02 Corporate Management and Governance

2.1 Operational Performance and Corporate Governance Structure

2.2 Information and Cyber Security Management

2.3 Sustainable Management of the Supply Chain

2.4 Risk Foresight and Crisis Management

2.1 Business Performance and Corporate Governance Framework

2.1.1. Company Introduction

Advantech has focused on the global industrial Internet of Things since it was established in 1983, providing corporate customers with comprehensive software and hardware system integration, customized design services, and local technical support services around the world. We are now a global leader in IoT AI systems and embedded platforms, adopting the vision of "Enabling an Intelligent Planet" as our corporate brand.

Advantech is a listed company in Taiwan, and has been listed on the Taiwan Stock Exchange since 1999 (Stock Code 2395). Our headquarters is located in Neihu Technology Park, Taipei, Taiwan, and it has business locations in 27 countries across Europe, the Americas, and Asia. Our three major manufacturing centers are located in Linkou in Taiwan, Kunshan in China, and Fukuoka in Japan. Advantech has four major logistics centers and 21 local service centers, which form a complete service system that provides comprehensive services to customers worldwide in real-time.

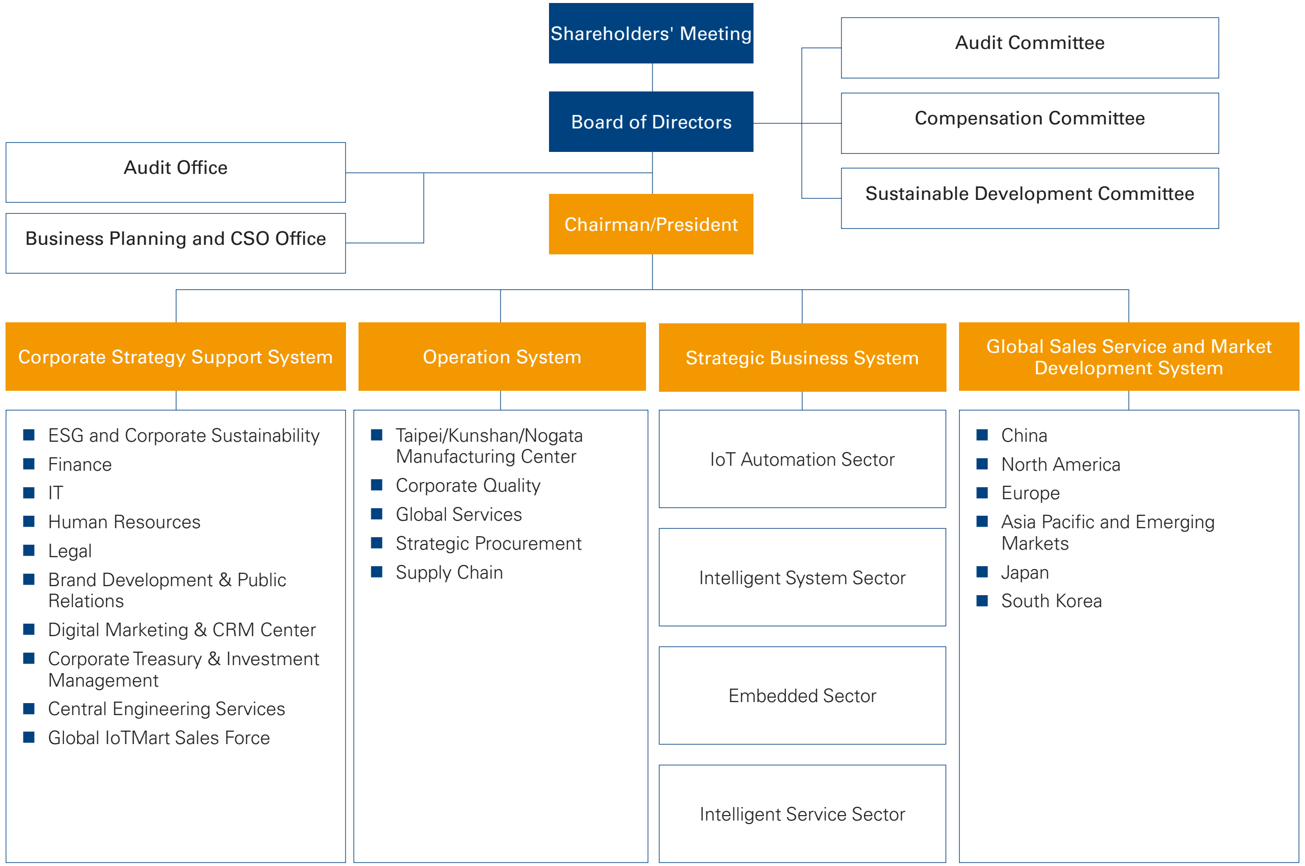
Worldwide Presence

3 Manufacturing Sites
21 Service Centers

27 Countries
4 Logistics Centers

• **Figure 2.1.1 Distribution of Advantech's Locations of Operations**

Advantech and our affiliates specialize in the manufacturing, assembly, sales, and after-sales services of industrial computer related products (see 2.1.2 Organizational Chart for details). The main business sectors include: the Embedded Sector, Intelligent System Sector, IoT Automation Sector, and Intelligent Service Sector, which focus on providing diverse application solutions for customers in five key markets, namely edge intelligence systems, smart manufacturing, energy and utilities, intelligent healthcare, and intelligent service. At Advantech, we have embraced the trend of edge computing and artificial intelligence (AI), and have bolstered our global presence and enhanced our core competitiveness by focusing on edge computing and edge AI. We will accelerate the deployment of AI in manufacturing, logistics, cities, and energy at scale through the cloud-edge collaboration framework by integrating the edge computing hardware platform product group, industrial IoT software platform WISE-IoT, and cross-chip edge AI platform architecture WEDA. We will then incorporate industry edge AI solutions and industry knowledge to reshape our business model into collaborating with industries in the co-creation of integrated applications, and help our partners and customers connect within the industry chain. Furthermore, we are working with partners in each industry to "co-create" an industry ecosystem that will bring us faster to the goal of industrial intelligence. Please refer to: Advantech Co., Ltd. Introduction Video.



