive impact probability" and the investigation results of the "negative impact degree" multiplied by the "negative impact probability" were compared using absolute values, serving as the basis for formulating management policies for material issues.

#### ● Impact Ranking

The Sustainability Development Committee working group calculated the quantitative results of the impact for the 14 material topics and made the following observations:

The assessment of significant impacts involves multiplying the "negative impact severity" by the "probability of negative impact occurrence" to determine the "negative impact influence." Based on the sorting of these values, the top three issues with the highest negative impact influence on Advantech's operations are "Green Design and Product Sustainability Responsibility," "Information Security Management," and "Labor Relations and Inclusive Workplace."

Among the 14 material issues, only "Green Design and Product Sustainable Responsibility" has a higher "negative impact" than "positive impact". This highlights the need for further management and preventive measures with this particular topic and the development of mitigation plans.

After the recommendations of the management team are comprehensively considered, a description of the impact and related planning of the management policy are provided. Please refer to "1.3.2. Management Policy for Material Issue".



## 1.3.2 Management Guidelines for Material Issues

The ESG Office cooperates with the responsible units for each material topic, formulating management policies, setting goals, and implementing and tracking results for material issues; see the table below for details.

Table 1.3.2.1 Goals and Management policy for material issues

1 Information Security Management		Chapters of the Report 2.2 Information security management	
Materiality	With the continuous threat of cyber attacks, information security has become one of the primary risks for global business operations. ESG rating agencies, including the Dow Jones Sustainability Index (DJSI), have incorporated information security management as a crucial criterion in their assessments. IT has obviously become a topic that needs to be taken seriously by enterprises. Advantech is a global IoT leader. Information security issues involves a company's operational stability, product security, privacy and other aspects. Regarding Advantech's brand value, it is extremely important to stakeholders such as employees, customers, and investors.		
Management Strategy	<div><div><div>● Improvement of visibility of information security risks</div><div>● Decrease in attack surface</div></div><div><div>● Improvement of information security governance and risk awareness</div><div>● Enhancement of application system resilience</div></div></div>		
Policy or commitment	The Company's business continuity is guaranteed. Risks are effectively reduced, such as the theft, improper use, leakage or destruction of information assets caused by human error, hacker attacks or natural disasters. In this way, the interests of shareholders and customers are guaranteed.		
Description of impact	The topic of Advantech's information security management has not caused any negative impact on the Company, customers, environment, economy, or society in 2022. During this period, the Company had a total of 1 information security incident (Please refer to Chapter 2 - 2.2 Information security management). Advantech will continue to improve the quality of information security management. Therefore, it avoids negative impact on production or operation activities or related compensation to customers, suppliers, and employees if their personal information is stolen in the future.		
2022 Achievement Status	<div>Goals achieved:</div> <div><div>● Headquarter's ISO 27001 extends the scope of application to the IT room management and backbone network of the headquarter.</div><div>● Kunshan, North America and Europe have all passed the ISO27001 certification.</div><div>● The availability of ERP, Oracle PLM and MES of factories reached 99.5% during the working hour. The achieved status is as follows: SAP: 99.9%, PLM: 100%, MES: 100%.</div><div>● In 2022, the HQ completed the drill of the IT and OT environmental information security red team in the Linkou factory.</div><div>● In 2022, the remote backup mechanism was established in Linkou, and all key application systems were included.</div><div>● There were no cases of leakage of business information during 2022.</div><div>● No unauthorized segment connections during 2022.</div></div>	2023 Goals	<div><div>● Microsoft's security score reached 60%.</div><div>● The deployment of Endpoint Protection (EDR) reached a coverage rate of 80%.</div><div>● The deployment of system vulnerability patching tools reached a coverage rate of 90%.</div><div>● Annual Information Security Advocacy Course completion rate reached 90%.</div><div>● The availability of key application systems reached 99.9%</div></div>
2025 Goals	<div><div>● Microsoft's security score reached 80%.</div><div>● The deployment of Endpoint Security Protection (EDR) reached a coverage rate of 90%.</div><div>● The deployment of system vulnerability patching tools reached a coverage rate of 98%.</div><div>● Annual Information Security Advocacy Course completion rate reached 99%.</div><div>● The availability of key application systems reached 99.95%</div></div>	Action Plan	<div><div>● Key application systems are used to build remote backup mechanisms</div><div>● ISO27001 expands the scope of application to the management of the computer room of the information department of the head office, the backbone network, and information operations in North America and Europe.</div><div>● The drill of the information security red team was conducted in the IT and OT environment of the Linkou factory</div></div>



<b>Evaluation of effectiveness</b>	Semi-annual Cyber Security Review Meeting and information security governance group meetings are held. The annual information security goals and the progress of the implementation of material information security projects are continuously tracked.
<b>Stakeholder Engagement</b>	Please refer to Chapter 2 - 2.2 Information security management improvement plans.



## 2. Eco Design and Sustainability Liability of Product

### Chapters of the Report 4.1 Eco Design and Sustainability Liability of Product

<b>Materiality</b>	We are committed to improving the Company's overall product green design standards. Environmentally friendly and high-efficiency products are provided to commit to long-term operation and create a sustainable supply chain. In this way, the responsibility of green product management is fulfilled. Internal standards were gradually raised. It includes the improvement of energy efficiency of products, the adoption of green materials and packaging materials, and the principles of easy disassembly and recycling. Meanwhile, Advantech's overall competitiveness has been enhanced to meet the requirements of international and environmental regulations. We work with suppliers, downstream system integrators and strategic partners to produce low-carbon and environmentally friendly products, which is the goal of green products.		
<b>Management Strategy</b>	<ul style="list-style-type: none"> <li>ECO design principles has been spread to more product lines. From the aspect of products' energy saving, all aspects of inspection are comprehensively introduced in the new product development process in order to increase the proportion of green product revenue.</li> <li>The green design reward and process system has been fully extended.</li> <li>Systematic management (Dashboard) is to establish a visual green product board to improve the performance of Advantech's green products.</li> </ul>		
<b>Policy or commitment</b>	In respect to the global Sustainable Development Goals, Advantech is responding to SDG 9 (Industry Innovation and Infrastructure) and SDG 12 (Responsible Consumption and Production). Starting from raw materials, product design and extending into manufacturing and environmental management, we are gradually setting goals and introducing each item of the standards. We thus are willing to do our best to improve the environment, reduce environmental impact, and produce environmentally friendly products.		
<b>Description of impact</b>	<p>In order to improve the Company's overall green design standards and requirements, the Company may need to invest more research and development resources and expenses in the short term. Moreover, R&amp;D design may encounter a high threshold to break through. However, in the medium and long term, investing in green product design and fulfilling corporate responsibility for environmental sustainability will have a positive impact on the overall environment and economy. Advantech's overall sustainable competitiveness can also be enhanced. Also, the expectations of stakeholders and customers are met. In this way, we align ourselves with leading sustainable enterprises and attract outstanding talents to join us.</p> <p>The decision-making process of material selection and product design is considered in all aspects of green design. The sustainable transformation of internal R&amp;D teams and suppliers is gradually driven to reduce possible environmental pollution and impact. In addition, the increase in the number of product labels that disclose green design to the outside world can enhance Advantech's image and goodwill in corporate sustainability. The impact of environmental protection and energy saving awareness on the Company's operations and sales can also be reduced. The potential loss of losing customers can be reduced by complying with the requirements of international regulations and independently improving the green design of products. In addition, the data of product recyclers are verified and counted through third-party units with plans of life-cycle thinking. Environmental impact and pollution caused by improper handling of product raw materials and waste are therefore avoided.</p>		
<b>2022 Achievement Status</b>	<ul style="list-style-type: none"> <li>100% of raw materials continue to achieve the compliance with mandatory international regulations and Advantech's standards for regulated substances. A total of 41 models of products complying with energy-saving design have reached the goal set last year.</li> <li>The achieved quantity of standard products in the newly opened case is 3 models (silver medal). Mass-produced models have introduced 21 models in the next generation of models, reaching 20% of the target set last year. (Several models among the newly developed models are currently under design and development).</li> </ul>	<b>2023 Goals</b>	<ul style="list-style-type: none"> <li>100% of raw materials continue to achieve the compliance with mandatory international regulations and Advantech's standards for regulated substances.</li> <li>The new models of all standard products must meet the specifications of energy-saving design</li> <li>The mass-produced IPC system products are strategically introduced into power-saving gold power supply and contributes 8% of revenue</li> <li>Overall goals: Eco design new products (four standpoints) achieved silver medals or above reaching 50%.</li> <li>The mass-produced IPC system products are introduced into eco design (four standpoints) and contributes 8% of revenue.</li> </ul>

