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3.1 Sustainable Intelligent Solutions



Name of materiality	Importance of this materiality to Advantech
Policy or commitment	<p>Advantech's sustainable intelligent solutions are applied to different sectors such as: smart factory, renewable energy infrastructure, smart healthcare, smart retail, robotics applications, etc. In recent years, Advantech has introduced AI applications, collaborating with ecosystem partners to accelerate the adoption of AI edge computing across various industries.</p> <p>Advantech is committed to incorporating sustainability into the strategic blueprints of its business units for new product development and market expansion. Examples include focusing on product sustainability responsibility, expanding the objectives of relevant product departments (such as environmental protection and energy, smart healthcare, smart agriculture, and environmental monitoring), and expanding the impact of Advantech's sustainable intelligent solutions.</p>
Positive impact	<p>Advantech' s sustainable intelligent solutions generate a positive economic impact by enhancing convenience and improving efficiency across sectors such as smart factories, smart transportation, healthcare, energy management, and smart warehousing. In light of global labor shortages and Taiwan' s aging population, automation-driven transformation is an inevitable trend. This shift not only addresses workforce challenges but also actively facilitates economic transformation.</p> <p>While sustainability remains a top priority, Advantech' s iEMS solutions are designed in response to the global trend toward net-zero development by enabling businesses to effectively monitor energy resource-related data. This, in turn, helps them to identify carbon emission hotspots and devise effective energy saving and emission reduction strategies, ultimately creating a positive environmental impact.</p>
Negative impact	<p>Smart and AI technologies will replace some of the manual workforce, leading to corresponding social impacts.</p> <p>For negative impact countermeasures, please refer to 3.3 IoT Application Promotion and Education. Advantech is committed to cultivating IoT talent to ensure that the workforce is not displaced by AI or technology, but instead becomes proficient in applying technology to bring positive contributions to society.</p>
2024 goals achievement status	<p>In 2024, the revenue of sustainable intelligent solutions was 41%, and 55.6% was achieved (Note: In 2024, Advantech calculated the contribution of its sustainable intelligent solutions toward climate change mitigation and climate change adaptation based on EU Taxonomy indicators.)</p>
2025 Goals	<p>57% of revenue comes from the sale of sustainable products or solutions.</p>
2030 Goals	<p>62% of revenue comes from the sale of sustainable products or solutions.</p>
Key action plans or programs in 2024	<ul style="list-style-type: none">◆ Establish a clear blueprint for sustainable product R&D and improve product integration. With reference to sustainability-related indicators, those with high applicability are included in Advantech's existing eco products and related operating activities specification to gradually enhance sustainability.◆ Forge ecosystem partnerships. By leveraging the value and technological advantages of our partners and the supply chain, we can provide users with better value, thereby fostering shared prosperity and sustainability for Advantech, ecosystem partners, customers (businesses or individuals), and the planet.◆ Continue to monitor the development of domestic and international sustainability-related regulations, and incorporate relevant sustainable indicators, certifications, and technologies into the direction of product and solution development.◆ Launched a pilot program for three products featuring sustainable raw materials to explore the carbon reduction performance of incorporating recycled plastics and metals into products. The aim is to achieve mass production and establish Advantech's image as a green enterprise.
Effectiveness assessment	<ul style="list-style-type: none">◆ Regularly review revenues from smart energy management solutions, smart factory solutions, smart telemedicine, smart agriculture solutions, smart education solutions, smart transportation, and smart logistics.◆ Each business group has monthly, quarterly, and annual review mechanisms to review strategies, plans, inventory, revenue, gross profit, net profit margin, and other revenue conditions on a regular basis.◆ Regular meetings are conducted to review eco product development progress, and annual targets are stipulated to monitor the progress of eco products across four key aspects.
Stakeholders impacted by the material topic and actions implemented by Advantech	<p>Addressing the potential social impact on employment resulting from its activities, Advantech's mitigation measures involve investing in industry talent cultivation, such as the IoT Industry-Academic Cooperation, the IoT Industry-Academic Internship Project, and the IoT Education Online Certification Course. Committed to bridging the gap between learning and application, and introducing more innovative IoT talents to the world. For the content of the IoT industry-academic education cooperation, refer to 3.3 IoT Application Promotion and Education.</p> <p>In response to investor and customer concerns about product sustainability performance, Advantech voluntarily engages in discussions on energy-saving and carbon reduction achievements, targets, and roadmaps. The outcomes of these discussions are forwarded to relevant units and incorporated into initiatives such as improving product sustainability and expediting product carbon footprint disclosure.</p>

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With the vision of "Enable an Intelligent and Sustainable Planet," we are committed to achieving sustainable development in the world. By applying IoT technology and comprehensive product solutions, we can enhance customers' resource utilization and production efficiency and minimize energy waste and carbon emissions to promote sustainable development. This is achieved through the development of IoT software and hardware, as well as products and services in areas including energy management, transportation and logistics management, smart agriculture, smart factories, telemedicine, education, and maintenance services. Advantech also strives to gradually expand the revenue share from sustainable intelligent solutions.

Advantech voluntarily adopted the EU Taxonomy as a reference to refine the classification of its sustainability-related activities and disclose corresponding revenue and expenditures. In 2024, based on the EU Taxonomy reporting framework and by benchmarking against its climate change mitigation and climate change adaptation indicators, the revenue share from sustainable intelligent solutions was calculated to be 55.6%.

	Revenue		Capital expenditure		Operational expenditure	
Total amount	Total Amount (Currency: NTD)	100%	Total Amount (Currency: NTD)	100%	Total Amount (Currency: NTD)	100%
(Currency: NTD)	59,786,293K		1,475,070K		15,326,118K	
Total of which is Taxonomy-Eligible	Total Amount (Currency: NTD)	55.6%	Total Amount (Currency: NTD)	55.6%	Total Amount (Currency: NTD)	55.6%
Amount (Currency: NTD)	33,264,408K		820,712K		8,527,276K	
Total of which is not Taxonomy Eligible	Total Amount (Currency: NTD)	44.4%	Total Amount (Currency: NTD)	44.4%	Total Amount (Currency: NTD)	44.4%
Amount (Currency: NTD)	26,521,885K		654,358K		6,798,842K	

Note: The ratios of capital expenditure and operational expenditure are estimated based on revenue share.

Table 3.1.1: 2024 Advantech sustainable intelligent solutions financial disclosures in reference to the EU taxonomy



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Featured case study 1 :
Upgrading of smart learning venues: Advantech's ePaper solution facilitates school campus digitization and carbon reduction efforts.

Case study location: Taiwan

Partner: National Taipei University Sanxia Campus

In responding to the trend of school campus digitization and sustainable development, Advantech has teamed up with National Taipei University Sanxia Campus to develop the "University Smart School Timetable " solution. The core of this system lies in the integration of Advantech's Wi-Fi ePaper with the school's academic affairs management platform. By harnessing real-time, secure wireless transmission technology, the system dynamically updates course information on electronic timetables and supports attendance tracking and course progress monitoring, thereby considerably improving the efficiency and accuracy of traditional paper-based processes. The system also features big data analytics, transmitting real-time attendance rates and course interaction data to optimize teaching schedules and track learning performance, further enabling campus digital transformation.



The project offers the following sustainability benefits :

Environmental impact	Paperless operation to facilitate carbon reduction and resource conservation According to tests, each piece of ePaper can reduce approximately 18g of real paper consumption daily. The system is used to update class timetables in 12 classrooms, saving about 1,419 kg of CO ₂ emissions annually. This is equivalent to the carbon sequestration capacity generated by planting 47,304 trees or 0.09 hectares of forest in a year. Advantech's solution offers direct savings on paper, energy, and labor.
Social impact	Support educational policy-making through data analysis : Real-time attendance rates and course participation analysis in the system backend allows the academic affairs unit to optimize course scheduling based on empirical data, striking a balance between students' academic and extracurricular needs, in turn boosting overall learning performance. Increase the efficiency and image of the school administration : Automated class timetable updates and dynamic roll call mode significantly reduces errors and manual processes, showcasing the school's innovative image in proactively introducing intelligent solutions, thereby elevating its competitiveness in digital transformation and environmental sustainability. Minimizes manual operations and adds value to the education sector : Traditional class timetables require manual printing and replacement. In contrast, ePaper streamlines the process through digitization, enhancing campus management efficiency and allowing human resources to be reallocated to more value-added teaching activities or administrative planning.
Extended reading	Smart Timetable: Eco-Friendly School Solutions with ePaper Advantech ePaper Solution in Collaboration with National Taipei University

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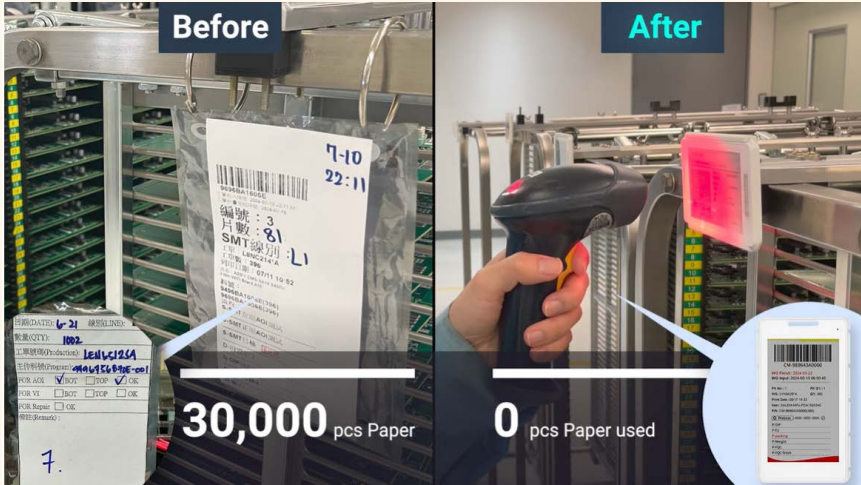


Featured case study 2 :
Upgrading the smart supply chain: Advantech's NFC ePaper logistics cards enable paperless and precise management

Case study location: Taiwan
Partners: Optical instrument manufacturing industry

In response to the high-precision requirements and variable production environment of optical instrument manufacturing, Advantech has provided a smart logistics card solution based on NFC ePaper. Once powered on and read for the first time, the solution maintains the most up-to-date label information even without power, eliminating battery usage and minimizing electronic waste. Real-time scheduling and dispatch can be performed via the smart logistics display, enhancing immediate control over material management and work order flow. The integrated digital automation system minimizes human error.