• **Figure 2.1.2 Organizational Chart of Advantech**

Business Performance and Brand Value

Accelerated upgrade of edge AI drove the strong growth of demand in major markets in 2025. Despite the challenges brought by geopolitics, tariffs, and fluctuations in the supply chain, Advantech's overall revenue showed strong resilience and set a record high, with both annual revenue and profits showing double-digit growth and an EPS of NT$12.25 in 2025.

At Advantech, we focus on the stability of our core business and financial structure, and maintain the policy of high dividends to share our business results with shareholders. We plan to pay out a cash dividend of NT$9.2 per share (75% dividend payout ratio) from 2025 earnings, and will pay out an additional cash dividend of NT$2 per share from the capital reserve, paying a total cash dividend of NT$11.2 per share, which is a dividend payout ratio of 91.4%, truly sharing business results with shareholders. Please refer to our official website for the overall financial performance over the years. Advantech achieved an outstanding performance in international evaluations in 2025, and was ranked fourth in the Best Taiwan Global Brands of Interbrand with a brand value of US$896 million (up 5% YoY).

* According to the 2025 evaluation results of Interbrand, an internationally renowned brand valuation agency, commissioned by the Industrial Development Bureau, Ministry of Economic Affairs, please refer to the website.

• **Table 2.1.1 Advantech's Products, Percentage of Revenue, and Product Output in 2025**

Main products	2025			
	Sales amount (NTD thousand)	%	Product output (unit/piece)	Percentage manufactured by self-owned facilities (%)
Embedded boards and systems	26,228,036	37%	2,892,485	99.5%
Industrial computers and industrial control	36,614,402	53%	4,149,845	99.9%
After-sales service and others	8,039,924	11%	506,940	100.0%
Total	70,882,362	100%		99.7%

Note: Information on the area of manufacturing facilities is as follows: Manufacturing Center in Linkou, Taiwan (553,030 ft2), Manufacturing Center in Kunshan, China (1107,821 ft2), and Manufacturing Center in Fukuoka, Japan (162 902 ft2)

The output of main products varies significantly. Therefore, the percentage manufactured by self-owned facilities is calculated based on output value.

Advantech Value Chain and Business Development

Advantech operates in the industrial PC (IPC) industry, which originated from factory automation and was first used in the monitoring, testing, and control of instruments and mechanical equipment. However, following the integrated development of communication, networking, software, and optoelectronics technologies, IPCs have expanded beyond traditional manufacturing to applications for smart cities, retail, transportation, and healthcare. From MRT card readers, ticket vending machines, POS systems, digital signage, to smart building management systems, the IPC industry has flourished, which ultimately prompted its renaming to the "intelligence industry."

In terms of the relationship between the industry's upstream, midstream, and downstream, the supply chain of IPCs and embedded boards is as follows: Upstream includes chipsets, CPUs, PCBs, DRAMs, logic ICs, connectors, passive components, and other components. Midstream includes I/O equipment, single board computers, barebone system products, IPC products, and IPC peripherals. Downstream includes system integrators, distributors, and end consumers. The IoT is completed through the collective efforts of upstream, midstream, and downstream companies, which work closely together to provide customers with effective services. With the improvement of 5G infrastructure and chip technology, both X86 and ARM/RISC have launched high-performance chips to meet the high-performance computing needs of the healthcare, transportation, and robotics industries. Advantech is developing and launching edge computing platforms simultaneously with industry leaders, including Intel, AMD, NVIDIA, and Qualcomm, to accelerate technological upgrades across the industry. In addition, Advantech's hardware platforms have also achieved multi-chip support, including GPUs, VPUs, and integrated NPUs, successfully launching high-performance edge AI computing solutions. For more information, please refer to the chapter on Sustainable Supply Chain Management. There were no significant changes in our operations and supply chain during the reporting period.

At Advantech, we have established "Edge Computing & AI-Powered WISE Solutions" as the slogan for our brand in the next phase, showing our determination to develop edge computing and AI-powered industrial solutions. Advantech plans to realize the brand value of "empowering the future from the edge" through the following key strategies:

Local Co-creation, Global Connection: Comprehensively build trust and expand the global influence of our brand of AI solutions through in-depth participation in local co-creation marketing in different countries and regions and in international authoritative exhibitions.

Ecosystem Empowerment Through Software and Hardware: Exert every effort to promote WISE-IoT and the new WISE-Edge Developer Architecture (WEDA) software platform to accelerate the AI transformation of industrial applications through a containerized standard framework.

In terms of software ecosystem, we have established two major systems, WISE/WEDA. WISE-IoT at the application layer and EdgeSync for the hardware connection layer are already mature. The newly launched WEDA adopts a containerized architecture and has integrated AI SDKs of major chip companies around the world in advance, helping customers become significantly more efficient from the development to deployment of edge AI applications.

At Advantech, we aim to strengthen the resilience and delivery efficiency of our supply chain through global supply chain management. Advantech currently has manufacturing sites in Kunshan, China; Guishan, Taoyuan, Taiwan; and Nogata, Japan, building a highly flexible and supportive manufacturing network. We are actively implementing AI and digitalization (DX) projects to optimize the production process and overall manufacturing stability. We continue to invest in new manufacturing equipment to effectively increase production capacity and strengthen mid- to long-term manufacturing flexibility. In terms of regionalized manufacturing and local delivery, Advantech currently has a system assembly service location in Milpitas, U.S., and a new North America headquarters located in Tustin, which is expected to be completed by the end of 2026. The local assembly capacity in the U.S. is expected to double when it is completed, further strengthening local-for-local system production and delivery capabilities.