2025 Goals	<ul style="list-style-type: none"> <li>100% of raw materials achieve the compliance with mandatory international regulations and Advantech's standards.</li> <li>The Energy Star/internal energy-saving high standard gold medal for new products of a specific product line reached 20%.</li> <li>The mass-produced IPC system products are introduced into power-saving gold power supply and contributes 15% of revenue.</li> <li>Overall Goal: Eco design new products (four standpoints) achieved silver medals or above reaching 80%.</li> <li>The mass-produced IPC system products are introduced into eco design(four standpoints) and contributes 8% of revenue.</li> </ul>	Action Plan	<ul style="list-style-type: none"> <li><b>Examination of Product Development Stages is included in the publicity of all aspects of green design.</b> Source management meets the requirements in the development stage with a view to achieving 2023 green design product revenue accounting for more than 10%.</li> <li><b>Efficient power modules are introduced into the product strategy.</b> Using energy saving and high conversion efficiency to improve from the source. Advantech plans to improve the replacement strategy for power modules in the next three years, which was introduced into mass-produced hot-selling products.</li> <li><b>Specific product lines are introduced with Energy Star certification in combination with the energy-saving management software to improve environmental performance</b> Display / Panel PC / Portable, and software are prioritized to be introduced as the scope, and modules for energy-saving management are developed and designed to be evaluated which can be deployed on Advantech products to improve environmental performance.</li> </ul>
Evaluation of effectiveness	<ul style="list-style-type: none"> <li><b>Regular check</b> The ESG team regularly review the progress every two weeks. Also, the direction of execution is adjusted in real time to ensure the compliance with the effectiveness of the strategy.</li> <li><b>External resources support and learning from experience</b> Introducing external resource when necessary, also verified the progress and the target.</li> </ul>		
Stakeholder Engagement	Advantech will continue to strengthen product green design and engage the stakeholders. No significantly negative impact was caused by this topic. Therefore, there was no remedial measures.		

### 3 Application Advocacy and Education of IoT

#### Chapters of the Report 3.3 Application advocacy and education of IoT



Materiality	Advantech invests in product and technology innovation and creates a co-prosperity mechanism with ecological partners in R&D and business. Industry-university cooperation is the source of external innovation. Expanding the talent pools and partnership with R&D community. The results of R&D are promoted to be industrialized and marketized.
Management Strategy	We cooperate with leading universities in Taiwan to promote industry-university cooperation and to reduce the gap between studying and application. Enterprise resources are connected in stages to promote the implementation of the industrialization of results in academic researches. We cooperate with global ecosystem partners through online education platforms and open innovation competitions. Internet of things universal education is also jointly promoted.
Policy or commitment	We cooperate with leading universities in Taiwan to promote industry-university cooperation and to reduce the gap between campus and application. We promote the implementation of the industrialization of results in academic researches. We cooperate with partners through online education platforms and open innovation competitions.
Description of impact	<ul style="list-style-type: none"> <li>No negative impact.</li> <li>"Popularizing and Deepening Internet of Things Education" our vision, and carry out IoT projects activity. The programs were developed to cultivate talents for the IoT and shorten the gap between industry and academia.</li> <li>The "Co-Creation" value chain of Advantech working with partners to generate applications and solutions. Advantech's capabilities and resources have a positive impact on industries and stakeholders.</li> <li>This topic has a positive impact on the society aspect, stakeholders such as universities and students. Positive impact such as cultivate young talent, and developing the commercial value. The outcomes of IoT education have lasting impact. It includes the popularization of the use of Advantech's IoT online teaching materials and the expansion of the use of national/regional branches. It boosts the link between external ideas and practices of internal industry, establishing the IoT education model, and cultivating the talent.</li> </ul>

<b>2022 Achievement Status</b>	<p>No target set for 2022 / Results achieved in 2022:</p> <p><b>Popular Education</b></p> <ul style="list-style-type: none"> <li>● 14 special researches and plans was produced. a total of 35 interns were recruited from Taiwan region, and 7 students thereof extended their internship after the summer vacation.</li> <li>● More than 800 technical certifications have been issued in campus cooperation.</li> <li>● Indicators of influence: Course content is continuously optimized. The usage rate and continuity of Advantech's Internet of Things online teaching materials have been improved.</li> </ul> <p><b>Learning &amp; Field</b></p> <ul style="list-style-type: none"> <li>● 6 projects were produced with the collaboration of National Yang Ming Chiao Tung University.</li> <li>● Indicators of influence: The ratio of industry-university topics to product application and the willingness of students to enter the Internet of Things industry have all been improved.</li> </ul> <p><b>Open Innovation</b></p> <ul style="list-style-type: none"> <li>● Total 90 topics were produced by 360 students participated from 16 universities around the world.</li> <li>● Indicators of influence: the penetration rate of cooperation with colleges and universities, and the ratio of obtaining (Advantech) IoT certificates.</li> </ul>	<b>2023 Goals</b>	<p><b>Popular Education</b></p> <ul style="list-style-type: none"> <li>● 35 students participated in the Elite100 Internship Program.</li> <li>● A total of 12 cooperation numbers to participate in educational projects or university courses of cultivation.</li> </ul> <p><b>Learning &amp; Field</b></p> <ul style="list-style-type: none"> <li>● 3 campus IoT application projects were promoted.</li> <li>● 7 Industry-University collaboration projects.</li> </ul> <p><b>Open Innovation</b></p> <ul style="list-style-type: none"> <li>● 26 schools from around the world participated.</li> </ul>
<b>2025 Goals</b>	<p><b>Popular Education</b></p> <ul style="list-style-type: none"> <li>● Relevant courses have been established and optimized, and a total of 30 technical professional courses on the Internet of Things will be accumulated by 2025.</li> <li>● In 2025, there will be 43 cooperation projects or university courses involved in cultivation education. From 2022 to 2025, there has been more than 70 teaching projects.</li> </ul> <p><b>Learning &amp; Field</b></p> <ul style="list-style-type: none"> <li>● There are about 5 - 8 projects of industry-university research projects per year. From 2022 to 2025, there has been more than 20 projects in total..</li> <li>● 30 of graduate students on the industry-university interface were trained.</li> <li>● The Graduate students on the industry-university interface has increased by about 10 people each year. From 2022 to 2025, the cumulative target has been more than 50 people.</li> </ul> <p><b>Open Innovation</b></p> <ul style="list-style-type: none"> <li>● In 2025, it will reach 11 countries, 40 schools, 180 teams, and 720 participating students. From 2022 to 2025, a total of 2,000+ students has participated.</li> </ul>	<b>Action Plan</b>	<p><b>Popular Education</b></p> <ul style="list-style-type: none"> <li>● AIoT Internet of Things course materials were co-written by cross-school.</li> <li>● Outstanding team students are recruited to join Advantech through the Advantech Elite100 Internship Program.</li> </ul> <p><b>Learning &amp; Field</b></p> <ul style="list-style-type: none"> <li>● We cooperate with National Yang Ming Chiao Tung University for the Industry Academia Innovation School. There is a model of industry-university co-creation by the original enterprise. Besides, the gap between industry and academia will be bridged through new mechanisms, including the school's sponsorship of Internet of Things innovation projects, industry-university master-doctorate and internship programs, etc.</li> </ul> <p><b>Open Innovation</b></p> <ul style="list-style-type: none"> <li>● In order to expand the continuation effect after the event, the depth of cooperation between Advantech and the school has been strengthened through mechanisms such as student internship programs, campus ambassadors, and theme extension sponsorships.</li> </ul>
<b>Evaluation of effectiveness</b>	<ul style="list-style-type: none"> <li>● Advantech cooperates with industry-university partners to promote the Internet of Things. The effectiveness of this approach is checked, and the direction and progress of the project are reviewed through the directors.</li> <li>● Regular meetings for checking the progress and the gap to secure the efficiency.</li> <li>● The 19th "Global Views Monthly" ESG Corporate Sustainability Award - Excellent Program Education Promotion Model Award.</li> <li>● Feedback survey from the participants</li> </ul>		
<b>Stakeholder Engagement</b>	No negative impact caused to any stakeholder or the environment, economy, or society. Therefore, no remedial measures or communicate with stakeholders are required.		