Environmental impact	<p>Paperless warehousing management :</p> <p>For every 1,000 ePaper labels used annually, roughly 13,140 kg of CO₂ emissions can be decreased, equivalent to the annual carbon sequestration capacity of 0.87 hectares of forest or about 0.034 Daan Forest Parks.</p> <p>Low energy consumption and waste reduction :</p> <p>NFC power supply technology requires no battery replacement or recycling, which helps to reduce electronic waste generation. Since the label content can be displayed permanently, it effectively decreases the use of paper and plastic materials.</p>
Economic impact	<ul style="list-style-type: none">◆ Bolster digital transformation and production efficiency: Synchronized production information and visual management effectively reduce production delays and finished product defects caused by labeling errors, enhancing overall supply chain performance.◆ Fosters employee operational safety and convenience: With its larger display area and clearer information, the NFC ePaper significantly lowers the risk of searching errors and misjudgments, in turn improving corporate performance and competitiveness.
Extended reading	<p>Unveils Ultra-Slim Batteryless ePaper Solution for Smart Logistics and Factories</p> <p>Sustainable Manufacturing: Advantech & NFC ePaper Solution</p>



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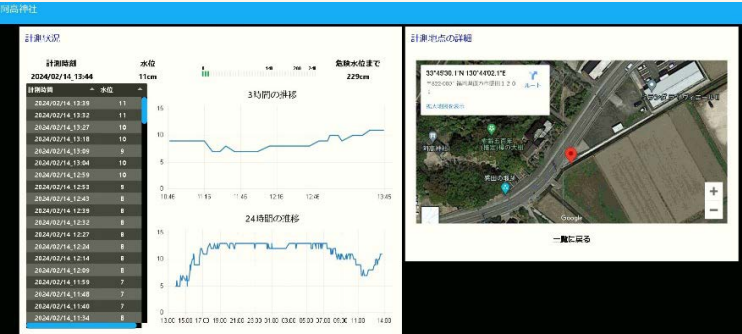


Featured case study 3 :
Smart water resource management under extreme weather:
Advantech participates in innovative river governance solutions in Japan

Partners:
Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Internal Affairs and Communications (Japan)
Nogata Municipal Government
Fukuoka University, Kyushu Institute of Technology
J-fils Co., Ltd., GLEAP Co., Ltd.

In the face of extreme weather and flood risk exacerbated by global warming, a real-time, reliable river management system capable of wide-area deployment becomes essential. With its expertise in IoT and edge computing, Advantech, in collaboration with its partners, developed a high-efficiency LoRa (LPWA) communication solution integrated with automated sluice gate monitoring and remote operation technology. Designed to collect real-time data on river water levels, flow rates, and meteorological conditions, the system operates in a low-power mode and can continue transmitting data even during public network (4G/LTE) outages. Through the remote automated operation of sluice gates, the system enables timely flood diversion and channeling. In addition, a versatile alarm system provides early warnings, helping to mitigate the threat that floods pose to life and property.

Environmental impact	<ul style="list-style-type: none">◆ Decrease communication energy consumption: Compared to traditional 4G LTE communication, LoRa significantly reduces power consumption for long-distance transmissions and also lowers system equipment maintenance costs. Although specific carbon reduction values are difficult to quantify, it can still save substantial energy in the long term.◆ Reduce indirect carbon emissions caused by disasters: Transport and equipment are often needed to travel to and from disaster areas. By issuing accurate early warnings and reducing the severity of disasters, carbon emissions during emergency response efforts can be lowered.
Social impact	<ul style="list-style-type: none">◆ Protection of life and property: The implementation of this sustainable intelligent solutions eliminate the need for manual inspections, thereby reducing the risk of personnel casualties and property loss.◆ A model of cross-sector collaboration: Through a trilateral partnership among industry, government, and academia, we can harness technological advantages to create replicable models for resilient disaster prevention and contribute toward the global response to extreme weather.
Extended reading	<p>NHK TV 樋門遠隔管理制御の取組み ICTイノベーションフォーラム2024に出展</p>



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3.2 Innovative Mechanism



Faced with the rapidly evolving global industry trends, as well as the emerging challenges and opportunities of sustainable transformation, Advantech systematically implements an “innovative mechanism” at the strategic level. Through approaches such as IMAX-C, EBO, TSU, industry-academia collaboration, and Innworks, the Company seamlessly integrates organizational innovation, technological R&D, business model expansion, and co-creation with ecosystem partners, thereby accelerating the incubation and launch of new businesses, products, and technologies. This mechanism fully reflects our corporate vision of "Enabling an intelligent planet" in corporate governance and operational planning, proactively responding to market needs and stakeholder expectations while forging a sustainable development path that integrates economic impact, social value, and environmental contribution.

Name of material topic	Importance of this material topic to Advantech
Innovative mechanism	Advantech's systematic allocation of resources towards products and technology, business innovation, and a co-creation mechanism with ecosystem partners to generate shared prosperity is motivated by its corporate vision of "Enabling an intelligent planet".
Management strategy	<p>Building on the vision defined in 2015 and the "AIoT Development Roadmap", Advantech considers AIoT as the main driver of future growth in the industry. Through diverse innovation approaches, the Company is transitioning from an industrial PC vendor to a technology supplier and service provider delivering comprehensive end-to-cloud solutions for IIoT. Advantech has implemented innovative mechanisms on six items across three categories including product, technology, and industry-academic collaboration.</p> <p>In 2025, Advantech strives to become a leading brand in Edge Computing & Edge AI, driving global innovation in five key domains: intelligent edge systems, smart manufacturing, energy and public service, smart healthcare, and smart retail/service. Innovative mechanisms are developed by targeting product, technology, industry-academia collaboration, and other dimensions.</p>
Policy or commitment	Innovation management is elevated from being process-driven to the corporate development level, and this is used as a key approach for tapping into emerging business opportunities. By strategically communicating the concept of external strategic collaboration and co-creation to potential external partners, we can enhance the diversity of innovation proposals and their execution flexibility, thereby seizing opportunities arising from the development of the AIoT industry.
Positive impact	<ul style="list-style-type: none">◆ Promoting innovation is an important strategy for the Company's continuous improvement and long-term sustainability. Innovation also reflects our investment in technology and knowledge to enhance competitiveness through R&D capabilities and the pursuit of new ventures.◆ AIoT application solutions signify that we can meet the needs of diverse industrial and commercial scenarios with more effective and lower-cost means, leading to positive impacts such as process optimization and yield improvement, which can reduce waste, lower energy consumption, etc.◆ Innovation solutions targeting specific application scenarios can more directly address challenges faced by businesses or users. For instance, a self-checkout IoT system can mitigate the problem of labor shortage in the industry and also help consumers enjoy a more convenient shopping experience.
Negative impact	<p>Possibility of technical risks and failure. During the new technology or innovative mechanism implementation process, risks associated with technical failures or low market acceptance can lead to wasted capital and time.</p> <p>Advantech's response towards negative impacts are as follows :</p> <ul style="list-style-type: none">◆ Promote internal business innovation and new business incubation: 3.2.2 Innovative Products and Technologies◆ Form a Core Technology Committee to promote technology sharing and standardization: 3.2.2 Innovative Products and Technologies◆ Promote open innovation and industry-academia collaboration: 3.2.1 Business Innovation and Emerging Business Opportunities

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Name of material topic	Importance of this material topic to Advantech
2024 target achievement overview	<ul style="list-style-type: none">◆ No targets were set last year / description of key achievements in 2024:◆ Mechanisms such as IMAX-C have been implemented for a number of years. We regularly and systematically conduct proposal discussions for innovative products and business strategies, as well as departmental technical innovation discussions on R&D, serving as the foundation of our innovative mechanism.◆ Regarding the innovative development of new business opportunities, in continuation of the Vote for 2030 activity in 2023, we will conduct new business opportunity evaluation by focusing on six material topics. In response to the flourishing development of global robotics applications, we have formed the AS&R (Autonomous Systems & Robotics) business group.◆ Starting in 2023-2024, Advantech launched a comprehensive sector driven strategic transformation with the establishment of four major sectors (iSystem, iAutomation, Service IoT, and Embedded IoT) to target different application markets. At the same time, we aim to strengthen our regional sales organizations and channel management capabilities to expedite product innovation and application implementation.
2025 Goals	<ul style="list-style-type: none">◆ Through an internal platform for soliciting emerging business opportunity ideas, we will collect 10–20 proposals and launch a new business opportunity management system to conduct market research, mobilize internal and external resources, and develop products and business models.◆ We aim to implement 10 collaborative innovation projects with academic and research institutions and startups.
2030 Goals	<ul style="list-style-type: none">◆ Continue to invest in innovative mechanisms to expand our qualitative and quantitative goals.◆ Consolidate more partners in the industry ecosystem to establish a resilient and innovative co-creation model.
Key action plans or programs in 2030	<ul style="list-style-type: none">◆ Building on the existing mechanism and goals for emerging business opportunity management, specific resources are introduced to accelerate the incubation of innovative proposals.◆ By reinforcing ties with external experts and consultants, the Company targets emerging innovation topics and effectively analyzes their value and feasibility. Guided by comprehensive information and expert insights, we can engage in resource allocation and implementation plans.◆ Foster an internal corporate innovation culture through the internal platform for soliciting emerging business opportunity ideas.◆ Improve the efficiency of corporate operations through AI technology, thereby optimizing resource utilization and lowering environmental impact.
Effectiveness assessment	Advantech evaluates the effectiveness of its innovative mechanisms through internal reviews and external validation. Internally, Advantech monitors key performance indicators such as the speed of new product launches, revenue growth, and patent output during quarterly and annual business group reviews. The results are fed back into programs such as IMAX-C, EBO, TSU, and industry-academia collaborations to continuously track and optimize the maturity of technologies and business models. Externally, the Company participates in major international awards and industry competitions, using these recognitions to validate its innovation standards and ensure that its sales and technological innovations generate significant economic, social, and environmental impact.
Stakeholders impacted by the material topic and actions implemented by Advantech	The Company’ s innovation strategy and direction are closely aligned with the decisions of the Board-level Sustainability Development Committee (SDC). To evaluate innovation proposals, the Company engages external experts, including specialized scholars and consultants. In executing the plans, we have applied co-creation with startups and academic research institutions, while also pursuing strategic collaborations and investments with relevant ecosystem partners. Internally, the Company has engaged in the horizontal integration of investment, strategy, innovation management, and the product and R&D units of various business units to promote innovation and co-creation-related efforts.

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Advantech's innovative mechanisms include product, technology, business, and industry-academia collaborations. Under the leadership of the Chairman and senior supervisors, Advantech's innovation mechanisms include six items across three major categories :

Related to business innovation and emerging business opportunities

IMAX-C:

Includes business units' innovative strategies and practical plans such as product, sales, and organizational reform breakthroughs.