Looking towards the future, we will also set up WWBO (Worldwide Business Operations) in the global maintenance system as the highest decision-making unit for international deployment, strengthening global logistics resilience, and ensuring that we have a competitive advantage and the ability to execute decisions in regional markets. We are achieving our goal of becoming a global leader in the intelligence industry by "Enabling an Intelligent Planet" through strategies for steady technological innovation and global market expansion.

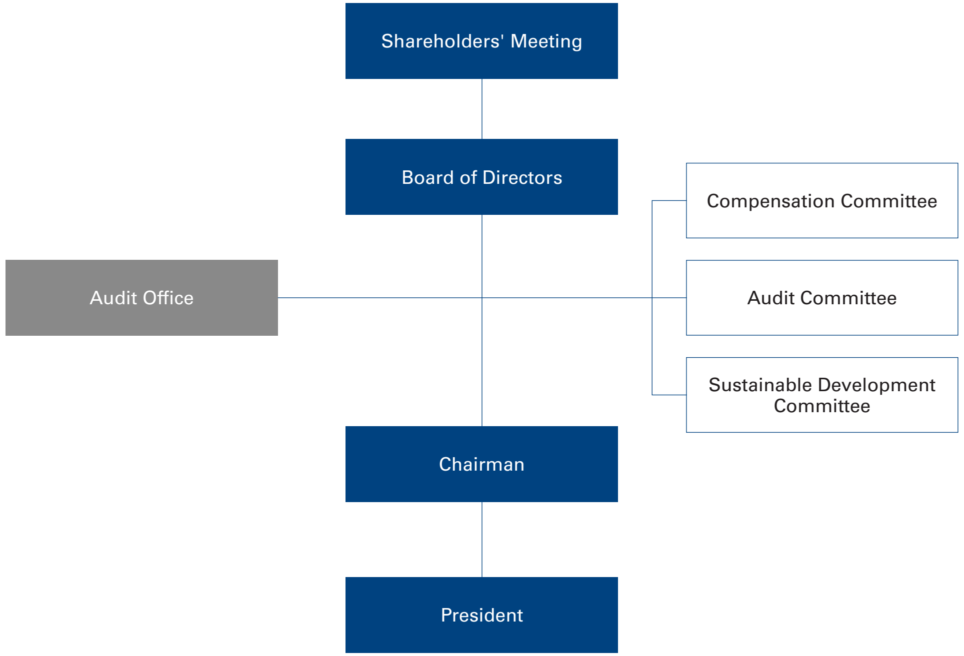
- **Figure 2.1.3 2025 Global Geo-Region Sales Distribution**

Currency: NTD thousand

Region	2025	Percentage (%)	2024	Percentage (%)
Asia (including Taiwan)	29,003,229	41%	25,988,732	43%
Americas	22,617,208	32%	19,003,633	32%
Europe	13,964,113	20%	9,931,332	17%
Other regions	5,297,812	7%	4,862,596	8%
Total	70,882,362	100%	59,786,293	100%

2.1.2. Corporate Governance

Corporate governance is the cornerstone of sustainability. Advantech attaches great importance to stakeholder engagement and interactions. In terms of board structure and functional committees, we hold ourselves to standards that are higher than required by law, and conduct reviews each year for further optimization. For more information, please refer to the official website for the audit system, Code of Ethics and Business Conduct, and Insider Trading Prevention Management Policy.



• **Figure 2.1.4 Advantech's Corporate Governance Framework**

Composition of the Board of Directors

Advantech is committed to optimizing the functions of the Board of Directors and has established comprehensive "Regulations for the Election of Directors." Board members are selected according to the Diversity Policy, and comprehensively evaluated based on their industry background, expertise, age, and gender balance, in hopes of promoting diverse perspectives. Advantech not only considers the international market perspective, professional and academic background, and risk management of board members, but is also considering incorporating sustainability expertise as an evaluation indicator for board members. Director candidates are nominated in accordance with Article 192-1 of the Company Act, and directors are elected by the shareholders' meeting from the list of candidates. The appointment of independent directors complies with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The term of office of the Board of Directors is three years. The Articles of Incorporation stipulates that independent directors may not concurrently serve as the independent director of more than three other public companies.

In accordance with the Company Act, any amendments to Advantech's Articles of Incorporation must be approved by the shareholders' meeting. In addition, according to the Company Act, the Board of Directors shall execute its duties in accordance with applicable laws and regulations, the Articles of Incorporation, and resolutions of the shareholders' meeting. Should any resolution result in damage to the company due to violation of such provisions, the directors participating in the resolution may be held liable for compensation. However, those who expressed dissent and had it recorded in the meeting minutes shall be exempt from such liability. Advantech also procures Directors and Officers Liability Insurance (D&O Insurance) for all board members annually. For further details regarding the D&O Insurance policy, please refer to page 46 of the 2025 annual report.

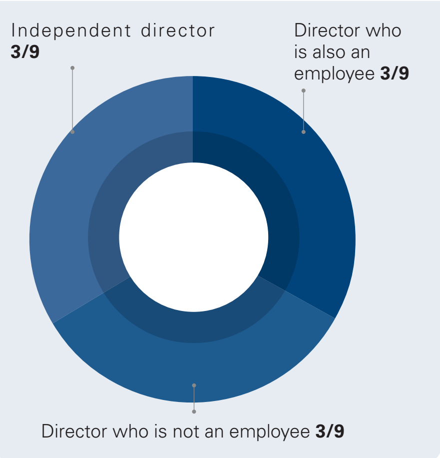
Advantech's Board of Directors is currently serving its 15th term, which consists of nine directors and spans from May 25, 2023, to May 24, 2026. The composition of the current-term Board of Directors and the goals for the next term (16th-term) are shown in the figure below. Among them, the Advantech Foundation holds one director seat, so that public welfare stakeholders are included in the composition of the Board of Directors. Overall, the composition of Advantech's Board of Directors complies with the principle of diversity, and the diverse professional perspectives of directors are constructively beneficial to our ability to cope with operational, industrial, and sustainability impacts. On average, members of the 15th-term Board of Directors have served for 8.2 years as of the end of December 2025. For more information on positions concurrently held by directors, please refer to the official website and annual report: Board of Directors, Annual Report (Top 10 Stakeholders P.135). Please refer to the Corporate Governance Best Practice Principles on the official website for the minimum number of independent directors and female directors.