## 4. Sustainable Intelligent Solutions

### Chapters of the Report 3.1 Sustainable intelligent solutions

<b>Materiality</b>	<ul style="list-style-type: none"> <li>With the vision of "Enable an Intelligent and Sustainable Planet, Advantech is committed to the sustainable development of the world through IoT solution.</li> <li>IoT technology can improve the efficiency of customer resource utilization and production. Both waste and carbon emissions are reduced, thereby promoting sustainable development. IoT software and hardware products and services are developed in scopes such as energy management, transportation and logistics management, smart agriculture, smart factories, telemedicine, education, and operation and maintenance. Advantech will continue to lead the industry and digital transformation, and become a key partner for a sustainable ecosystem.</li> </ul>		
<b>Management Strategy</b>	In key application fields such as factory automation, renewable energy infrastructure, EV batteries and charging pile equipment, and smart medical care, Advantech has assembled product R&D capabilities and local technical teams to meet new opportunities in the industry. Advantech announced the launch of the third global transformation. Sector Driven is the core spirit to plan five pioneer sectors – Embedded Design-in, Ind. System, Ind. Automation, smart medical care, digital marketing e-commerce platform, and six regional markets – North America, China, Europe, emerging markets, Japan, South Korea. Resources are pooled for focused advancement.		
<b>Policy or commitment</b>	The concept of sustainability has been incorporated into the strategic blueprint of new product development and market expansion of business units. A sustainable product and service quantification plan is formulated to expand the organization and performance goals of related product departments (environmental protection and energy, smart medical care). The positive influence brought to the environment and society is further amplified through Advantech products and services.		
<b>Description of impact</b>	This topic does not have a significant negative impact. Advantech will actively and continuously communicate with stakeholders to promote products and services that meet sustainable trends.		
<b>2022 Achievement Status</b>	<b>Goals achieved:</b> <ul style="list-style-type: none"> <li>18.5% of revenue from sustainable products and solutions. (Note: The calculation method for 2022 is different from that for 2021)</li> </ul>	<b>2023 Goals</b>	<ul style="list-style-type: none"> <li>19% of revenue from sustainable products and solutions.</li> </ul>
<b>2025 Goals</b>	<ul style="list-style-type: none"> <li>20% of revenue from sustainable products and solutions.</li> </ul>	<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Establish a clear blueprint for product development.</li> <li>Establish the launch strategy of sustainable products or solutions (market positioning, target customers, price policy, marketing strategy).</li> <li>Establish procedures for users' feedback and measurement of satisfaction.</li> <li>Regular feedback for improvement.</li> <li>Build the ecosystem and leverage the value and technology for sustainability of Advantech, partners of eco system, and customer.</li> </ul>
<b>Evaluation of effectiveness</b>	<ul style="list-style-type: none"> <li>Reach 90% of user satisfaction of sustainability solution.</li> <li>Regularly review the operating revenue from smart energy management solutions, smart factory solutions, smart telemedicine, smart agriculture solutions, smart education solutions, smart transportation and smart logistics, etc.</li> </ul>		
<b>Stakeholder Engagement</b>	This topic has temporarily has no significantly negative impact to environment, economy, or society. Therefore, there was no corresponding remedial measures. Advantech will respond to this issue through real-time communication with stakeholders or identification of any negative impact on the environment, society, and economy to take timely countermeasures.		



## 5. Co-creation of Customers and Partners

### Chapters of the Report 3.4 Co-creation of customers and partners

<b>Materiality</b>	Good customer relationships can enhance Advantech's corporate competitiveness; high-quality partnerships can enhance the creativity of the IoT industry as a whole		
<b>Management Strategy</b>	We commit to deepening customer connection experience, expanding ecosystem partner management, and institutionalizing distribution authorization management. We also aims at "altruistic cooperation for mutual benefit" and "digital service upgrade". Meanwhile, digital platforms such as order quote system, customer relationship management system and online technical services have been optimized to improve operational and service efficiency.		
<b>Policy or commitment</b>	<ul style="list-style-type: none"> <li>Customers are regarded as partners to jointly operate the market based on co-creation mechanism.</li> <li>Channel distribution management is improved, global customer relationship management system and technical service platform are optimized, and more diverse online training courses are provided.</li> <li>The privacy of customers is ensured to be fully protected, and the rights and interests of customers are also ensured to be not damaged during the pandemic.</li> <li>We promise that we focus on the development of the IoT industry and continue to invest in IoT platforms and solutions.</li> </ul>		
<b>Description of impact</b>	<ul style="list-style-type: none"> <li>Social aspects: home care, telemedicine will help aging societies and medical services in developing countries.</li> <li>Economic aspect: the improvement of the efficiency and performance of production activities and the application of AI technology can greatly improve the level of industrial production.</li> <li>Environmental aspects: equipment monitoring and the deployment of a large number of sensing elements will effectively reduce energy consumption and environmental pollution.</li> </ul>		
<b>2022 Achievement Status</b>	<p>No target set for 2022 / 2022 Achievement Status is as follows:</p> <p><b>Management of dealership authorization</b></p> <ul style="list-style-type: none"> <li>The number of newly signed distribution partners accounted for 15%. The number of selected distribution partners accounted for 18%.</li> <li>Customized product education and training checklists are designed according to the type of distribution partner. It was tried to be promoted in emerging countries, and nearly 40 distribution partners were successfully invited to participate in this online training program.</li> </ul> <p><b>Customer Connection Experience</b></p> <ul style="list-style-type: none"> <li>A total of 76 Advantech Connect forums were held around the world. A total of 299 Video-on-Demand videos were uploaded with 72,771 views and 1,899 times of video shares.</li> <li>Advantech satisfies the purchase needs of direct sales customers through eStore and IoT Mart. Therefore, the main axis is to optimize customers' shopping experience and shorten manual steps.</li> </ul> <p><b>Ecosystem partner management</b></p> <ul style="list-style-type: none"> <li>Entering the field of IoT information security through co-creation.</li> <li>Enhancing Edge AI products through co-creation.</li> </ul> <p><b>Digital Service Upgrade</b></p> <ul style="list-style-type: none"> <li>The customer relationship management system is gradually becoming cloud-based. In 2022, the cloud platform Salesforce Sales Cloud has been imported to Taiwan and AIInterCon regions.</li> <li>The introduction of the quotation function of Salesforce CPQ, the CRM in the European region, has been carried out. The combination of CRM and quotation functions is also implemented to reduce the business operation platform and improve the immediacy of customer data synchronization.</li> </ul>	<b>2023 Goals</b>	<p><b>Management of dealership authorization</b></p> <ul style="list-style-type: none"> <li>The overall performance of the global distribution channel increased by 3%. The number of selected distribution partners accounts for more than 20% of the total number</li> <li>The online training certification program was expanded. In addition to emerging countries and regions, course introduction is also promoted in Japan and Korea, providing local language courses and inviting more distribution partners to join.</li> <li>Four global partner summit World Partner Conference (WPC) were held. It is expected to invite nearly 4,000 customers and partners to provide more detailed product content, solutions and application cases to jointly build the vision of the IoT industry model.</li> </ul> <p><b>Customer Connection Experience</b></p> <ul style="list-style-type: none"> <li>The goal of customer satisfaction: the operating revenue of sampled customers accounts for more than 60 (%) of the total operating revenue, and the average score of customer satisfaction is above 90 points.</li> </ul> <p><b>Ecosystem partner management</b></p> <ul style="list-style-type: none"> <li>Adhering to the direction of the AIoT strategy to continue to expand investment and influence globally.</li> <li>Continuing to strengthen product competitiveness through co-creation.</li> </ul> <p><b>Digital Service Upgrade</b></p> <ul style="list-style-type: none"> <li>The cloud system of customer relationship management was introduced into the Japan branch and the Korean branch.</li> <li>The quotation function of the cloud quotation system Salesforce CPQ was introduced into the Taiwan branch to practice the transparency of Advantech's global price and quotation management.</li> <li>The automation system is marketed, and the system platform developed by the local end is transferred to the cloud application.</li> </ul>