EBO:

Advantech colleagues around the world conducted rigorous analysis and planning for emerging opportunities observed to formulate business plans for Advantech's new growth trajectory.

Innovative products and technologies

MCT/TSU:

The Technical Committee was established by the R&D supervisor to engage in centralized and horizontal management of the core technologies of each business unit, as well as to implement the modularization of forward-looking technology sharing (TSU-Technical Sharing Unit).

Industry-academia research and co-creation

University co-creation:

Conduct in-depth R&D and practical field verification with domestic and foreign universities to build new technologies and application breakthroughs.

Innoworks:

Provided software, computing resources, and online teaching for colleges and universities globally to encourage the new generation of students to unleash their creativity and engage in practical development.

Advantech's innovation and development roadmap includes the IMAX-C mechanism, which brings new ideas and opportunities to its existing business units. This approach entails nurturing new organizations, collaborating with external partners, and developing new products and services. Advantech also emphasizes the consolidation and integration of internal resources. On the other hand, EBO explores new business opportunities, new markets, and new technologies from the perspective of new businesses with low market maturity or outside the scope of the original business, and nurtures these new opportunities for Advantech's future development. TSU serves a crucial role for technology integration management, supporting new product and business innovation initiatives across business units. Industry-academia co-creation and Innoworks: In terms of roadmap development, Advantech collaborates with academic and research institutions to spark new creativity, including next-generation ideas and future IoT product concepts, to facilitate preliminary ideation and exploration of AIoT integrated applications and services.

This innovative mechanism nurtures new business units and launches new products every year. Besides garnering accolades and achieving exceptional sales performance, the mechanism also allows Advantech's core business to grow quickly in response to mainstream trends and through innovations in state-of-the-art R&D technology. Examine the effectiveness and trends of innovation through internal innovation projects to stimulate the development of innovative products and make timely adjustments to product strategies.

Innovative and effective management

When implementing innovative mechanisms, corresponding and precise KPIs should be formulated based on the nature of the topics covered by the respective mechanisms. This involves defining clear Objectives, setting specific Success Criteria, and complementing them with effective Follow-up Actions to form a comprehensive performance management system. As an example, for industry-academia collaboration-related innovative mechanisms, the number of research projects can be stipulated, specifying that a specific proportion of achievements must meet conditions for technology transfer or continued collaboration. In terms of product design innovation, international industrial design awards are used as additional incentives, and the actual revenue benefits from new products on the market are tracked. As for the new business expansion (EBO) mechanism, an Executive Committee composed of senior supervisors is established to provide substantial strategic support for the planning and business model of innovative businesses. Furthermore, the committee regularly tracks the market expansion and business growth performance of business units to ensure the maximization of innovative measures' effectiveness and competitiveness.

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3.2.1 Business Innovation and Emerging Business Opportunities

IMAX-C

Goals

Advantech's organization is divided into Business Units, including the SBU (Strategic Business Unit), which focuses on strategy and product R&D, and the RBU (Regional Business Unit), which focuses on sales and regional expansion. Both units work together to facilitate the Company's operational management. The SBU benefits from the IMAX-C mechanism, which introduces innovation and business development. In particular, "I" stands for incubation, which involves nurturing new organizations; "M" and "A" represent Mergers & Acquisitions and Alliances, which are linked to external partners; "X" stands for X-Product, which emphasizes the development of new products and services; and "C" stands for Convergence & Consolidation, which involves the integration of internal resources to avoid redundancy in products or units.

Method

Each SBU submits IMAX-C proposals by adopting a bottom-up approach according to business level and market. Starting from individual Product Lines, the Product Division (formed by multiple Product Lines) and the Business Group (formed by multiple Product Divisions), through consolidation and integration, the overall strategic direction for SBU innovation and operations is formed.

After the product unit proposed IMAX-C innovation initiatives, Advantech teamed up with multiple units to conduct research, analysis, and discussions on product and service innovation, business model innovation, and organizational innovation. After the decision is finalized, the ABP (Annual Business Plan) of the SBU will be launched in succession, laying the foundation for its continued growth and development.

Results

In 2024, a total of 25 IMAX-C strategic guidelines were developed across various business units, targeting key market and technology trends such as IIoT, AI, 5G and Edge Computing, Green Technology, and Smart Cities. Through the IMAX process, new capabilities and BUs, including Edge AI, Edge Servers, and Automation Systems and Robotics, were developed internally. Additionally, we expanded our presence in the smart retail sector through the acquisition of Aures.

EBO (Emerging Business Opportunity) development

Goals

Advantech follows the "Niche Business Unit Cluster" growth model, promotes core business goals with a vision, focuses on industries, and centralizes business strategies. In 2023, Advantech expanded its original EBO (Emerging Business Opportunity) proposal management mechanism by integrating internal innovation incubation, external investment, and co-creation with academia and startups. This mechanism aims to identify innovative business opportunities beyond Advantech's core businesses, validate new business models and technical feasibility, and ultimately expand the Company's business footprint while pursuing sustainable corporate growth.

Method

In 2024, through the "Vote for 2030" global initiative, Advantech invited key clients and strategic partners worldwide to identify emerging business opportunities. The initiative focused on six major forward-looking topics including Generative Artificial (GenAI) industry application solutions, industrial robotics technology, green energy and energy storage solutions, intelligent healthcare, machine vision applications, and industrial wireless communication. After each topic undergoes in-depth market research and strategic evaluation, a concrete business plan is developed and submitted to the Executive Partner Committee Meeting (EPCM)—consisting of senior supervisors—for strategic review and confirmation of internal resource allocation and external investment planning. Depending on the maturity of the business opportunity, a decision is made whether to establish a dedicated Incubation Center or a new Business Unit (BU) for market deployment.

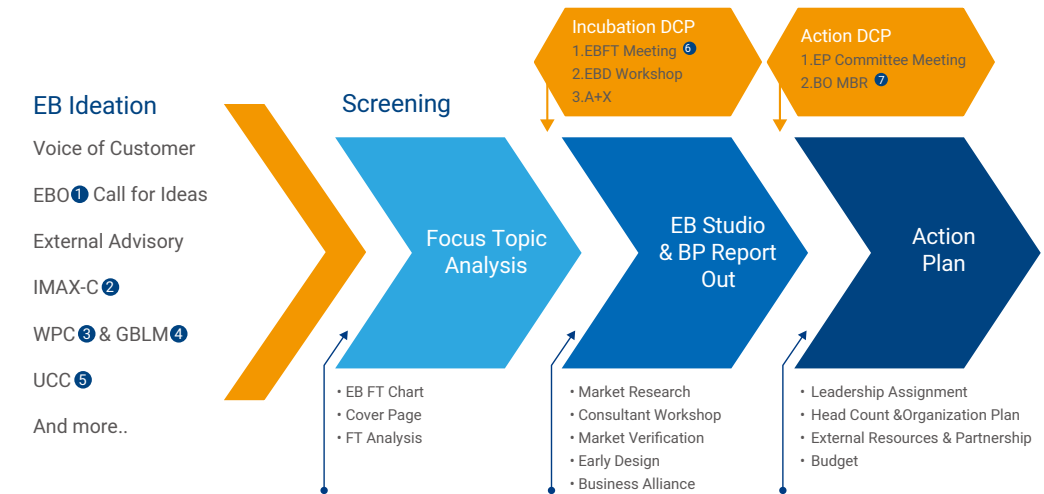


Figure 3.2.1: EBFT (EB Focus Topic) Promotion Process

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Results

GenAI industry application solutions

Developments in Generative AI (GenAI) have enabled the application of AI assistants across sectors such as manufacturing, commerce, education, healthcare, law, accounting, and banking. However, the growing demand for AI computing also leads to challenges such as energy consumption and carbon emissions. Advantech specializes in creating high-performance AI solutions for edge and industrial applications to reduce the hardware costs of AI infrastructure while improving computing efficiency. By optimizing hardware design and AI model computing processes, under the same AI training conditions, energy consumption and carbon footprint are decreased to meet ESG goals. This in turn assists industries in promoting green AI and materializing a sustainable future where intelligence and environmental protection go hand in hand.

Project Highlight

Reducing entry barriers and accelerating industry application implementation

Advantech and strategic partner Phison have joined forces to develop exclusive patented technology to help industrial control application customers in building safe, reliable, and affordable on-premise GenAI model equipment. By doing this, we are able to lower the entry barrier to AI adoption and accelerate the transition to Industrial 4.0 and even Industrial 5.0, ushering in a new generation of human-machine interaction.



Phison x Advantech - Creating a GenAI platform for industrial control applications

Industrial robots

In response to the booming development of global robotics applications, Advantech established the AS&R (Autonomous Systems & Robotics) business group in 2024, focusing on AGV (Automated Guided Vehicles), AMRs (Autonomous Mobile Robots), and large industrial unmanned vehicles (such as agricultural machinery, slow self-driving vehicles), and other diverse application scenarios. Considering the wide application scope and high demand variability for unmanned vehicles, AS&R is vigorously forming an industry ecosystem. Through collaboration with stakeholders, the BU integrates diverse application needs and continues to develop innovative products and services that meet the demand of various industries, contributing to the sustainable development goals of intelligence and automation.

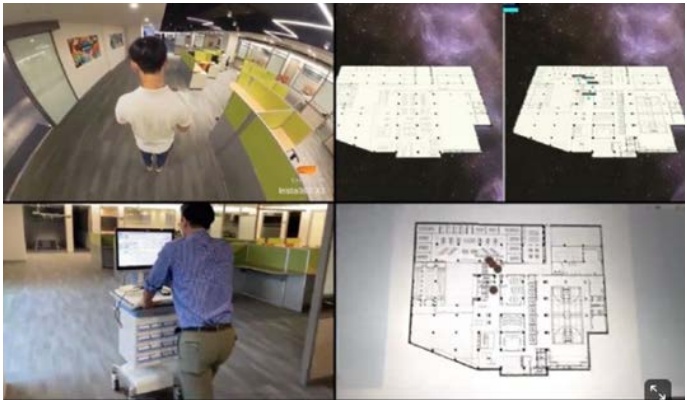
Intelligent Healthcare

Advantech's SloT (Service IoT) BU has been dedicated to smart healthcare for numerous years, continuously collaborating with international medical device manufacturers, system integrators, and startups to help hospitals create patient-centered digital healthcare environments. Advantech offers a series of smart healthcare solutions by establishing a data-driven healthcare platform. In 2024, Advantech applied AI technology to launch innovative applications such as smart medication management, nursing control station, and smart wards. This effectively improves healthcare efficiency, optimizes patient service experience, promotes the intelligent allocation of healthcare resources, while assisting healthcare institutions in adopting a more efficient, safe, and sustainable development model.