In terms of sustainability expertise, Director Jeff Chen has served as the global vice president and the Asia president at Stanley Black & Decker, Inc. He has experience managing large multinational corporations and has extensive expertise and experience in M&A strategies and cross-border operations related issues. This will provide Advantech with more diverse and international governance perspectives when making sustainability governance decisions. Director Ji-Ren Lee has extensive experience in corporate governance practices, including professional experience in business management strategies, talent development, and risk management, which will help achieve a sound governance framework and supervision of sustainability mechanisms. The composition of the current-term Board of Directors is sustainable, and we will continue to strengthen the sustainability competencies of the Board of Directors in the future. While Founder KC Liu concurrently serves as chairman and CEO, Advantech strictly complies with the conflict of interest provisions outlined in the "Board of Directors Rules of Procedure." Furthermore, we leverage a comprehensive management mechanism to strengthen the balance of authority and mitigate potential conflicts of interest. The definition of controlling shareholder of Advantech is the same as that in the annual report. Please refer to the official website for the top ten shareholders.

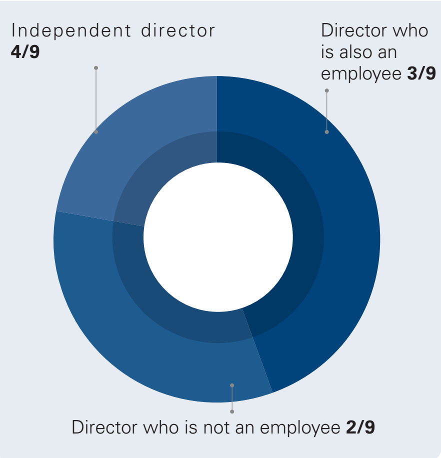
Board of Directors Operations, Continuing Education, and Evaluation

Operations: The Board of Directors convened a total of four meetings in 2025, and the attendance of board members was good. If directors were unable to attend in person, they completed procedures to attend by proxy in accordance with the law, and the status of overall operations was good. For more information, please refer to the official website for the Board of Directors Operations. For material events, such as annual and quarterly financial statements, major investment proposals, and other matters to be resolved by the Board of Directors in accordance with the law, after discussion and approval by the Board of Directors, an announcement and disclosure will be made in accordance with the law on the Market Observation Post System. It is simultaneously disclosed on Advantech's website or annual report. Please refer to page 131-133 of the annual report for a summary of resolutions at each board meeting.

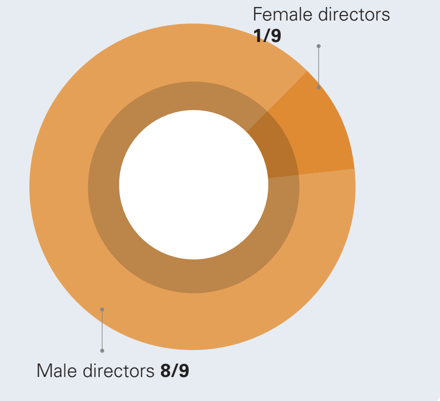
Board Diversity (15th-term)



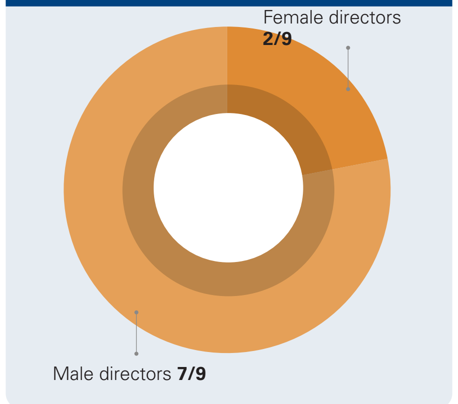
Board Diversity (Target for the 16th-term)



Gender Distribution of Directors (15th-term)



Gender Distribution of Directors Target for the (16th-term)



Title	Name	Attendance in person	Attendance by proxy	Absent	Attendance rate (%)
Chairman	KC Liu	4	0	0	100%
Director	Representative of Advantech Foundation: Chaney Ho	3	1	0	75%
Director	Kechen Investment Co., Ltd. Representative: Wesley Liu	4	0	0	100%
Director	AIDC Investment Corp. Representative: Tony Liu	4	0	0	100%
Director	Jeff Chen	4	0	0	100%
Director	Ji-Ren Lee	4	0	0	100%
Independent director	Ming-Hui Chang	4	0	0	100%
Independent director	Benson Liu	4	0	0	100%
Independent director	Chan-Jane Lin	4	0	0	100%

Management of avoidance of conflict of interest by directors:

If our directors or the legal entity they represent have a conflict of interest in an agenda item, they must explain the important contents of their conflict of interest before the beginning of the meeting in accordance Article 15 of the "Board of Directors Rules of Procedure." If the conflict of interest could damage Advantech's interests, the director may not participate in the discussion and voting, and shall recuse himself/herself from the discussion and voting. Directors who have recused themselves may not exercise voting rights on behalf of other directors. In addition, if the director's spouse, relative within the second degree of kinship, or a company in which the director has a controlling interest in has a conflict of interest in an agenda item, the director shall also be deemed to have a conflict of interest.