2025 Goals	<p><b>Management of dealership authorization</b></p> <ul style="list-style-type: none"> <li>● The total number of developed "selected distribution partners" and "industry exclusive distribution partners" accounted for more than 50% of the total number. In total, the compound growth rate of performance in the past two years exceeds 10%.</li> <li>● The number of global distribution partners exceeded 100 companies to register on the digital course platform and complete exclusive training and certification courses.</li> </ul> <p><b>Customer Connection Experience</b></p> <ul style="list-style-type: none"> <li>● The goal of customer satisfaction: the operating revenue of sampled customers accounts for more than 60 (%) of the total operating revenue, and the average score of customer satisfaction is above 92 points.</li> </ul> <p><b>Ecosystem partner management</b></p> <ul style="list-style-type: none"> <li>● WISE-Marketplace is an industrial interconnection ecosystem platform powered by empowerment to manage platforms and industry solutions, and more than 100 active industrial apps from Advantech and its partners.</li> <li>● The number of global industry application partners exceeded 100 companies to register on the digital course platform and complete exclusive training and certification courses.</li> <li>● More than 300 Domain Focus S/I companies have been successfully supported, and the market value of 10 listed or quasi-listed Domain Focus SI companies has grown significantly as a result.</li> </ul> <p><b>Digital Service Upgrade</b></p> <ul style="list-style-type: none"> <li>● The main goal is that the customer relationship management system can cover more than 80% of overseas branches. Meanwhile, Salesforce CRM serves as the main data center to facilitate the optimization of other peripheral systems (cloud quotation system and approval, partnership management, marketing automation, customer service cloud) in the same cloud environment.</li> </ul>	Action Plan	<ul style="list-style-type: none"> <li>● The deployment of the annual business plan: after the goals of revenue and number of customers are set for different regions and different industries, the organization and manpower required to achieve this goal.</li> <li>● WISE-IoT Partner Conference was held: Global partners are regularly invited to carry out in-depth product and service development roadmap research and discussion for WISE-IOT IoT solutions to clearly define target markets and business opportunities.</li> <li>● MBR/QBR review of operational effectiveness: the review of the effectiveness of operational results is carried out monthly/quarterly to allow the goals to be implemented concretely.</li> </ul>
Evaluation of effectiveness	<ul style="list-style-type: none"> <li>● Internal BI System: The data is displayed in a timely manner, including the actual performance of global business, the number of existing/new customers, the number of investment invitations of partners and distributors, etc..</li> <li>● MBR/ QBR: The supervisors of relevant business units regularly review the status of the achievement of the goals, and propose specific action guidelines to ensure the achievement of the goals.</li> </ul>		
Stakeholder Engagement	<p>Advantech will continue to collect, pay attention to and respond to suggestions from stakeholders through existing communication channels; This topic has temporarily has no significantly negative impact to stakeholder or the environment, economy, or society. Therefore, there was no remedial measures.</p>		

## 6. Sustainable Management of the Supply Chain

### Chapters of the Report 2.3 Sustainable management of the supply chain

Materiality	We have established the stable development of friendly relations with supply chain partners under our business philosophy of sustainable corporate development. In addition to taking quality into account, we also hope that by building a sustainable supply chain we will fulfill our corporate social responsibilities together with our partners while working together for environmental protection.				
Management Strategy	<ul style="list-style-type: none"><li>Suppliers should follow the Advantech's Supplier Code of Conduct, making them aware of the standards the Company is expected to follow.</li><li>The Company sets short and medium-term key goals and formulates specific practices to effectively promote and implement.</li><li>It regularly identifies high-risk suppliers, requires audits and deadlines for improvement, and reduces to medium and low risks.</li></ul>				
Policy or commitment	<ul style="list-style-type: none"><li>Suppliers are required to comply with Advantech's "Supplier Code of Conduct" policy to observe and improve labor rights, safety and health, environmental protection, business ethics and management system performance.</li></ul>				
Description of impact	Advantech expects to establish a responsible and transparent supplier management system. We also look forward to driving the sustainable transformation of the supply chain, so we incorporate the assessment of suppliers' ESG sustainable management into procurement decisions. In this way, possible impacts on environmental pollution, occupational safety, and labor rights are reduced, and the positive environmental and economic impacts of the overall supply chain are also enhanced.				
	In this material issues, the impacted external stakeholders/aspects include: environmental aspects, social aspects, consumers and end users, external employees (such as supply chain). In the view of the social aspect, 100% of Advantech's key suppliers do not use conflict minerals to ensure no negative impact on human rights and labor. In the view of the environmental aspect, Advantech complies with the design principles of green products and produces products that are friendly to consumers and the environment. Therefore, the loss of raw materials, packaging materials, and energy consumption is reduced to improve environmental benefits. In the view of the consumers, consumers are helped to reduce end-use energy consumption. Advantech has implemented a product carbon footprint project in 2022. The first product carbon footprint report is expected to be presented in 2023.				
	Impact and explanation of the sustainable management of the supply chain on the value chain				
	Upstream		Company operation	Downstream	
	Raw material procurement	Product design		Customers use	Recycling for re-use
	●	●	●	●	
					<div><div>●</div> Impact</div> <div><div>○</div> No impact</div>
2022 Achievement Status	100% of the 2022 target was achieved: <ul style="list-style-type: none"><li>100% of significant suppliers comply with Advantech's Supplier Code of Conduct.</li><li>Significant suppliers 100% do not use conflict minerals</li><li>100% complete the improvement of deficiencies of suppliers with high sustainability risk.</li></ul>			2023 Goals	<ul style="list-style-type: none"><li>100% of Tier 1 suppliers comply with Advantech Supplier Code of Conduct.</li><li>Significant suppliers 100% do not use conflict minerals</li><li>100% complete the improvement of deficiencies of suppliers with high sustainability risk.</li></ul>
2025 Goals	<ul style="list-style-type: none"><li>100% of Tier 1 suppliers comply with Advantech Supplier Code of Conduct.</li><li>Significant suppliers 100% do not use conflict minerals</li><li>100% complete the improvement of deficiencies of suppliers with high sustainability risk.</li></ul>			Action Plan	<ul style="list-style-type: none"><li>Ask the supplier to sign and follow the "Advantech Supplier Code of Conduct"</li><li>The annual execution of due diligence on supplier's conflict minerals complies with OECD's third-party mechanism</li><li>Regularly identify high-risk suppliers, and conduct audits and counseling.</li></ul>
Evaluation of effectiveness	<ul style="list-style-type: none"><li>Achievement status (KPI) is evaluated every year whether it is improving from the previous year according to the goals set by the management policy. It is presented as a way of managing refinement.</li><li>Refined proposals are provided every year with reference to the best practices of supply chain management of DJSI and benchmark peers.</li></ul>				
Stakeholder Engagement	Advantech discloses its sustainability report every year to fully explain supply chain issues so that stakeholders can fully understand them.				