Project Highlight

Infra-free RTLS solutions targeting the global healthcare market

Advantech has introduced an infra-free RTLS solution in conjunction with ecosystem partners, targeting the global healthcare market. Through a pure software-based positioning architecture, the solution significantly lowers the barriers to digital transformation for healthcare institutions while enhancing nursing workflow efficiency. For example, medical personnel can quickly locate specific mobile nursing workstations, freeing up time for more valuable patient care. Through asset and equipment location data, coupled with modular AI tools, the management unit can quickly realize a dynamic operational decision support system that maximizes key operational indicators such as resource allocation and utilization.



Infra-free RTLS solutions in the healthcare sector

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Green energy and energy storage

In 2024, driven by trends in ESG, net-zero, and carbon neutrality, Advantech upgraded its one-stop smart energy solution, the iEMS platform. Building on existing services such as energy management, HVAC energy efficiency management, air compressor energy efficiency management, and rotating machinery motor energy efficiency management, a carbon cost management function was added, and carbon emissions data was incorporated into the corporate decision-making system. Through GenAI technology, iEMS can automatically analyze energy usage trends and provide precise energy-saving strategy suggestions, allowing businesses to manage energy more intuitively and efficiently. In doing this, not only can we enhance businesses' visibility and control over energy consumption, but also a robust foundation is also laid for formulating proactive energy-saving and carbon reduction policies, thereby fast tracking the goal of sustainable operations.

Project Highlight

Promotion of ESG concepts on campuses to facilitate application implementation

Advantech participated in the "AIWave: Taiwan Generative AI Applications Hackathon" hosted by DIGITIMES, and invited participants to develop applications based on the iEMS platform, aiming to promote ESG and Generative AI technology and contribute to the development of the IoT industry. Using GenAI to integrate iEMS platform data, the first prize recipient developed the "Energy-Saving Conference AI Agent", which helps users gain insight into building electricity consumption and carbon reduction status, analyzes electricity usage trends, and identifies energy-saving opportunities. The AI Agent also generates charts and specific action plans for enhancing the effectiveness of corporate ESG performance.



AIWave: Taiwan Generative AI Applications Hackathon

The iEMS one-stop smart energy solution facilitates the deployment of corporate war rooms.

Knowledge bank functions including equipment maintenance and repair, work order dispatch and inspection system, and AI energy-saving assistant offer brand new user experiences and value.



Machine vision

With the development of high-end vision applications, Advantech is vigorously implementing AI-powered image identification technology and engaging in co-creation with partners to develop intelligent inspection solutions through integrated hardware, software, and services. Applied to high-speed automated inspection equipment, the technology accurately detects difficult-to-define or unexpected defects, improving detection accuracy and production yield while lowering reliance on manual labor and inspection costs. This helps businesses increase resource utilization rate, reduce material waste and energy consumption, and lower carbon emissions. Automated inspections help improve working conditions and enhance occupational safety.

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3.2.2 Innovative Products and Technologies

TSU

Goals

Senior R&D supervisors will form the MCT (Meeting of Corp. Technology and Engineering) to establish Advantech's TSU (Technical Sharing Unit) through the horizontal integration of core technologies across various business units. Focusing on three strategic priorities, including: advancing R&D digital transformation; establishing a cross-SBG (Strategic Business Group) technology sharing IP (Intellectual Property) platform; and building a co-creation platform for core technology management.

Method

Establish the Share TSU mechanism to enable sharing and interoperability among the R&D teams of each business group, facilitating synergy through horizontal integration of their respective core technologies. The subjects include "Engineering", which focuses on the growth and development of TSU R&D, including IP sharing; and "Innovation", which emphasizes forward-looking topics and advanced technology research, allowing business groups to co-create comprehensive designs, shorten R&D timelines, and foster product innovation.

Results

Currently, the MCT is convened every two months and chaired by senior R&D supervisors, focusing on three major technical strategic topics for long-term implementation. Please refer to the table below: MCT/TSU technical strategic topics

R&D interoperability mechanism	Intelligent material selection and parts development roadmap	Product development platform
<p>AI Bug Solution System</p> <ul style="list-style-type: none">◆ Automated bug inspection and solution, which ensures quality from the design source and integrates internal experience.◆ Chatbot smart analysis, accurately diagnoses problems to decrease repair and reproduction time.	<ul style="list-style-type: none">◆ Accurate mainstream material recommendations enable refined, high-precision mass production and help earn customer trust◆ Centralizing material usage quickly achieves economy-of-scale consumption, resulting in a rapid reduction in material purchase costs	<ul style="list-style-type: none">◆ Introduce GenAI into the new product development process to achieve time to market goals.◆ From design and component layout to Gerber output and final verification, automated screening and recommendation capabilities throughout the entire process help prevent component EOL issues, shorten R&D testing time, and reduce the need for design revisions.

AI intelligent defect resolution system fast tracks time to market

Advantech actively implements AI technology to optimize the product development process, thereby fast tracking Time to Market (TTM) and meeting the market's need for timely innovation. Through the AI Bug Solution, Advantech takes into consideration potential defects from the design source, applying AI for automatic problem detection and prediction, proactively generating bug tickets and proposing solutions, in turn improving development efficiency and product quality. This innovative application can shorten development time by more than 2 months, reduce sample production costs and resource waste, ensure fast product launch, and increase competitiveness. At the same time, AI Bug Solution can decrease material and energy consumption, effectively lowering carbon footprints and demonstrating the Company's commitment to ESG. Through continuous AI-driven developments, Advantech is committed to delivering greater values to its customers, allowing the industry to embrace a more efficient and sustainable future.

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3.3 IoT Application Promotion and Education

Capitalize on the resources of an IoT leading brand to promote Industry-academia co-creation and bridge the gap between education and application.

Advantech's industry-academia collaboration mechanism has invested industrial resources in the development of the "three main pillars" aimed at cultivating IoT talent and bridging the industry-academia gap. Advantech applies "Industry-academia co-creation" in the value chain to connect academia, internal employees, and industrial ecosystem partners to jointly develop applications and solutions. This initiative directs the integration of Advantech's core competencies and resources to benefit society while fostering strong growth in the IoT industry. It also allows the academic community to direct research toward industrial development, resulting in more job opportunities.

IoT and education are integrated with Advantech's core business strengths

Provide the WISE-IoTSuite platform with flexible deployment to respond to the needs of different fields and industries based on cutting-edge technologies such as device intelligence, digital twin, industrial big data analysis, and AI. We will collaborate with our partners to generate new value for the IoT industry and build an open and inclusive ecosystem together.

Responding to Advantech's co-creation business model

Advantech is committed to promoting the three-stage growth of AIoT through co-creation. The first stage focuses on hardware innovation, while the second centers on promoting IoT platform operations by integrating IT, OT, Cloud, and AI technologies to build the IoT cloud platform "WISE-IoTSuite." The Company is now advancing into the third stage, "AIoT solution development and ecosystem expansion," aimed at addressing the needs of diverse fields and providing integrated AIoT networking solutions. Advantech encourages internal product and service development teams to engage in industry-academia co-creation initiatives, aiming to develop high-quality application services and strengthen Advantech's ecosystem in the Industrial IoT sector.

Goals and visions

With the three pillars of "talent cultivation," "open innovation," and "alignment of learning with practical applications," Advantech partners with leading universities in key strategic regions worldwide to nurture top talent for the IoT and Edge Computing industries and serve as an incubation center for industrial innovation.

Alignment of learning with practical applications : Promoting the co-creation ecosystem by linking academic R&D capabilities with industry's technological development needs. Through a progressive approach, starting with "industry-academia collaboration projects," followed by the "integration of master's and doctoral students into corporate internships," and "transferring outcomes to the industry," the aim is to foster innovation and cultivate talent.

Industry-Academia Collaboration

- Advantech's annual industry-academia programs involve collaboration with leading universities on thematic topics centered on key IoT development trends. These programs aim to consolidate practical industry needs with academic research capabilities, fostering innovation and creating a positive industry-academia collaboration cycle through inside-out and outside-in approaches.
- Inside-out: Align the school's AIoT R&D plan with the Company's internal technology development roadmap. In-depth linkage between market demand and university R&D capabilities with the corporate test-driven model, as well as Advantech's internal and external (customer) field scenarios, to conduct proof of concept (POC) for innovative IoT applications, promoting industry-academia products and the market.
- Outside-in: Inventory university lab R&D projects and capabilities that have productization potential, and integrate external innovation concepts with internal commercialization resources. Development and planning roadmap for internal new products and new technologies with external innovations, which may further become an important source of innovation for new business units developed by the enterprise.
- Since Advantech founded the Intelligent System Research Center in Yang Ming Chiao Tung University in 2015, more than 62 projects have been carried out. In 2024, 10 industry-academia projects were matched, covering topics such as heat dissipation technology, GenAI applications, edge device technologies in antenna module design, AI application performance, and other key technologies in the IoT industry.

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From product orientation to long-term technology deployment: Extended TSU X Thermal



Advantech has maintained a long-term partnership with Professor Chi-Chuan Wang's lab in the Department of Mechanical Engineering at Yang Ming Chiao Tung University. Together, we have formulated effective mechanisms for interaction and knowledge exchange, with Advantech sharing industry trends and applying academic research to address industry pain points and train future industry talent.

Environmental aspect: Advancements in heat dissipation technology have a profound impact on environmental sustainable development, primarily reflected in three major areas including enhanced energy efficiency, reduced carbon emissions, and the extended lifespan of electronic products.

Social aspect: Provide opportunities for academia to participate in forward-looking technology development, and, through industry-academia collaboration, facilitate the training of talents for smart manufacturing and green technology.

Governance aspect: Through collaboration with academic institutions, businesses can reduce R&D-related risks, improve design verification efficiency, and ensure product compliance with global green standards.

Talent cultivation

Domain know-how and cross-industry applications are the keys to nurturing IoT talent. Therefore, Advantech has actively established the AIoT Academy, an online learning platform, and will combine regional certification centers in the future to cultivate key IoT talent and expand into the educational application market. (Refer to Chapter 6 IoT Education and Industry-Academia Co-Creation for more information on AIoT Academy.)

To bridge the industry-academia gap, Advantech continues to bolster collaboration with key universities in Taiwan, developing practice-oriented research topics addressing industry needs and working closely with academia to promote technology development. Advantech also organizes student internship programs that provide practical industry experience and train ready-to-deploy IoT talent. These programs promote technological innovation, enhance industry-academia collaboration, and facilitate the comprehensive development of the IoT ecosystem. (Refer to Chapter 6 IoT Education and Industry-Academia Co-Creation for more information on AIoT Innworks.)