Continuing education and operational strategies

On average each director received 9.4 hours of training in 2025, which was higher than the 6 hours recommended by law and also higher than in the previous year. In particular, directors collectively took a total of 45 hours of continuing education courses related to ESG, an average of 5 hours per director. Advantech encourages directors to receive continuing education and align themselves with international trends in their professional fields. We regularly provide directors with information on governance courses organized by professional institutions, such as the Taiwan Institute of Directors, the Securities & Futures Institute (SFI), and the Taiwan Institute of Directors, and also occasionally organize director training seminars. Topics are selected based on the map of general operational risks and material topics. When selecting lecturers, we invite external experts from industry and academia to ensure courses introduce both theory and practice, maximizing the strategic impact on corporate operations. Advantech continued to organize continuing education courses for directors in 2025, so as to strengthen the knowledge of directors and managers on M&A strategies, post M&A integration, and risk management through in-depth discussions and exchanges with experts. For this year's courses, Advantech specially invited Mr. Ming-Kuang Lu, the founder of GlobalWafers Co., Ltd. and honorary chairman of Sino-American Silicon Products Inc. He shared his industry strategies, focusing on counterparty selection, post-transaction integration, problem-solving, cross-functional team dynamics, division of labor with external experts, and authorization and control. Tsung Liu, vice president of Uni-President Enterprises Corp., and Charles Wang, former president of Willis Towers Watson Taiwan Ltd., shared their insights on matters that require attention before, during, and after mergers and acquisition cases, as well as strategic organizational thinking and the integration of diverse talents. Going forward, we will comprehensively consider the diversity of directors' background and field of expertise, and tailor training plans for individual directors to strengthen their key competencies. Precision training has improved the ESG literacy of directors, their industry expertise, and international perspectives, supporting Advantech's sustainable development and growth.

- **Overview of Directors' ESG Continuing Education in 2025:**

Title	Name	Organizer	Sustainability course name	Hours of continuing education
Director	KC Liu	Taiwan Institute of Directors	Diverse Growth under Internationalization: Whole-chain Thinking from Strategy to Outcome	3
Director	Chaney Ho	Cathay FHC	2025 Cathay Sustainable Finance and Climate Change Summit	6
Director	Wesley Liu	Taiwan Institute of Directors	Diverse Growth under Internationalization: Whole-chain Thinking from Strategy to Outcome	3
Director	Tony Liu	Taiwan Institute of Directors	Diverse Growth under Internationalization: Whole-chain Thinking from Strategy to Outcome	3
Director	Ji-Ren Lee	Taiwan Corporate Governance Association	Sustainability, Risks, and Information Security Issues in the Era of AI	3
Independent director	Benson Liu	Taiwan Corporate Governance Association	Seminar on Creating a New Landscape for Sustainability	2
		Taiwan Corporate Governance Association	Management Accounting and ESG Innovation	1
		Taiwan Corporate Governance Association	Seminar on Improving Board and Functional Committee Performance Evaluations	2
		Taiwan Corporate Governance Association	The 21st (2025) Corporate Governance Summit - The Role of BOD in Strategy Shaping for the Drastic Transformation of Global Environment	6
Independent director	Chan-Jane Lin	Taiwan Corporate Governance Association	Seminar on Creating a New Landscape for Sustainability	2
		Taiwan Corporate Governance Association	DEI Policy: at the Crossroads	1
		Taiwan Corporate Governance Association	The 21st (2025) Corporate Governance Summit - The Role of BOD in Strategy Shaping for the Drastic Transformation of Global Environment	6
		Taiwan Corporate Governance Association	Low-carbon Economy and Corporate Sustainability Strategies	3
		Taiwan Corporate Governance Association	Sustainability Equals Innovation: Corporate Sustainability and ESG Value Management Trends	3
		Taiwan Corporate Governance Association	Sustainability, ESG, and Competition Law	1

Board of Directors evaluation mechanism:

Advantech has established a rigorous evaluation mechanism for the Board of Directors and Functional Committees. Self-evaluations are conducted annually, external evaluations are conducted by a third-party professional institution every three years, and the evaluation results are reported to the Board of Directors in the first quarter of each year. With the management team allocating resources and the collective efforts of departments from top to bottom, we aim to make improvements every year. Advantech completed internal self-evaluations of board performance, board member performance, Audit Committee performance, Compensation Committee performance, and Sustainable Development Committee performance in 2025. Evaluation results and improvement plans were reported to the Board of Directors in the first quarter of 2026.

Board of Directors Functional Committees

Functional Committees that have been established include the Compensation Committee, Audit Committee, and Sustainable Development Committee. The Sustainable Development Committee is responsible for making strategic decisions and supervising and managing material ESG-related issues, strengthening Advantech's governance of economic, environmental, and social impacts. Advantech establishment of Functional Committees exceeds statutory requirements.

The establishment of Functional Committees exceeds statutory requirements. The composition and implementation status of the committees in 2025 are as follows:

Functional committee	Members	Attendance rate	Resolutions (see the official website for details)	External consultants (provide opinions, but do not have voting rights)
Compensation Committee (Statutory)	Independent Director Ming-Hui Chang (Convener) Independent Director Benson Liu Independent Director Chan-Jane Lin	100%	2025	
Audit Committee (Statutory)	Independent Director Benson Liu (Convener) Independent Director Ming-Hui Chang Independent Director Chan-Jane Lin	100%	2025	
Sustainable Development Committee (Voluntary)	Chairman KC Liu (Convener) Director Jeff Chen Director Ji-Ren Lee	100%	2025	Yen-Hsi Lin, former president and global director consultant of DDI, and Ms. Eunice Chiu, former vice president and general manager of NVIDIA Taiwan

Expanded Sustainable Development Committee (SDC) Mechanism

Advantech formally established the board-level Sustainable Development Committee (SDC) in July 2022. The committee convenes meetings every 6 months to formulate Advantech's long-term development strategy. The SDC meeting in the second half of the year is positioned as an "expanded SDC meeting," broadening the invitation to all directors, external experts and consultants, and executive level supervisors to discuss key development issues, such as innovation in Advantech's business model, succession, and mid- and long-term vision.