## 7. Risk Foresight and Crisis Management

### Chapters of the Report 2.4. Risk Foresight and Crisis Management

<b>Materiality</b>	The purpose of risk management is to protect and enhance corporate value, being able to structure and systematically assess risks that may be faced, making timely and responsive decisions that meet the company's operational goals, and ensuring that goals are achieved while enabling improvement. As a global leader in our industry, Advantech has had a continuous focus and drive for significant strategic and operational risk management.		
<b>Management Strategy</b>	<p>In recent years, Advantech has re-examined the governance structure of risk management, the composition and operation of the risk management team, and the operation process of risk management. Hence, risk management is ensured in a systematic and structured manner which has been promoted. The Board of Directors is the highest governance unit for risk management, and directly supervises general strategic risks and information security risks. The Sustainable Development Committee and Remuneration Committee also participate in overseeing some strategic risks. The Audit Committee is mainly responsible for supervising the pan-operational risks.</p> <p>The risk management team is responsible for the risk management process and reviewing as well as tracking the implementation on a quarterly basis. The responsible supervisor is responsible for formulating response measures for risk items and actual implementation. Internal auditors shall closely monitor or in driving all risk management processes. It shall also provide opinions and conduct audits on various risk topics as needed.</p>		
<b>Policy or commitment</b>	Advantech develops risk management policies and operational continuity plans to prepare for possible business interruption risks, or various emerging risks. We also regulate operations when risks occur in order to minimize their potential impact and influence. Then, subsequent correction and management are achieved. In addition, Advantech strives to provide transparent and real-time information delivery and communication to potentially affected stakeholders for various related risks.		
<b>Description of impact</b>	Risks identified by Advantech's risk management process involve economic, environmental, and social issues. If there is no effective management and response to each risk item, the possible negative impact on the company includes the impact of the promotion of the company's strategy and operating performance, the impairment of the company's goodwill, or the increase of the company's operating costs and expenses. On the other hand, risks can be transformed into future business opportunities and competitiveness through early identification and effective response to risk items.		
<b>2022 Achievement Status</b>	<p><b>The goal of 2022 has been achieved, and the achievement status is 100%:</b></p> <ul style="list-style-type: none"> <li>● Experts/consultants are arranged to conduct training and communication on evolutionary risk management to directors and key executives.</li> <li>● Establishment of risk management mailbox: All employees are encouraged to take the initiative to provide suggestions.</li> <li>● Investigation of risk issues: The scope of investigation has been expanded to global vice president and the level of associate managers, managers and deputy managers on both sides in cross-strait.</li> </ul>	<b>2023 Goals</b>	<ul style="list-style-type: none"> <li>● Risk management courses and training are extended to all overseas employees. The target completion rate has exceeded 80% of the global employees (excluding direct employees).</li> <li>● At least two project discussions of high-level strategic risk issues were facilitated.</li> </ul>
<b>2025 Goals</b>	<ul style="list-style-type: none"> <li>● Over 90% of the global employees (excluding direct employees) have completed the education and training of risk management courses.</li> <li>● The organizational level of risk management is reasonably improved compared with benchmark peers.</li> </ul>	<b>Action Plan</b>	<ul style="list-style-type: none"> <li>● Please refer to the chapter 2.4. Risk Foresight and Crisis Management for the action plan for material operational risks.</li> <li>● Advantech not only reduces or avoids the possible negative impact of risk items on the Company through various actions, but also explores the opportunities that risk items may bring. The latter includes the development of solar energy, wind power industry, related applications of electric vehicles, and the development of energy management platforms.</li> </ul>
<b>Evaluation of effectiveness</b>	<p><b>Review and tracking of risk management and related issues:</b></p> <ul style="list-style-type: none"> <li>● Important risk topics are included in the tracking items of the quarterly risk management meeting and reported to the Board of Directors or the audit committee.</li> <li>● The management owner builds data dashboards and KPIs for real-time exception reporting and tracking for major risks.</li> <li>● Risk issues are listed as audit topics by the audit department for discussion and tracking.</li> <li>● The risk team proposes proposals every year with reference to the best practices of risk management of DJSI and benchmark peers.</li> </ul>		
<b>Stakeholder Engagement</b>	Advantech conducts risk surveys every year. The objects of the investigation include directors, accountants, external consultants, etc. In addition to identifying major risk items, the survey also collected opinions on improving risk management. Moreover, a risk mailbox has also been set up to encourage employees to put forward suggestions for improvement. The main risks and related countermeasures are fully disclosed through channels such as the official website, sustainability report, investor conference, press release, and so on to facilitate investors, corporate shareholders and other stakeholders to fully understand.		