AIoT Innworks Projects

Advantech provides online education and certification resources, an easy-to-use IoT platform, and industry mentor resources to recruit students interested in IoT to form teams to develop innovative IoT applications with Advantech platforms. In addition to cultivating IoT talents, it is easy to explore the potential innovative applications of IoT. (Refer to Chapter 6 IoT Education and Industry-Academia Co-Creation for more information on AIoT Innworks.)

3.4 Customers and Partners Co-creation



Name of materiality	Importance of this materiality to Advantech
Customers and partners co-creation	As a global leader in the IoT industry, Advantech is dedicated to providing exceptional products and services. Customer satisfaction has a direct impact on Advantech's brand value, long-term market competitiveness, and customer loyalty. It also impacts the interests of key stakeholders, including employees, customers, shareholders, and partners. Consequently, maintaining strong customer relationships is essential to enhancing corporate competitiveness. In addition, cultivating high-quality partnerships contributes to advancing the overall innovation and creativity of the IoT industry.
Management strategy	<ul style="list-style-type: none">◆ We view customers as partners and engage in market development through a co-creation mechanism.◆ Improve channel distribution management, optimize the Global Customer Relationship Management (CRM) System, Technical Service Platform, and provide more diverse online training courses.◆ Ensure comprehensive protection of customer privacy and safeguard customer rights and interests, even during the pandemic.◆ We focus on the development of the IoT industry and continue to invest in IoT platforms and solutions.◆ Improve customer feedback mechanism: Strengthen response speed through customer satisfaction surveys, AI analysis, and internal communication.◆ Mitigate customer dissatisfaction risks: Make timely adjustments to products and services based on the data collected.◆ Improve service quality: Enhance the technical support team to provide customized solutions.◆ Reinforce internal performance mechanisms: Evaluate the possibility of organizing RBU customer satisfaction evaluations in the future to raise internal service awareness.

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Name of materiality	Importance of this materiality to Advantech
Policy or commitment	<p>Advantech is committed to maintaining high customer service standards and continues to monitor customer satisfaction indicators to enhance the customer experience and ensure corporate sustainable operations. Position customers as partners and collaborate with them through co-creation mechanisms to jointly develop the market.</p> <ul style="list-style-type: none">◆ Improve channel distribution management, optimize the Global Customer Relationship Management (CRM) System, Technical Service Platform, and provide more diverse online training courses.◆ Ensure the complete protection of customer privacy◆ We focus on the development of the IoT industry and continue to invest in IoT platforms and solutions.
Positive impact	<p>In terms of positive impact, Advantech leverages to apply its core business strengths, guided by ecosystem partnerships and a spirit of co-creation, to promote an intelligent and sustainable planet. In terms of society, IoT is applied to telemedicine and healthcare to reduce medical costs and improve medical precision. In terms of the economy, improvements in the efficiency and performance of production, along with the application of AI technology, significantly elevate industrial productivity.</p> <p>In terms of the environment, equipment monitoring and the deployment of a large number of sensor will effectively reduce energy consumption and environmental pollution. In recent years, due to the development of alternative energy, Advantech has also ventured into the business of charging piles and alternative energy. Through close collaboration with customers and ecosystem partners to achieve sustainability in various fields.</p>
Negative impact	<p>The potential negative impact of this issue is the risk of intangible damage to Advantech’ s brand image and corporate reputation. Low customer satisfaction may increase the risk of market share loss, which could in turn affect the company’ s revenue performance. Low customer satisfaction may also lead to customer complaints and legal disputes.</p> <p>Advantech addresses negative impacts by implementing action plans derived from customer satisfaction surveys, analyzing feedback to understand issues, and requiring relevant personnel to take corrective measures. Additionally, the Company promotes proactive prevention and care mechanisms and fosters healthy competition for customer satisfaction across different regions.</p>
2024 goal achievement progress	<p>Distributor management :</p> <ul style="list-style-type: none">◆ 【2022】 2022 unset goals/2022 achievements progress are as follows<ol style="list-style-type: none">1. The percentage of newly signed distributor partners reached 15%. The percentage of premium distribution partners reached 18%.2. Customized product education and training lists were designed according to different distributor partner types and piloted in emerging countries, successfully inviting nearly 40 distributor partners to participate in the online training program.◆ 【2023】 goals achieved<ol style="list-style-type: none">1. The percentage of premium distribution partners reached 21%2. In 2023, a total of 13 distribution partners in emerging countries completed the course and passed the evaluation. The localization courses in Korea have been launched online, the basic courses in Japan have been completed, and the advanced courses have been introduced in stages.3. Held over four Advantech global partner conferences, attracting more than 6,500 Advantech customers and partners from 60 countries.◆ 【2024】 certain goals were achieved<ol style="list-style-type: none">1. In 2024, the overall revenue of global distributors declined by 9.6% compared to the same period last year. Although CSF's overall revenue performance fell short of expectations, it still slightly outperformed Advantech’ s overall market performance for 2024, which recorded a gross revenue (GR) decline of 9.9%. The inability to achieve the originally targeted 14% GR growth was also influenced by broader market conditions.2. The percentage of premium distribution partners and sector-focused distribution partners accounted for 46%.3. A total of 12 Sector-Focused Partner Conferences / Advantech ADF events were held globally, engaging nearly 3,000 sector-focused partners.

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Name of materiality	Importance of this materiality to Advantech
2024 goal achievement progress	<p>Customer satisfaction survey :</p> <ul style="list-style-type: none">◆ 【2022】unset goalsThe customer satisfaction survey targeted customers representing the top 80% of cumulative sales in each region, with a total of 748 customers surveyed, 325 in Taiwan, 102 in Mainland China, 134 in North America, and 187 in Europe. The survey achieved a coverage rate of 60.76%, a response rate of 32.89%, and an average customer satisfaction score of 92.66 points.◆ 【2023】goals achievedRevenue from sampled customers accounted for 76.73% of total revenue, and the customer satisfaction score was 93.16 points.◆ 【2024】goals achievedRevenue from sampled customers accounted for 81.37% of total revenue, and the customer satisfaction score was 93.15 points. <p>Customer connection experience :</p> <ul style="list-style-type: none">◆ 【2022】goals achieved1. Held 76 Advantech Connect global forums, uploaded 299 Video-on-Demand (VOD) videos, which were viewed 72,771 times and shared 1,899 times.2. Advantech utilizes eStore and IoTMart to meet the purchasing needs of direct sales customers, with emphasis on optimizing the customer shopping experience and minimizing manual steps.◆ 【2023】goals achievedA total of 68,748 customer feedbacks were collected from the official website and customer portal satisfaction, with an average satisfaction score of 4.03 points, and approximately 99% of the feedback had a satisfaction score of three or higher.◆ 【2024】goals achieved1. A total of 63,532 customer feedbacks were collected from the official website and customer portal satisfaction, with an average satisfaction score of 4.057 points, and approximately 99% of the feedback had a satisfaction score of three or higher.2. The number of views for the 2024 A-Connect replay reached 19,324.
	<p>Digital service upgrade :</p> <ul style="list-style-type: none">◆ 【2022】unset goals1. The Customer Relationship Management (CRM) system is progressively shifting to the cloud, Salesforce Sales Cloud was initial implemented in Taiwan and the AInterCon regions in 2022.2. Introduced the CRM Salesforce CPQ quotation function in the European region, realizing the consolidation of CRM and quotation functionalities, decreasing the number of business operation platforms, and improving the real-time synchronization of customer data.◆ 【2023】goals achieved1. Introduced the cloud customer relationship management system to the Japan branch and the Korea branch2. The marketing automation system has transitioned from a locally developed system platform to a cloud-based application3. Achieved: Japan, Korea, and Brazil branches implemented the Salesforce Sale Cloud in 20234. Achievement: Introduced the Project Registration Module Version 2.0 to the European market in 2023, enabling real-time synchronization of complete CRM data and further breaking down data silos5. Improved the Salesforce platform information and cyber security risk score by nearly 20% to effectively prevent phishing, credential stuffing, and account infringement attacks

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Name of materiality	Importance of this materiality to Advantech
2024 goal achievement progress	<ul style="list-style-type: none">◆ 【2024】 goals achieved1. Integrated the CRM systems of the headquarters and the North American branch to improve business efficiency and facilitate management consistency. Achievement progress: The merger project was completed in May 2024, resulting in significant improvements to business efficiency and management consistency, optimized internal work processes, and mitigated operational risks. The digital upgrade project not only enhances data security and customer data protection but also demonstrates our commitment to corporate governance transparency.2. Advantech will launch the Salesforce PRM operation program with specific partners in Europe, providing a new customer experience that includes electronic customer contract signing via DocuSign, product and marketing information retrieval, project registration and rebate mechanism. The program aims to cultivate potential business opportunities, improve communication efficiency with key partners by replacing email, and enrich downstream customer data within the CRM through the rebate mechanism. Achievement progress: Achieved. In 2024, the partnership management operating system program was launched with specific partners in Europe (roughly 20 distributors), using the Salesforce PRM platform to offer a new customer experience, including electronic customer contract signing via DocuSign and product and marketing information retrieval. Furthermore, the project registration and rebate mechanism will also be completed in 2025 and will be progressively made available to our distributor partners. We expect improved communication efficiency, increased information transparency and real-time availability, and enhanced collaboration on contracts, projects, and orders through the shared platform.3. The Mexico branch introduced the Salesforce Sales Cloud to enhance customer information and cyber security and privacy protection. Achievement progress: The Mexico branch completed its relocation in October 2024 and has fully implemented multi-factor authentication, ensuring strict identity verification for all users accessing customer data. This further strengthens data security and demonstrates Advantech’s commitment to data protection as part of its ESG strategy.
2025 goals	<p>Distributor management :</p> <ul style="list-style-type: none">◆ The total number of "premium distribution partners" and "sector-focused distribution partners" is expected to account for over 50% of the overall number, with a revenue growth rate of over 10% in 2025.◆ Expand the online training and certification program, aiming to reach a cumulative total of over 100 distribution partners globally, with more than 500 individuals completing exclusive training and certification courses. <p>Digital service upgrade :</p> <ul style="list-style-type: none">◆ Using the Salesforce platform as the central hub, Advantech strives to promote its cloud-based CRM system by relocating branches in the ASEAN region and Australia to the new system to achieve over 85% coverage across overseas branches. This strategy will not only help realize standardization and transparency in data management, and enhance data security and decision-making efficiency, but will also facilitate corporate governance best practices.◆ Implement Salesforce PRM in Europe and provide 70% of our partners with a brand-new customer experience, including customer electronic contract DocuSign signing, product and marketing information search, and the project registration and rebate mechanism. <p>Customer satisfaction survey :</p> <ul style="list-style-type: none">◆ The revenue of the sampled customers accounts for over 85% of the total revenue◆ Achieve an average score of at least 92 points for customer satisfaction surveys◆ Established a mechanism for collecting customer satisfaction and conducting visits for VIP (KA) customers (3 customers)