The expanded SDC meeting in the second half of 2025 focused on corporate succession planning, optimization of global organizational governance and growth momentum, and sustainable development. Matters that were discussed include: The structure and implementation of the Advantech Succession Committee (ASC), strengthening global and regional market governance management mechanisms, future designs for organizational streamlining, and Advantech's strategic investment strategies. External experts that were invited include: Ms. Yen-Hsi Lin, former president and global director consultant of DDI, and Ms. Eunice Chiu, former vice president and general manager of NVIDIA Taiwan, who offered global perspectives to build collective intelligence. The exchanges of professional opinions and cross-domain experience with committee members will help us continue to optimize our organizational structure, cultivate key talents, strengthen our governance, and enhance our competitiveness in sustainability. All proposals were reviewed and approved by all members of the Sustainable Development Committee to ensure the implementation of decisions and the effectiveness of strategies.

For more information, please refer to Functional Committees on the official website.

CEO and Senior Manager Remuneration System

- **Policy objective:** Regularly evaluate the remuneration of managers to motivate the CEO and senior managers to achieve Advantech's goals, generate profits, and improve business performance, while considering the reasonable correlation with future risks. Operations are carried out in accordance with Advantech's "Salary and Remuneration Measures for the Management."
- **Governance body:** Advantech has established a Compensation Committee, which is a board-level functional committee. The 15th-term Compensation Committee consists of three independent directors, ensuring its independence. The committee also consults external consultants for their professional opinions, in order to improve the quality of decisions. Third-party consulting companies are regularly appointed to survey remuneration standards and trends. External experts and consultants are irregularly invited to provide insights and analysis on issues, assisting the Compensation Committee in reviewing and proposing optimal remuneration policies.
- **Review process:** Regarding the policy, system, standards, and structure of remuneration to managers, the Compensation Committee considers the reasonableness of remuneration based on industry standards, individual performance, and the correlation between Advantech's business performance and future risks. The committee reviews the performance evaluations and remuneration system and standards of Advantech's directors and managers on a regular basis, and then submits them to the Board of Directors for review.

The remuneration policies for the highest governance body and senior executives include basic fixed salary, pension, stock options, and bonuses. There are no signing bonuses or clawback mechanisms.

Furthermore, Advantech attaches great importance to the participation and feedback of stakeholders (including shareholders). Information on remuneration to individual directors is disclosed in Advantech's annual report; it is also reported under the agenda item "Allocation of Employee Remuneration and Directors' Remuneration" at the annual general meeting to inform shareholders and seek feedback. Advantech held the 2025 Annual General Meeting on May 29 with a 94.93% attendance rate. Shareholders were informed during the report on "Allocation of Employee Remuneration and Directors' Remuneration," and there were no objections at the meeting. For more information, please refer to Compensation Committee on the official website, 2025 Shareholders' Meeting Minutes, and Directors' Remuneration in the 2025 Annual Report.

Remuneration Structure and Long-term and Short-term Incentive Plan

- **Fixed salary:**
  Includes base salary, various allowances or additional pay, and a fixed year-end bonus equal to one month's salary. Fixed salary is determined based on professional qualifications and remuneration standards in the market.
- **Variable pay:**
  - Short-term incentive plan - cash bonuses: Bonuses for performance in the past year are divided into individual performance bonuses and team profit sharing bonuses.
  - Long-term incentive plan - Stock options/warrants (including ESOP and PSOP*): Aims to retain talent and incentivize long-term value creation. The target achievement rate is calculated and accumulated on a rolling basis each year over a three-year period to encourage continuous value contribution. The overall achievement rate is calculated at the end of the period. Employee participation in the ESOP in 2025: 55.6%, employee participation in the PSOP: 33%.

ESOP: Employee Stock Option Plans、PSOP: Performance Stock Option Program

- **Metrics:**
  Divided into financial and strategic indicators; both qualitative and quantitative metrics are used for regular evaluations of achievement rate. The mechanism that links remuneration to performance strengthens strategy implementation to ensure continued growth.

Financial indicators	Revenue growth rate, profit growth rate, ROE, and relative indicators (TSR*). *TSR: Total Share-holder Return. The relative indicator TSR is linked to the performance of the CEO. The benchmark is the annual average of the top 50 listed electronics companies in Taiwan in terms of market cap, and the relative performance is linked to the remuneration of the CEO.
Strategic indicators	Growth-driven and project-based corporate transformation KPIs are broken down from Advantech's important strategies into detailed items to continue making progress. In principle, financial indicators and strategic indicators each account for 50% for the CEO and senior managers.

- **Severance and retirement benefits:**
  Advantech does not have a severance pay system in place. In terms of pension plans and allocation rates, directors do not receive pension payments. The pensions and contribution rates of senior managers are the same as those for general employees. The implementation rules are in accordance with the Ministry of Labor and Labor Pension Act. Please refer to: The official website of the Ministry of Labor- Introduction to the New Labor Pension System, "Directors' Remuneration" and "Managers' Remuneration" tables in the 2025 Annual Report.

ESG Performance and Incentive Mechanisms

Advantech continues to advance toward the vision to "Enable an Intelligent and Sustainable Planet," serving as a leading promoter of smart sustainability. To achieve this, we established and implemented an ESG KPI mechanism for senior management in 2022, incorporating ESG indicators into the performance evaluations of the chairman, co-presidents, executive-level supervisors, department heads, members of the ESG and Corporate Sustainability Office, and responsible employees. We planned important performance evaluation items for 2025, and incentives are mainly based on the Employee Stock Option Plans (ESOP), which are supplemented by performance bonuses. The performance bonuses are calculated in the first quarter of each year and distributed in the third to fourth quarters. At the same time, we benchmark against domestic and international sustainability trends, set goals and formulate implementation plans based on the actual operations and risk management mechanisms of Advantech. The bonuses are distributed based on sustainable development goals, quantitative indicators, and actual performance.