## 8. Employer-Employee Relationship and Diverse and Inclusive Workplaces

### Chapters of the Report

#### 5.3. Employer-employee relationship and diverse and inclusive workplaces



<b>Materiality</b>	Advantech has been actively promoting gender equality in the global workplace for a long time to promote diversity and equality. It includes: equal pay, a fair performance appraisal and promotion system, flexible working hours, and family care leave, etc. When hiring, we ensure that gender, race, religion, political affiliation, marital status do not affect the employment conditions, or have differential treatment in terms of salary. Advantech has established a clear recruitment strategy around the world to strengthen the diversity of employees. Also, internal multiple training and talent development channels are used to gradually eliminate the impact of employees' basic differences resulting from physical or psychological conditions. Moreover, the relevant indicators of salaries and rewards between districts, types of work and ranks are regularly reviewed to ensure that a diverse and equal workplace environment is implemented and created.		
<b>Management Strategy</b>	Advantech is committed to promoting various gender equality measures and supporting policies. The annual Kick-off Meeting and Employee Zone are used to convey information. Besides, Advantech has also set up a mailbox for employees for employees' feedback.		
<b>Policy or commitment</b>	<ul style="list-style-type: none"> <li>Multiple two-way communication channels are set up for information dissemination and real-time listening and responding to the suggestion. The content of serving employees and the harmony of the workplace are promoted and optimized to ensure the rights and interests of employees through suggestions.</li> <li>The annual employee satisfaction survey is carried out to understand the employees' voice.</li> <li>Higher support is given to our employee for family settlement, giving birth, and parenting (paid family care leave and paid parental leave).</li> <li>Improving employee health and well-being.</li> <li>Paid volunteer leave.</li> </ul>		
<b>Description of impact</b>	Paid parental leave, which is superior to that stipulated in the statute, was enacted. Therefore, it needs the support of the company to invest more funds and human resources in the short term. However, this is a necessary measure for sustainable operation for the company's overall workplace environment. While the life of employees is guaranteed, a good employer brand is established to help recruit more outstanding talents to join Advantech.		
<b>2022 Achievement Status</b>	<p>The goals for 2022 have not been set, but there are the following results:</p> <ul style="list-style-type: none"> <li>ABLE's digital employee care platform has been launched in 2022.</li> <li>Eight major topics are set up to take care of the life of employees in an all-round way.</li> <li>The employees' health care platforms are connected to facilitate employees to check the health check reports online and track abnormal values.</li> </ul>	<b>2023 Goals</b>	<ul style="list-style-type: none"> <li>Employee Satisfaction Survey: ACL's response rate will reach 75%, and the area covered by the response will be expanded to RBU (coverage rate has reached 100%).</li> <li>Advantech headquarters will establish a paid family care leave system and a paid parental leave system.</li> <li>ABLE's healthcare connectivity platform will reach 60% of usage rate.</li> <li>More than 1,000 employees will attend health care events/lectures.</li> <li>Volunteer hours will reach 500 hours.</li> </ul>
<b>2025 Goals</b>	<ul style="list-style-type: none"> <li>Survey of employee satisfaction: the involvement rate will reach 80%</li> <li>Advantech Headquarters' paid family care leave system and the paid parental leave system will be optimized.</li> <li>The Advantech Headquarters' Childcare Grant option will be offered to evaluate the RBU Childcare Grant option.</li> <li>Telemedicine services for employees and their families will be promoted, and the number of people served will be increased to 300 per year.</li> <li>The paid volunteer leave established by RBU will increase the number of hours that employees around the world devote to volunteering (already reached 1500 hours).</li> </ul>	<b>Action Plan</b>	<ul style="list-style-type: none"> <li>In response to the employee satisfaction survey that has been fully implemented this year, the survey field for employee engagement has been deepened, and measures to encourage employees to fill in answers have been used to increase the response rate and engagement.</li> <li>Paid family care leave and paid parental leave, which are superior to laws and regulations, have been established and promoted.</li> <li>Furthermore, the ABLE health care platform cooperates with iTelemed to digitally present employee health checks and abnormal value tracking. It can help to make an appointment with a resident doctor, see a doctor remotely, and also perform the tracking of workplace health care and the binding of physiological measurement values.</li> <li>While Advantech provides paid volunteer leave, it has established four main axes. It encourages employees to participate in volunteer activities with direction and goals.</li> </ul>

Evaluation of effectiveness	<ul style="list-style-type: none"> <li>The completion progress of each department is regularly tracked. It is also publicized and matched with the company's internal communication channels to improve the response rate of employee satisfaction surveys.</li> <li>Statistics on the number of applicants before and after the establishment of paid family care leave and paid parental leave.</li> <li>Teaching about the use of the ABLE health care platform was promoted. Due to the combination of resident physicians and remote consultations, the utilization rate can be tracked by the number of people who register through the platform.</li> <li>Volunteer activities are systematically managed to ensure the number of volunteer hours and the use and exposure of volunteer leave.</li> </ul>
Stakeholder Engagement	Advantech discloses various policies and systems through multiple communication channels, and understands employees' thoughts through employee satisfaction surveys. Meanwhile, the impact of each system on retention and talent recruitment is evaluated. In addition, a complaint channel for employees has been set up to facilitate response, care, and protection of the rights and interests of Advantech employees.



## 9. Innovative Mechanism

### Chapters of the Report 3.2. Innovative mechanism

Materiality	"Enable an intelligent and sustainable planet" is Advantech's corporate vision. Also, products and technologies, business innovation, and the mechanism of co-creation and co-prosperity with ecological partners are systematically invested in this strategy.		
Management Strategy	According to the vision defined in 2015 and the "blueprint for the development of AIoT Internet of Things", Advantech regards AIoT as the engine of future industrial growth. Also, we have transformed the Company from a manufacturer of industrial computers into a provider of industrial IoT terminals, cloud solutions, technology suppliers and service providers through various innovative means. Currently, Advantech has an innovation mechanism including three categories and six projects for products, technologies, careers, and academic cooperation.		
Policy or commitment	The process promotion of innovation management is promoted to the level of enterprise development. It is also an important practice in the development of emerging business opportunities. Strategically, we actively communicate with potential external partners for the concept of external strategic cooperation and co-creation. It promotes the diversification of innovative proposals and the flexibility of execution to grasp the opportunities in the development of the AIoT industry.		
Description of impact	<ul style="list-style-type: none"> <li>The promotion of innovation is an important strategy for the company to strive for excellence and long-term operation. Meanwhile, it is also a display of investment technology and knowledge to increase the competitiveness of research and development and development of new things.</li> <li>The AIoT application solution shows how to use more effective and lower cost means to meet the needs of various industrial and commercial scenarios. For example, the improvement of process optimization yield can reduce waste and reduce energy consumption and other positive effects.</li> <li>Benchmarking to innovative solutions for application scenarios can directly solve the problems of business operators or users. For example, the Internet of Things system for self-checkout can alleviate the problem of insufficient manpower in the industry. Also, it also helps consumers to complete a more convenient consumption experience.</li> </ul>		
2022 Achievement Status	<p><b>No target set for last year/ Description of key achievements for 2022:</b></p> <ul style="list-style-type: none"> <li>Mechanisms such as IMAX-C, A+X, and MCT have been operated for many years. They regularly and systematically conduct proposal dialogues for innovative products and business strategies, and discuss technological innovation in the R&amp;D department as the cornerstone of the innovation mechanism.</li> <li>Regarding the innovative development of new business opportunities, there were 28 proposals from Advantech headquarters and branches around the world. 10 of them were voted for potential awards after discussion. Therefore, two new product developments were accordingly launched, a new business unit was successfully established, and two new industry-university cooperation issues were derived.</li> </ul>	2023 Goals	<ul style="list-style-type: none"> <li>The collection, definition and research of innovation topics for internally innovative emerging business opportunities will reach 20-30 proposals. Also, 6 cases of actual products and business plans will be initiated to facilitate at least 2 cases of innovative project results.</li> <li>The goal of innovative cooperation between academic research and start-ups will be 7 to 9 specific plans. At least half of the results will end up in product development or integration.</li> <li>The student idea and implementation competition for Internet of Things promotion will be expected to generate 3 research cooperation projects with commercial value. The fruits of the idea will be carried over to a possible commercial product.</li> </ul>