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Name of materiality	Importance of this materiality to Advantech
2030 goals	<p>Distributor management :</p> <ul style="list-style-type: none">◆ The overall revenue from global distribution channels is expected to continue expanding, with a target of surpassing USD 650 million and achieving a CAGR of over 10%. Efforts will focus on developing industry-specific and regional distribution partners, particularly premium distribution partners, who collectively contribute more than 50% of total revenue and volume. <p>Digital service upgrade :</p> <ul style="list-style-type: none">◆ Integrate supply chain management as part of Salesforce and consolidate key processes such as front-line operations and inventory management. This will materialize real-time digitalization and transparency in order processing, inventory monitoring, and logistics management, which is expected to improve operational efficiency while lowering resource waste and carbon emissions, thereby achieving the goals of environmental protection and corporate governance.◆ Implement a 360-degree customer view within the CRM by integrating data from multiple systems and contact points, enabling the sales team to gain comprehensive insights into customer needs and deliver more precise, personalized services. This measure will not only help improve customer satisfaction but also provide strong support for Advantech at the corporate governance level in terms of data transparency and decision-making optimization. <p>Customer satisfaction survey :</p> <ul style="list-style-type: none">◆ Revenue from sampled customers accounts for at least 85% of total revenue, and the customer satisfaction score achieves an average of more than 93 points.◆ Develop a global customer satisfaction benchmarking mechanism to ensure long-term competitiveness.◆ Reinforce our ESG commitments to ensure transparency and sustainable customer service
2024 key action plans or programs	<p>Digital service upgrade :</p> <ul style="list-style-type: none">◆ The project to integrate the overall Salesforce environments of Advantech headquarters and the North American branch is expected to complete the system merger by May 2024. This integration involves technical evaluations, data migration, system configuration, and user training. Upon completion, it will enhance cross-regional business collaboration, enable data sharing, and standardize business processes.◆ Provided European partners with a one-stop product and marketing information search platform, as well as developed project registration and rebate mechanisms to offer partners a more convenient and efficient collaboration experience, thereby enhancing customer satisfaction and sales effectiveness. <p>Customer satisfaction survey :</p> <ul style="list-style-type: none">◆ Utilized EDM pages via the Mailbee system to implement improvements in real time based on data analysis.◆ Optimized supply chain management to ensure on-time product delivery.◆ Strengthened the customer care mechanism by establishing VIP (KA) exclusive services.
Effectiveness assessment	<p>Digital service upgrade :</p> <ul style="list-style-type: none">◆ Partnered with Salesforce to become a B2B industry success case featured on the Salesforce global website, showcasing the business value and cloud-based innovations enabled by the Salesforce platform. This highlights Advantech's achievements in digital transformation and innovation, while also allowing customers, partners, and distribution channels to gain more insight into the Company's sustainable practices in environmental protection, social responsibility, and corporate governance.◆ A regular progress review mechanism has been created, including internal weekly meetings to monitor the progress of implementation and quarterly business reviews, ensuring its consistency with the Company's strategic transformation goals. <p>Customer satisfaction survey :</p> <ul style="list-style-type: none">◆ Evaluate customer satisfaction improvement based on the annual customer satisfaction scores.◆ Establish a regular internal audit mechanism to ensure that service standards are upheld.

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Name of materiality	Importance of this materiality to Advantech
Effectiveness assessment	<ul style="list-style-type: none">◆ In the future, consider engaging an external institution to conduct an independent review of the effectiveness of customer satisfaction management.◆ The results of the customer satisfaction survey and records of improvement actions are reviewed annually according to the "Q-005 Management Responsibility Communication and Review Procedure." A regular internal audit mechanism (conducted once a year) is in place to ensure the implementation of service standards and to support external disclosures.
Stakeholders impacted by the material topic and actions implemented by Advantech	Advantech will continue to collect, monitor, and respond to suggestions from key stakeholders, customers, and partners through existing communication channels; no corrective measures have been taken because the topic has not yet caused a significant negative impact on stakeholders or the environment, economy, and society

3.4.1 Customers and Partners Co-creation

Advantech's 2024 customer management and partner co-creation initiatives are guided by the principles of "altruistic cooperation and mutual benefit" as well as "digital service upgrade." The Company strives to strengthen customer connection experience, expand ecosystem partnerships, and institutionalize distribution authorization management. Meanwhile, Advantech continues to optimize digital platforms, including its CRM system and online technical services, to improve operational efficiency and service quality.

Partnering in the ecosystem

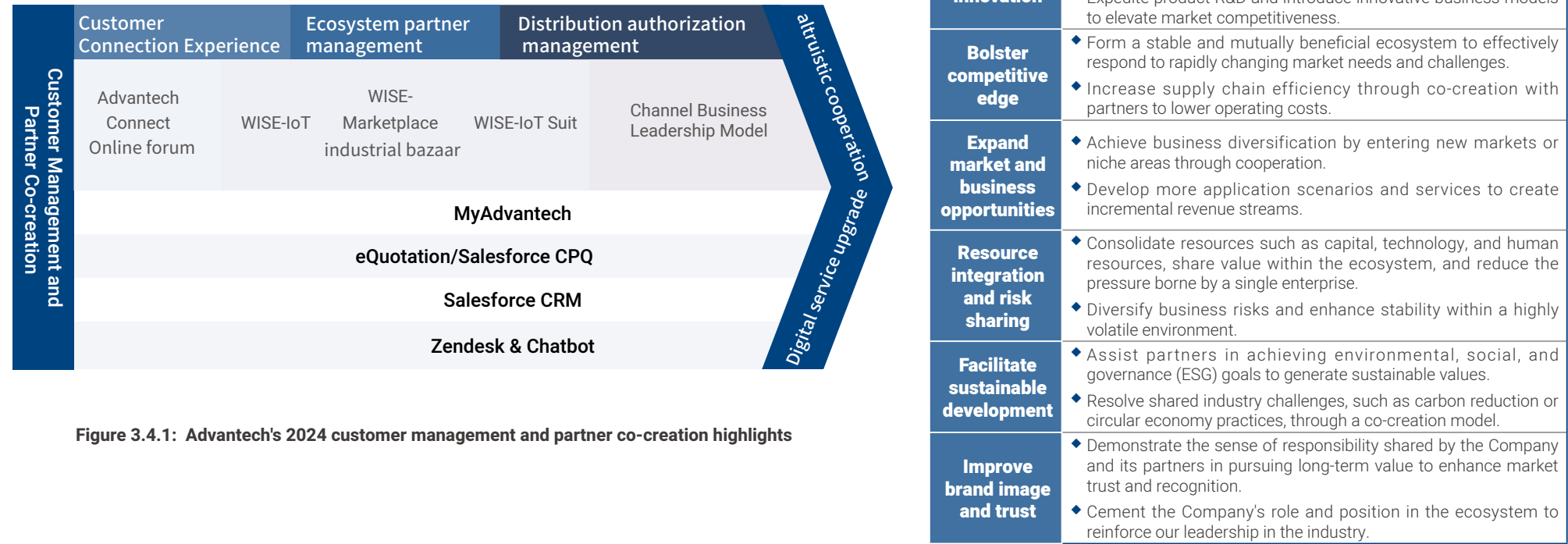


Figure 3.4.1: Advantech's 2024 customer management and partner co-creation highlights

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Advantech will also make direct investments and participate in external regional funds to explore emerging business opportunities. Through strategic agreements and investments, the Company supports startups in Taiwan, China, Europe, the United States, and other regions, enabling collaboration in areas such as products, market networks, and technology. These efforts aim to foster the development of local IoT ecosystems worldwide. Overview of investments in ecosystem funds: Regional fund (Aquila Capital), with a fund size of RMB 200 million. In 2024, investment projects included maglev technology for energy conservation and environmental protection, the intelligent equipment industry, and a company offering visual solutions using AI to reduce manufacturing costs. Direct investment projects include an RMB 20 million investment in the incubated startup Adveco, which specializes in solutions for smart spaces, smart buildings, and the energy-saving industry. Additionally, to support Advantech's transition toward RE100, an investment was made in the construction of a 9.8 MW aquavoltaics facility by Yan Xu Green Electricity Co., Ltd.

Advantech supports incubators, accelerators, and startups

Advantech collaborated with experienced fund partners in the IoT industry to accelerate the growth of international ecosystems. Through dedicated funds, we invested in startups and connected our fund partners with Advantech's industry expertise, technical platforms, and market networks, thereby accelerating the development of IoT ecosystems in key regions. Besides capital cooperation, for early-stage startups with products and market performance that are not yet scaled, Advantech strategically connects with incubators and accelerators to provide enterprise technical platforms, industry connections, and co-creation funding to expedite the development of growing startups.



Featured case study 1

2024 AAMA AIoT enterprise co-creation program



To advance the development of the AIoT industry ecosystem, Advantech has partnered with Chunghwa Telecom, and Asia America Multi-Technology Association (AAMA) to co-host the "AAMA AIoT Co-creation Program". Focusing on the application of Edge AI and Generative AI in areas such as autonomous robots, smart energy, manufacturing, healthcare, logistics, and retail, the program intends to identify promising startup teams through a structured selection process, co-develop AIoT solutions, and jointly explore application scenarios and market expansion opportunities.



Featured case study 2

The Pan Wen Yuan Foundation presents awards to recognize outstanding achievements in technology research

Advantech Technology has long supported the Pan Wen Yuan Foundation, which recognizes outstanding Chinese researchers and professionals in the fields of electronics, information, and communications, both in academia and industry, domestically and internationally. The research emphasis of the winning team of the 2024 "AIoT Innovation Award" is on the application of AI and GloT systems in areas such as industrial sewage discharge tracing and product carbon footprint tracking, making significant contributions to smart water resource management in Taiwan, including intelligent flood control and precision water-saving irrigation.