- **The ESG KPI incentive mechanisms are planned as follows:**

KPI setting method	Objectives for E, S, and G are planned by integrating KPIs into corporate operations and risk management after referencing domestic and international sustainability trends, and Advantech's material sustainability topics.
Groups being incentivized	CEO, mid-level and senior managers, entry-level managers, and employees
Incentive mechanism	■ Cash incentive mechanism ■ Employee Stock Option Plans (ESOP)
Indicator description	■ Environmental: Indicators include green product design, water, electricity, waste, and VOC reduction targets, renewable energy development targets, and CDP ■ Social: Indicators include turnover rate, talent development and retention, creating a workplace with diversity, equity, and inclusion (employee satisfaction survey), IoT innovation application and education, and occupational safety and health (occupational safety and health education and training, number of major occupational accidents, number of occupational diseases). ■ Governance: Indicators include the percentage of revenue accounted for by smart sustainability solutions, indicator-based ESG evaluations (e.g., Corporate Governance Evaluation, EcoVadis, DJSI, etc.), and board diversity.

CEO and Senior Manager Shareholding Requirements

Advantech believes that long-term shareholding of shares by the senior management team can strengthen their connection to the long-term interests of shareholders. The amendment to the "Salary and Remuneration Measures for the Management" by Advantech's Compensation Committee on October 28, 2022, stipulates that the number of shares held by Advantech's CEO and president shall not be less than 10,000 shares, in order to fulfill our commitment to sound corporate governance. In 2025, the value of shares held by KC Liu, the founder and chairman of Advantech, was approximately 1,906 times the fixed salary, and the average value of shares held by the three co-presidents was 22.28 times the fixed salary (including shares owned by the individual, spouse, and minor children).

Annual Total Compensation Ratio

- The ratio of the annual total compensation of the highest-paid individual in 2025 to the median annual total compensation of other employees in the organization: 11.6(6 major regions)
- YOY Ratio: Ratio of the percentage increase in annual total compensation of the highest paid individual to the percentage increase in annual total compensation of other employees in the organization: 0.37(Headquarters)

Description:

1. The types and definitions of salary, annual total compensation, and the median of other employees are calculated according to the GRI Standards. All employees of Advantech in 5 major regions were ranked by their annual total compensation in 2022 when calculating the multiples of annual salary. The multiples of annual salary in 2023, 2024, and 2025 were calculated based on data from 6 regions. (Among the 6 regions, statistics on remuneration in the U.S. were incomplete in 2022, so it could not be disclosed.) Advantech's remuneration system comprehensively evaluates duties, performance, and overall operating results. The annual total compensation of the highest paid individual is highly linked to Advantech's overall business performance, and showed a slight growth in 2025. Under the remuneration governance framework, the margin of change in remuneration varies due to the remuneration adjustment mechanisms and factors linked to the remuneration of personnel at different levels. Compared to 2024 (-5.52), the gap this year is significantly smaller, indicating that the overall remuneration structure is gradually stabilizing.
2. Median annual salary: Complete source data for certain overseas regions is currently not available. Therefore, the following formula is used for calculation. For the denominator, the six major regions are divided into groups by average annual salary, and the formula for calculating the approximate median of the average values of the groups is used to calculate the median of the six major regions.

Ethical Corporate Management: Compliance, Anti-corruption, and Anti-unfair Competition

Ethical corporate management is an important cornerstone of Advantech's corporate governance and internal control system. Advantech upholds the principles of fairness, transparency, and integrity, and continues to identify and comply with local laws and regulations in the location of operations. We implement systematic management and cross-departmental collaboration mechanisms to ensure that our policies and practices comply with applicable laws and regulations and corporate ethics requirements. Compliance, anti-corruption, and anti-unfair competition not only concern Advantech's fulfillment of our social responsibilities, but are also core elements for maintaining our reputation and sustainability.

Key Implementation Items in 2025

- Compiled and clarified anti-bribery and anti-corruption related principles and operating requirements in accordance with the existing ethical corporate management system, providing the basis for internal management, awareness campaigns, and education and training.
- Continued to offer the annual online training course on ethical corporate management that all employees are required to take, in order to strengthen their understanding of ethical corporate management, compliance, and corporate ethics.
- Required suppliers to sign commitments to integrity and anti-corruption through the Supplier Relationship Management (SRM) system, and implemented systematic management and tracking.

Ethical Corporate Management and Organizational Division of Labor

The Board of Directors supervises the implementation of the Ethical Corporate Management Policy, and responsible units carry out relevant measures based on their duties:

Procurement Department	IT Department	Human Resources Department	Legal Department
Requires suppliers to sign a commitment to integrity and anti-corruption through the SRM system.	Established and maintains an online training and testing system that provides regular reminders.	Plans and offers education and training courses on ethical corporate management and Advantech Business Conduct.	Responsible for planning and maintaining ethical corporate management policies and systems, and regularly reports the status of compliance and ethical corporate management to the Board of Directors.

Audit Department	Audits the design and implementation of internal control systems according to the internal audit system, and handles whistleblowing cases in accordance with regulations.

Ethical Corporate Management Training Results

All employees are required to take the annual ethical corporate management training course. The course covers the Code of Ethics and Business Conduct, Advantech Business Conduct, and anti-bribery and anti-corruption regulations that prohibit the acceptance of improper benefits, aiming to strengthen employees' understanding of corporate ethics, compliance, and ethical culture. The course also explains Advantech's existing whistleblowing system, and clearly describes related channels, investigation procedures, and the principles of maintaining the confidentiality of whistleblowers' identity and prohibiting retaliation, helping employees and stakeholders file timely reports when they suspect any misconduct.

As of the end of 2025, approximately 95.8% of employees worldwide completed the online ethical corporate management test. (The scope of education and training statistics for 2025 mainly includes indirect employees with an internal system (Portal) account to ensure the accuracy of training assignments and records; direct employees who do not have an account are not included in the statistics. We have begun discussions with the Human Resources Department to plan the training management mechanism and recording process applicable to on-site personnel. We plan to include direct employees in the scope of statistics in the future to improve the comprehensiveness and completeness of information disclosure.) For personnel who have not yet completed training, we will continue to send notifications to the individuals and their supervisors through the system reminder mechanism, so as to increase the completion rate.