2025 Goals	<ul style="list-style-type: none"> <li>Innovative mechanisms (IMAX-C, EBO, A+X, MCT, UCC, InnoWorks, etc.) will be continuously invested to expand the goals of quality and quantity.</li> <li>More ecosystem partners in the industry will be connected to build a robust innovation and co-creation model.</li> </ul>	Action Plan	<ul style="list-style-type: none"> <li>Based on the existing mechanism and objectives of emerging business opportunity management, a new incubation mechanism (EB Studio) was established. Resources are specifically imported and the incubation of innovative proposals is accelerated.</li> <li>Internal manpower and resources were assembled, and innovation management was transferred to the corporate development department directly under the chairman. In this way, both the level of authorization and the height of the innovation strategy are raised.</li> <li>Links with external expert advisors are strengthened. For emerging innovation issues, their value and feasibility are effectively analyzed. With the guidance of complete information and expert opinions, resource considerations and promotion plans for implementation are completed.</li> </ul>
Evaluation of effectiveness	When the innovative mechanism is promoted, different effectiveness indicators are given according to the attributes of the issues that each mechanism focuses on in order to ensure that the innovative measures and mechanisms can exert their maximum benefits. Each innovation mechanism has a way of defining annual goals (KPIs), conditions for achieving goals, and follow-up actions. After regular follow-up, the connection between new products and new revenue generated on the execution side is ensured.		
Stakeholder Engagement	Innovation strategy and direction are linked with SDC (Sustainability Development Committee) decisions at the level of the board. The evaluation of innovative proposals is introduced by external specialist academics and consultants. Co-creation with start-ups, or school research institutions, or strategic cooperation and investment with ecosystem-related manufacturers are applied to the implementation of the plan. Investment units, strategic units, innovation management, product and R&D units of public institutions are connected horizontally within the Company to jointly invest in innovation and co-creation.		

## 10. Human Rights

### Chapters of the Report 5.4 Protection of human rights



Materiality	Advantech and its entire management understand that the compliance with international labor standards and protection of labor rights are the basic conditions for a responsible company. Meanwhile, it is also the expectation of stakeholders such as consumers, the public and the government. Advantech is committed to complying with national labor laws and regulations, internationally recognized labor standards, and other applicable international conventions. Working conditions and employee benefits shall be continuously improved in order to establish, implement and maintain a good human rights management system. Also, the scope of this specification is extended to suppliers and contractors.		
Management Strategy	Advantech's global operations are being gradually promoted to the Responsible Business Alliance (RBA) audit certification. In this way, the company is ensured to have a consistent working structure and follow standards in managing global human rights issues. In 2022, Advantech had no material human rights violations in any of its global operations.		
Policy or commitment	Advantech promises to strictly abide by the labor laws of the local governments where the global bases are located. We also follow the world's major sustainability and human rights standards, such as the Dow Jones Sustainability Index (DJSI) and the Responsible Business Alliance (RBA). In doing so, we ensure that conditions of employment are not influenced by factors unrelated to job ability, such as "race, color, age, religion, national origin, ancestry, marital status, sex, sexual orientation, gender identity, veteran status, or political position" when hiring.		
Description of impact	<ul style="list-style-type: none"> <li>Through the due diligence of employees' human rights, the risk of Advantech's employees' human rights occurs with low likelihood. However, Advantech still carries out preventive mitigation and management measures to the top three risks (privacy/equal pay for equal job/non-discrimination and diversity inclusion).</li> <li>270 first-tier suppliers have been evaluated, and 2 suppliers have been evaluated as the manufacturers with high human rights risks. Therefore, the above non-compliance situation of the supplier has been effectively improved and the case has been closed.</li> <li>17 contractors were assessed, and all contractors had no risks related to human rights.</li> <li>10 joint ventures were assessed, and all joint ventures had no risks related to human rights.</li> </ul>		
2022 Achievement Status	<b>Goals not set for 2022:</b> <ul style="list-style-type: none"> <li>Human rights due diligence was held for the first time in 2022, covering employees, suppliers, contractors, and JV (joint venture companies).</li> </ul>	2023 Goals	<ul style="list-style-type: none"> <li>Mitigation of risk in human rights/management measures will be implemented, and Advantech's global operations will remain free of violations of human rights.</li> </ul>

2025 Goals	<ul style="list-style-type: none"><li>● The "Employee Code of Conduct" course to be held with a completion rate of 95%.</li></ul>	Action Plan	<div><div>Identification of Risk Issues</div><div></div><div>Risk assessment (Likelihood and Impacts)</div><div></div><div>Risk Management (Prevention and Response)</div><div></div><div>Target management (Review and Improvement)</div></div>	<ul style="list-style-type: none"><li>● Action plans and remedial actions to mitigate negative impacts: 270 first-tier suppliers have been evaluated, and 2 suppliers have been evaluated as the manufacturers with high human rights risks. Therefore, the above non-compliance situation of the supplier has been effectively improved and the case has been closed.</li><li>● Human rights-related education and training: The completion rate of relevant education and training has been continuously improved.</li><li>● Actions to manage positive impacts: freedom of association, regular labor-management meetings, communication of labor rights (including salary, attendance and benefits, etc.), listening to colleagues' thoughts, and discussion and resolution of various key issues.</li><li>● Human rights due diligence: The first all-round due diligence in 2022 continued to improve the coverage rate, completion rate and questionnaire content of the next one.</li></ul>
Evaluation of effectiveness	<ul style="list-style-type: none"><li>● Process for tracking the effectiveness of actions: risk issues are identified through human rights due diligence, and related mitigation and remediation actions are carried out.</li><li>● Goals, objects and indicators used to evaluate the process: year-by-year improvement of DJSI score/improvement of mechanism and content/discipline and coverage of human rights due diligence.</li><li>● The effectiveness of actions, including the process of moving towards the goals and objectives: Advantech continues to improve the content of human rights, due diligence and scoring, learning through benchmarking, and professional advice from consultants.</li><li>● Advantech's human rights risks are proactively disclosed and reduced through regular engagement, and experience is updated in internal regulations.</li></ul>			
Stakeholder Engagement	<ul style="list-style-type: none"><li>● Labor unions/welfare committees/labor representatives are established in Europe, Asia, Taiwan and mainland China. Representatives should speak out for employee-related issues and hold labor-management meetings to communicate labor rights, listen to colleagues' ideas, and discuss and make resolutions on various key issues.</li><li>● In the 2022 Global Employee Satisfaction Survey, colleagues gave higher than average scores in the anti-discrimination and anti-sexual harassment work environment.</li></ul>			

11. Industry Talent Cultivation and Development		Chapters of the Report	5.1 Industry Talent Cultivation and Development
Materiality	Talent is the key dynamic of enterprise growth. Advantech regards employee cultivation and development as an important development project, adhering to the concept of Right People On the Bus. We are committed to creating a working environment which can stimulate the enthusiasm of colleagues, develop the potential of individuals and teams to create a benchmark enterprise for excellence and innovation.		
Management Strategy	The goal of retaining talents is achieved by the strategic policy of talent development as the main axis, the improvement of the utilization rate of digital platforms, and the institutionalized incentive and development mechanism.		
Policy or commitment	<p><b>Advantech's Employee Development Manifesto:</b></p> <p>The core of Advantech's cultivation and development of employees is to make Advantech's people feel that their own value is constantly being improved. Their career development is fully supported. Sufficient resources are obtained for continuous growth, enabling Advantech's people to realize their potential. The annual O&amp;PR (Organization &amp; People Review) and performance evaluation can help supervisors and employees understand the direction of the company's strategic development and personal career planning. Individual employee development needs are understood. Advantech provides comprehensive development content for the employees. Employee development is assisted with resources such as promotions, rotations, and training courses. The training courses cover orientation and training, job function improvement, management ability training, and business ability training.</p> <p>Advantech encourages the employees to actively explore their potential to create an environment for independent and continuous learning. The physical training program includes LEAP Camp, Elite LEAP Workout, reading club, Global 50 and other physical training and development activities. In addition, Advantech continues to update its all-round digital learning platform "Advantech Academy". In order to strive for excellence, the courses on the digital platform are diversified. It includes training courses for various levels of functions, inheritance and sharing of business philosophy, and training for middle and high-level management personnel. Advantech's staff create exclusive learning lists to be able to study anytime and anywhere according to individual needs.</p>		