「The "AIoT Innovation Award" recipients: Professor Chang Che-Hao (from left), Department of Civil Engineering at National Taipei University of Technology; Hank Li, Director of Advantech Technology; Huang Szu-Wei, Founder and Strategy Officer of AnaSystem Inc.; Associate Professor Wu Shiang-Jen, Department of Civil and Disaster Prevention Engineering, National United University. Courtesy of Pan Wen Yuan Foundation

Achievement demonstration

Beneficiary	Areas of support	Support benefits or co-creation model
Asia America Multi-Technology Association (AAMA)	Smart manufacturing, smart healthcare, smart environmental protection, and smart logistics	In partnership with Chunghwa Telecom, 11 startups were recruited through industry-specific proposals and counseling, with co-creation solutions actively explored in collaboration with five of them.
Garage+	IIoT and Industrial AI Applications	The Company supported Epoch School in conducting entrepreneurship training for university students. The program recruited 100 university students, organized 28 training events, and facilitated 110 one-on-one career consultations.
Pan WenYuan IoT Innovation Application Award	IIoT	Eight startups/school teams with IoT application projects were recruited. Among them, innovative teams focused on agricultural IoT applications were granted cash prizes and hands-on counseling from industry experts to support the industrial application of their technologies.
IMV ESG Technology Innovation Proposal Competition	Energy conservation, agriculture, forestry, fishery, and animal husbandry	Allied with seven industry partners to support sustainable startups and teams in Taiwan. A total of 114 teams were recruited, and 18 teams were awarded the prize.

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3.4.2 Customer Relationships, Distributors, and Channel Management

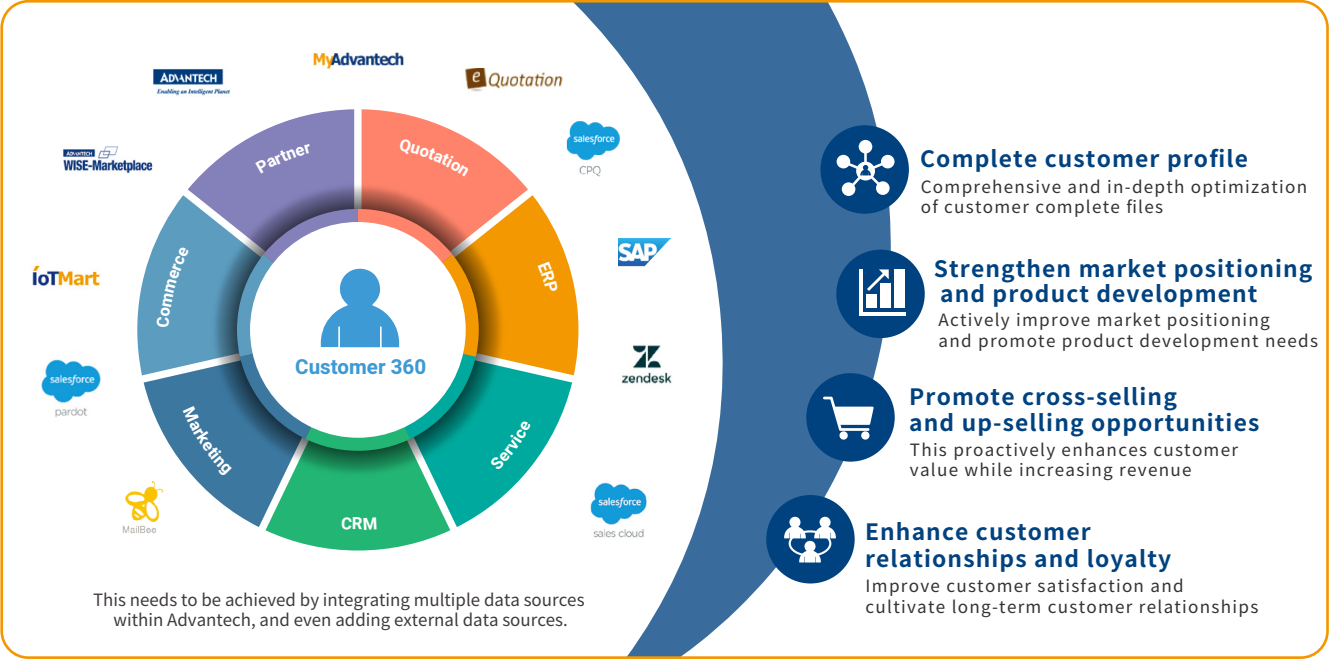
Global customer relationship management system

Advantech's CRM digital transformation has been successfully rolled out in the United States, Europe, Taiwan, Japan, Korea, and Brazil. In 2024, we merged the headquarters' and North America's Salesforce systems and officially launched the Salesforce platform in the Mexico branch, further accelerating the global customer relationship management transformation. This initiative supports the digital upgrade blueprint of "ONE Advantech," fostering greater unification in customer data management and collaboration in information security, further demonstrating Advantech's commitment to corporate governance and global expansion.

The CRM system is the cornerstone for business customer service. To ensure the company can effectively respond to customer needs and provide comprehensive services, we have taken advantage of the Salesforce platform's versatile architecture and are committed to building a more efficient and secure digital ecosystem. Through the following project plans, we aim to bolster information protection and regulatory compliance, implement ESG sustainability goals, and reinforce Advantech's long-term competitiveness across the three pillars of ESG (environment, society, and governance).

I. Experimenting with Salesforce AI Tools: Enhancing Sales Decision-making and Data-driven Strategies

We are vigorously promoting Advantech Customer 360 by integrating multiple cloud platforms and proprietary systems, centralizing key data such as sales, quotations, and ERP into Salesforce, demonstrating a high degree of collaboration and transparency. This not only optimizes operational efficiency but also fulfills our responsibilities in corporate governance.



◆ Long-term plan :

Synchronize ERP data, including backlog and shipment details with Salesforce in real time, and present key customer indicators, including win rate, customer lifetime value, average discount, and number of ongoing opportunities, through multi-system integration. This not only reduces paper consumption but also enables precise tracking of sales performance, conserves resources and reduces carbon emissions, aligning with our environmental sustainability goals.

◆ Realize full-perspective analysis :

Import order information from the ERP system into the CRM, and import diverse data such as tax identification numbers, sales notes, account status, and contract details to help the sales team better understand customer needs and increase transaction efficiency. At the same time, strengthen the data management and compliance of corporate governance, enhancing the trust of internal and external stakeholders.

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II. Experimenting with Salesforce AI Tools: Enhancing Sales Decision-making and Data-driven Strategies

To further improve the intelligent applications of the CRM platform, we have taken the initiative in experimenting with Salesforce AI tools in different regions. By applying machine learning and AI technologies, we aim to provide comprehensive support to sales teams, thereby assisting them in focusing on high-value business opportunities. This not only optimizes the allocation of human resources and improves service efficiency but also enhances transparency and accountability in sales planning, which is consistent with the principles of corporate governance.

The experimental functions include lead scoring, pipeline charts, a data analysis center, and an AI-powered chatbot assistant, and other intelligent features. The automated email logging function minimizes redundant data entry and paperwork, contributing to environmental benefits such as energy savings and carbon reduction while enhancing workflow accuracy.

By systematically reviewing sales performance and formulating optimization strategies, we leverage key data reports to ensure transparency in decision-making, realizing the concept of corporate governance as well as enhancing risk control and performance evaluation.



III. Data security and privacy protection: Continue to optimize data authorization and export control

We continue to enhance CRM access controls to protect sensitive customer data during inter-departmental transfers, using role- and permission-based settings to ensure data security and regulatory compliance.

Meanwhile, in terms of data export control, we carefully review all export pathways within the CRM system to minimize the risk of data leakage. These measures align with ongoing enhancements to GDPR compliance, strengthening trust in Advantech's data privacy and cybersecurity practices and reinforcing our corporate governance standards.

◆ Dealer management platform

MyAdvantech provides global key partners with an integrated platform experience. Whether it's Advantech product information, one-stop order placement, order tracking, or global inventory inquiries, distributor partners can quickly find the information they need through MyAdvantech to enjoy a seamless user experience. MyAdvantech not only increases the convenience of operations for both parties but also reinforces the partnership and efficiency between Advantech and its distribution partners.

In 2024, the team remained committed to the Salesforce PRM cloud migration project. To enhance platform stability, boost information and cyber security, and ensure real-time data integration, an electronic signature function was introduced in 2024 to digitize and streamline the contract signing process between Advantech and its distribution partners, allowing for ongoing optimization of relevant functions.

In the latest version of DocuSign for Salesforce, slated to go live in 2025, the system will automatically select contract templates and generate contract files based on the fields completed by sales personnel. It will also feature contract preview and automatic saving, enabling sales staff to verify contract correctness before signing. Additionally, the new contract signing reminder email will shorten the time spent manually tracking signing progress and help forge a closer relationship between both parties.

Also, the distributor sales rebate program, scheduled to go live in the second quarter of 2025, will not only enable Advantech to better understand distributor sales behavior but also allow distributors to independently check relevant rebate information. By setting sales targets together and using real-time sales data on the system, both parties can drive mutual sales growth and foster a long-term partnership and shared prosperity.

Online Customers

	2022	2023	2024
% of total customers using your online services solutions/sales platform	23.66	27.9	15

Note: The 2024 target was 15%.

Online Revenues

	2022	2023	2024
% of revenues generated online (e.g. through direct sales, advertising, etc.)	18.4	14.8	19.4

Note: The 2024 target was 17%.

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3.4.3 Customer Satisfaction Survey

I. Customer satisfaction survey

◆ Survey objective

Conduct the annual survey based on the "S-002 Customer Service and Satisfaction Management Procedure". Advantech upholds the vision of "Enable an Intelligent and Sustainable Planet" to provide outstanding products and services. To continue enhancing customer experience, we perform customer satisfaction surveys to collect market feedback, optimize service strategies, benchmark against industry-leading companies, and increase competitiveness.

◆ Survey scope and target

- 1. **Survey target:** Includes customers of various regional business units (RBUs) such as distributors, system integrators, and end users.
- 2. **Survey content:** Includes sales service and pricing, delivery efficiency, product quality, technical services, and after-sales service

◆ Survey methodology and frequency

- 1. **Questionnaire survey:** Collect quantitative data through online and physical questionnaires.
- 2. **Customer interviews:** Conduct in-depth interviews with key customers to gather qualitative feedback.
- 3. **Third-party evaluation:** Reference the ratings of external market research institutions.
- 4. **Frequency:** A comprehensive survey is conducted annually, and a quarterly review mechanism is in place.

◆ Customer satisfaction data

In the 2024 customer satisfaction survey, Advantech sampled customers with sales orders from various regions across five dimensions (TQRDC: Technology, Quality, Responsiveness, Delivery, Cost), including 3,459 in Mainland China, 4,887 in North America, 3,097 in Europe, 4,327 in Taiwan, and new regions (1,544 in Korea and 541 in Japan), totaling 17,855 customers.

Using the PDCA tool to analyze this year's survey, the average scores across all five dimensions in each region exceeded 4.0 points. Advantech will continue to optimize the customer satisfaction management mechanism and provide outstanding products and services to maintain its long-term market leadership.

2019-2024 customer satisfaction survey score and coverage rate

Year	2019	2020	2021	2022	2023	2024
Satisfaction (score)	94.59	95.16	94.83	92.66	93.16	93.15
Revenue from sampled customers as a percentage of total revenue (%)	16.80	16.98	17.45	60.76	76.73	81.37

*Revenue share statistics for 2024 are based on revenue from December of the previous year to November of the current year

Item	Sales service and pricing	Delivery efficiency	Product quality	Technical services	After-sales service
Average score (out of 5 points)	4.60	4.57	4.72	4.64	4.64
Satisfaction (%)	91.95	91.40	94.44	92.85	92.85

Future goals: Increase the coverage rate of customer satisfaction surveys year by year and maintain an average satisfaction score of more than 90 points

Table: 2024 Customer satisfaction survey scores

◆ Satisfaction improvement strategy

- 1. **Smart customer** satisfaction platform: Integrate data analysis to dynamically track customer satisfaction.
- 2. **Multi-layer customer care mechanism:** Provide VIP (KA) enterprise customers with exclusive technical support and prioritized services.
- 3. **Internal customer satisfaction contests:** Various RBUs regularly engage in customer satisfaction contests to facilitate positive internal competition.

◆ Expected benefits

- 1. **Enhance brand loyalty and customer stickiness.**
- 2. **Strengthen Advantech's market competitiveness and keep up with industry benchmarks.**
- 3. **Establish a data-driven decision-making mechanism to increase customer service efficiency.**

Through the foregoing strategies, Advantech will continue to optimize its customer satisfaction management mechanism and provide more outstanding products and services to maintain its long-term market leadership.

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II. Official website and customer portal satisfaction

To enhance customer digital experience, we have designed satisfaction survey mechanisms on our official website and customer digital portal, using a five-point scale to evaluate the key contact point experiences in the customer journey. We place special emphasis on feedback with scores below 3 points, inviting customers to offer improvement suggestions. Relevant units will propose optimization plans to ensure that improvements are completed within the designated timeframe. At the same time, business units will continue to follow up and verify the effectiveness of these improvements.

In the 2024 customer digital portal satisfaction survey, we collected 63,532 pieces of customer feedback. The overall average satisfaction score was 4.057, with 99% of the feedback achieving a satisfaction score of 3 or higher. Looking ahead, we will continue to optimize the digital portal's user experience, enhance the customer contact point mechanism, striving to deliver smoother, more intuitive, and more efficient online services to improve customer satisfaction and brand value.



Official website portal endpoint satisfaction survey illustration

◆ Introduction of AI applications to our official website

In 2024, we proactively integrated AI technology into our official website to enhance the global digital experience and improve the efficiency of content delivery. The primary applications include AI translation tools for multilingual conversion of product information and AI summarization technology to improve the readability and accuracy of website marketing content. This innovative application not only speeds up the content localization process for official websites in various regions but also ensures that visitors can quickly access clear, easy-to-understand, and engaging information, further enhancing customer experience and brand impact. The effectiveness data of AI applications is illustrated in the following two points:

1. Product information AI multilingual translation (backend platform: Product Information System)

With the implementation of AI translation technology, the conversion efficiency of global product information has increased considerably, allowing more markets to quickly access localized content and enhancing our product accessibility and information transparency in various regions.

- AI tool: ChatGPT-4o
- Implementation time: 2024/4/22

- Number of global product information translations before implementation: 1,210
- Number of global product information translations after implementation: 5,743 (a growth of 375%)
- Number of AI translated languages: 16 (Chinese-Traditional 、 Chinese-Simplified 、 Japanese 、 Korean 、 German 、 Spanish 、 Hebrew 、 Hindi 、 Indonesian 、 Malay 、 Portuguese 、 Russian 、 Turkish 、 Vietnamese 、 Mexico 、 Australia)

2. Marketing content AI summary generation (backend platform: Content Management System)

AI summary generation technology significantly increases writing efficiency, enabling the marketing team to focus on content strategy optimization while ensuring the accuracy and appeal of the summaries, thereby enhancing the audience's reading experience. As far as marketing content is concerned, we insist that Advantech employees write it themselves. AI tools are utilized solely to assist with generating headlines and summaries, ensuring content quality and brand consistency.

- AI tool: CopyAi
- Implementation time: 2024/5/27
- Number of articles published on the official website in 2024: 1,161
- Number of articles with AI-generated headlines: 91 (7.8%)
 - Final number of articles with AI-generated headlines: 33 (2.8%)
- Number of articles with AI-generated summaries: 290 (24.9%)
 - Final number of articles with AI-generated summaries: 227 (19.5%)

3.4.4 Customer Service

Global online technical service platform

Since the second quarter of 2024, Advantech has adhered to ESG principles to promote digitalization in environmental management, aiming to reduce its carbon footprint and improve energy efficiency through effective utilization of cloud resources. By optimizing the customer service chatbot, we have introduced an AI agent to provide customers with instant replies to product information queries and diverse services. In 2024, the monthly growth rate of AI Agent-assisted conversations reached 26.1%, accompanied by a 10% increase in conversation satisfaction.

Advantech continues to invest resources in developing chatbot technology. The team is designing a new AI-driven Sales Leads analysis model that automatically identifies potential business opportunities from all Live Chat conversations and generates Sales Leads for assignment to LDRs for follow-up, in turn considerably improving the sales team's efficiency. Since its implementation in August 2024, the system has generated

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189 business opportunities by December of the same year, achieving a lead conversion rate of approximately 27.2% and resulting in a total profit of USD 108,301.

To continue enhancing product and service quality while considering the needs of stakeholders (social aspect), Advantech has actively introduced customer feedback mechanisms into its service processes. After each service, the system automatically invites customers to fill out a brief questionnaire to ascertain their satisfaction with the service and collect suggestions, which are compiled and analyzed through the system and transformed into tangible improvement plans. The Company also regularly reviews and analyzes the results, continuously optimizing product functions, service processes, and customer service personnel training based on common issues or suggestions. The real-time and convenient feedback mechanism facilitates a faster understanding of customer needs and allows for the timely incorporation of their feedback into product and service adjustments to protect customer rights and improve satisfaction.

Looking ahead to 2025, Advantech will concentrate on the technical services management platform migration project, with plans to implement Salesforce Service Cloud. The new platform will bolster centralized CRM data management, enhance cross-team communication efficiency, and streamline customer service processes, thereby laying a more robust foundation for after-sales service and customer relationship management. This will support ongoing improvements in service quality and efficiency, while also reinforcing data security and corporate governance.

Advantech effectively increases service efficiency through an automated work order system and continuously optimizes products and services by gathering customer feedback through the CRM platform. Meanwhile, ESG principles are incorporated into the service process: in the environmental (E) aspect, digital technology is used to lower carbon footprint and cloud resources are utilized efficiently; in the social (S) aspect, efforts are made to elevate customer service experience and implement sustainable development; in the corporate governance (G) aspect, data security and risk control are the main focus, and customer feedback is integrated into the decision-making process.

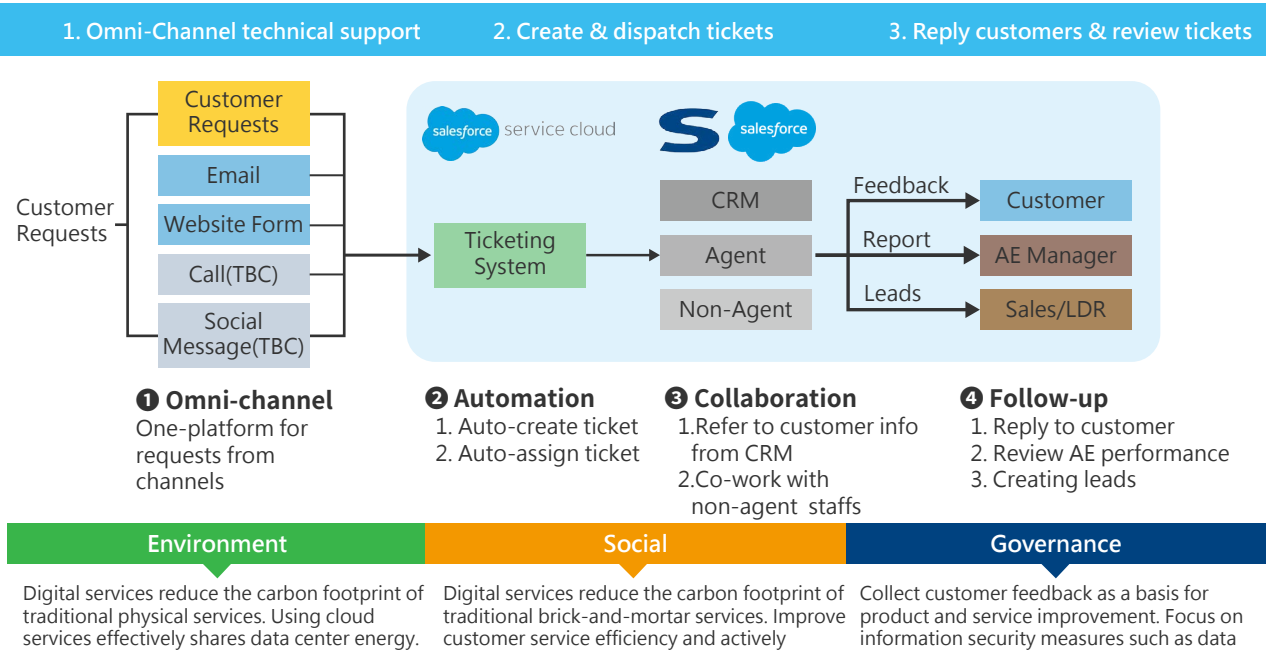


Figure 3.4.4.1 Advantech online technical service process

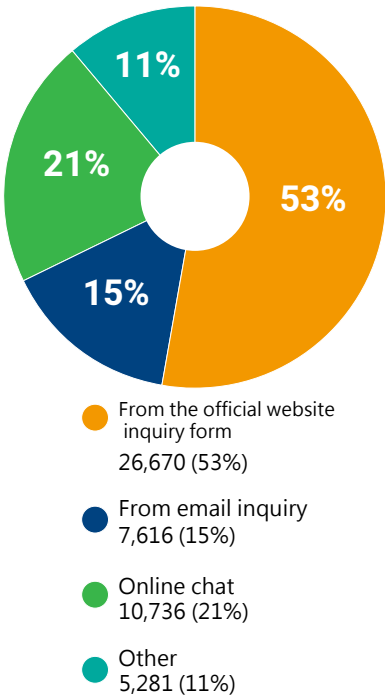


Figure 3.4.4.2 Technical services request form