Description of impact	A sound employee development plan is the key to allowing talents to maintain a competitive advantage in the market, and it shall also have a positive impact on the economy and the population. The annual O&PR (Organization & People Review) helps Advantech's executives and colleagues understand the company's strategic development direction and personal career planning. Individual employee development needs are understood. We then provide a full range of development content. Personal ability and experience accumulation are improved through promotion, rotation, training courses and other resources. The training courses cover the education and training of newcomers, the improvement of job functions, the cultivation of management ability, and the training of business ability. In this way, we hope that colleagues can fully perform their strengths and grow together with Advantech to enhance their competitiveness in the workplace.																								
2022 Achievement Status	<p>Goals achieved:</p> <table><thead><tr><th>Management objectives of the development project</th><th>2022 Goals</th><th>2022 Achievement Percentage</th></tr></thead><tbody><tr><td>Global Employee (Indirect Employee) Participation Rate in E-Learning</td><td>60%</td><td>75.1%</td></tr><tr><td>LEAP Workout Promotion Outcomes<sup>1</sup></td><td>20%</td><td>36.4%</td></tr><tr><td>Retention rate of key global talent<sup>2</sup></td><td>90%</td><td>96%</td></tr></tbody></table> <p>*Note: 1. LEAP Workout promotes executives above the manager level with outstanding performance. 2. Global Talent retention rate: Global 50 is for high-potential executives above the manager level.</p>			Management objectives of the development project	2022 Goals	2022 Achievement Percentage	Global Employee (Indirect Employee) Participation Rate in E-Learning	60%	75.1%	LEAP Workout Promotion Outcomes <sup>1</sup>	20%	36.4%	Retention rate of key global talent <sup>2</sup>	90%	96%	2023 Goals	<ul style="list-style-type: none"><li>● E-Learning's global employee (indirect employee) participation rate will reach 65%.</li><li>● LEAP Workout promotion will result up to 20%.</li><li>● 95% retention rate of key global talent.</li></ul>								
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Action Plan	<p>In order for talents to maintain a competitive advantage in the enterprise, Advantech plans and arranges different training programs and other resources to enhance individual capabilities and experience accumulation. The training courses cover the orientation, the improvement of job functions, the cultivation of management ability, and the training of business ability. In this way, we hope that colleagues can fully perform their strengths and grow together with Advantech to enhance their competitiveness. The relevant training is as follows:</p> <table><thead><tr><th>Item</th><th>Content overview</th><th>Participants</th><th>Coverage rate</th></tr></thead><tbody><tr><td>Talent Radar Review (Global 50)</td><td>Annual development plans are established for executives with high development potential in the company. HR regularly tracks the status and effectiveness of its implementation.</td><td>Executives above the manager level</td><td>100% coverage of high-potential executives above the manager level</td></tr><tr><td>Elite Mentoring program</td><td>Advantech's first-level executives and mid-to-high-level potential talent are matched via the mentoring system to help mid- and high-level talent improve their management and leadership skills and accelerate their career development. The innovative thinking of talents is stimulated through half-year interaction.</td><td>Executives above the manager level</td><td>28% coverage of high-potential executives above the manager level</td></tr><tr><td>E-Learning Advantech Academy's Online Learning Platform</td><td>Global employees can learn about Advantech's business philosophy and corporate culture through online learning. Meanwhile, they may learn according to their own needs. The latest study information is also available. Therefore, learning is not limited by region and time, and colleagues from all over the world can learn and communicate with each other simultaneously.</td><td>General employees (indirect employees)</td><td>75.1% of global indirect employees are covered</td></tr><tr><td>LEAP Workout/DX project</td><td>Under the Executive Coach system, senior executives are directly involved in the company's development and highly relevant cross-departmental issues. It has become an important project for Advantech to raise talents and put it into practice. In 2022, we focused more on issues in the field of digital transformation. Talents are accelerated and promoted through customized personal development plans. Therefore, the practice of promote within has assisted Advantech in its growth in digital transformation. Also, we look forward to promoting high potential executives to the next management position.</td><td>High-potential executives above the manager level</td><td>18.2% coverage of high-potential executives above the manager level</td></tr></tbody></table>					Item	Content overview	Participants	Coverage rate	Talent Radar Review (Global 50)	Annual development plans are established for executives with high development potential in the company. HR regularly tracks the status and effectiveness of its implementation.	Executives above the manager level	100% coverage of high-potential executives above the manager level	Elite Mentoring program	Advantech's first-level executives and mid-to-high-level potential talent are matched via the mentoring system to help mid- and high-level talent improve their management and leadership skills and accelerate their career development. The innovative thinking of talents is stimulated through half-year interaction.	Executives above the manager level	28% coverage of high-potential executives above the manager level	E-Learning Advantech Academy's Online Learning Platform	Global employees can learn about Advantech's business philosophy and corporate culture through online learning. Meanwhile, they may learn according to their own needs. The latest study information is also available. Therefore, learning is not limited by region and time, and colleagues from all over the world can learn and communicate with each other simultaneously.	General employees (indirect employees)	75.1% of global indirect employees are covered	LEAP Workout/DX project	Under the Executive Coach system, senior executives are directly involved in the company's development and highly relevant cross-departmental issues. It has become an important project for Advantech to raise talents and put it into practice. In 2022, we focused more on issues in the field of digital transformation. Talents are accelerated and promoted through customized personal development plans. Therefore, the practice of promote within has assisted Advantech in its growth in digital transformation. Also, we look forward to promoting high potential executives to the next management position.	High-potential executives above the manager level	18.2% coverage of high-potential executives above the manager level
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Action Plan	Item	Content overview		Participants	Coverage rate
	Reading Club	In 2022, the National Innovation Academy was introduced. Executives interested in using the platform are invited to join the learning program. A physical event was held monthly. Reading sessions are held prior to assigned reading units. Participants and supervisors exchanged and shared experiences. After the reading session, participants can apply the discussion to management work.		Colleagues above management level	Covering 13.1% of the users of Commonwealth Leader Campus (CWLC)

Evaluation of effectiveness	Item	Mechanism evaluation of effectiveness	2022 Evaluation Results	2023 Adjustment of management policy
	E-Learning Advantech Academy's Online Learning Platform	Course quality is controlled by usage and satisfaction of individual courses	75.1% of usage rate	The categories of the course catalog are planned to be adjusted in 2023. Meanwhile, the online courses have been inventoried and the course content has been fully updated. In this way, the utilization rate of the online learning platform for indirect employees worldwide is increased.
	LEAP Workout	Promotion rate	36.4% of promotion rate	It is planned to add material issues covering European and American companies in 2023
	Elite Mentoring	Satisfaction	4.86 of Satisfaction	
	Talent Radar Review (Global 50)	Global Talent retention rate	Global Talent retention rate 96%	
	New recruit training	Coverage rate of new recruit	4 sessions was held in 2022 with a total of 385 participants	

Stakeholder Engagement	Employees are Advantech's most important assets and the driving force behind the company's sustainable development. Therefore, Advantech attaches great importance to employees' suggestions and feedback for talent development and training. Employees' thoughts and needs are understood through the after-course questionnaires of training courses and annual performance interviews. The performance appraisal system is also used to plan the individual development plan (IDP) of employees. Subsequently, the annual satisfaction survey was used as a quantitative indicator of improvement to evaluate its effectiveness.			
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