Major Violations of the Law:

With reference to Article 36 of the Securities and Exchange Act and relevant regulations of Taiwan on the disclosure of material information, Advantech determines whether an incident is material based on its nature, scope of impact, and potential impact on our financial position, business performance, shareholders' interests, stock prices, or reputation. The term "major violation of the law" refers to violations of laws and regulations by Advantech or its directors, managers, or employees that have a material impact on Advantech (including impact on financial position, operations, or reputation) or result in severe penalties imposed by the competent authority. The threshold for disclosing a major violation of the law is NT$1 million.

After evaluation, the following material violations of the law did not occur in 2025 (including fines and non-monetary sanctions):

- Corruption and bribery incidents: 0 cases.The fine for corruption and bribery was NT$0.
- Anti-competition, anti-trust, or monopolistic practice incidents: 0 cases
- Discrimination and harassment incidents: 0 cases
- Customer privacy data leakage incidents: 0 cases
- Conflicts of interest, fraud, money laundering, or insider trading incidents: 0 cases
- Significant pecuniary losses due to legal proceedings or penalties this year and political contributions: NT$0
- There were no violations of the code of conduct in 2025.

Whistleblower Mechanism

Advantech has established a complete whistleblower mechanism for employees, suppliers, and stakeholders to report any violations of integrity or misconduct. Reports may be submitted in writing or via e-mail to the chief auditor, and the chairman will assign a special task force to conduct an independent investigation. The Audit Committee may be informed when necessary.

Advantech protects the identity of whistleblowers and the content of their reports, and prohibits retaliation or unfair treatment. All investigation data is properly retained to ensure the impartiality of procedures and track cases.

Please see the official website for relevant documents: Whistleblower Report Processing Guideline

- In 2025, there were a total of 0 incidents of "anti-competitive behavior, anti-trust, and monopoly practices," and the pecuniary losses caused by legal proceedings amounted to NT$0 (including pecuniary losses during the reporting period of this report and the previous report)
- Political contributions in 2025: NT$0

For more information on compliance and anti-corruption, please refer to Advantech's official website:

Major internal policies	Code of Ethics and Business Conduct	Insider Trading Prevention Management Policy	Anti-bribery and Anti-corruption Policy	For information on the internal audit system, please refer to Advantech's official website:

Tax Policy

Advantech upholds the spirit of altruism and is committed to giving back to society while our business continues to grow. In terms of Tax Policy, it is our duty to pay reasonable taxes to the local society and economy of the country where we operate. We do not engage in aggressive tax arrangements, and comply with related tax laws and regulations. In accordance with the Group's Tax Policy, the headquarters and domestic and overseas subsidiaries of Advantech are required to comply with the following principles:

Article 1

Act at all times in compliance with the spirit and the letter of the relevant tax laws and regulations in the countries in which we operate.

Article 2

Advantech complies with Organization for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines to prepare three-tier transfer pricing documentation.

Article 3

Transfer pricing is set based on the "arm's length principle." Profits from each operating entity are reasonably remunerated for the risk and complexity of each entity's activities.

Article 4

Advantech's major decisions are made mainly based on business purposes, and then supplemented by tax analysis to search for optimal solutions.

Article 5

Do not engage in any arrangement that transfers value created to low tax jurisdictions or tax havens simply for reducing tax burden. Do not use tax havens or tax structures whose sole purpose is for tax avoidance.

Article 6

Assess tax risk periodically and reduce it by negotiating Advance Pricing Agreement (APA) with local tax authorities in the countries Advantech generates high income.

Article 7Build mutually respectful relations with tax authorities based on mutual trust and communication, information transparency, and tax payment with integrity.

Tax Governance

Advantech engages in business operations around the world and complies with the tax laws and regulations of the countries where it operates. Changes in tax laws could lead to an increase in taxes and costs, which will adversely impact overall business performance. To effectively manage tax risks, Advantech complies with tax regulations, understands current tax liabilities and compliance status, identifies potential tax issues and risks, addresses tax issues based on the level of risk and urgency, designs and utilizes technology to strengthen tax governance, and regularly reviews the implementation results.

Advantech's management leads the formulation of the Group's global financial and tax strategies. Day-to-day tax planning and management is carried out by the finance manager at the headquarters, and overseas accounting personnel ensure compliance with local tax laws and the performance of tax obligations. In addition, Advantech engages external tax consultants and accounting firms to assist in handling and filing taxes. The Audit Committee is appointed by the Board of Directors to supervise Advantech's quality and integrity in accounting, auditing, financial reporting, and financial control. The committee regularly reviews accounting policies and procedures, internal control systems, compliance, and enterprise risk management. Advantech's Tax Policy is reported by the Audit Committee and approved the Board of Directors.

Tax Payment Status

- **Table 2.1.2 Revenue, net profit before tax, tax information, and number of employees in 2025** (Unit: NTD thousand)

Country	Revenue	Net profit before tax	Current tax expense	Income tax paid	Number of employees
Taiwan	51,906,898	11,721,987	1,635,549	1,780,177	3,856
China	30,273,655	132,779	38,318	93,870	3,427
United States	23,305,261	1,203,051	291,946	235,042	526
Netherlands	10,157,547	-321,725	39,210	50,362	812
Japan	4,586,887	278,246	79,257	43,720	271
South Korea	2,608,740	29,058	5,956	2,563	128
Others	7,875,712	-269,754	98,860	189,157	474
Total	130,714,700	12,773,642	2,189,096	2,394,891	9,494

*Note:

1. The revenue, net profit before tax, and tax information in this table are aggregated amounts of audited local financial figures. Related party transactions within the Group have not yet been excluded.
2. The Revenue and Net profit before tax in the table above do not include investment gains (losses) recognized under the equity method.
3. Please refer to the appendix for the names of business entities and main operating activities in each tax jurisdictions.

Effective tax rate

The effective tax rate and cash tax rate of the Group in 2024 and 2025 are as follows:

- **Table 2.1.3 Effective tax rate** (Unit: NTD thousand; %)

Item	2024	2025	Average
Net profit before tax	10,974,528	12,689,612	11,832,070
Income tax expense	2,086,310	2,189,096	2,137,703
Income tax paid	3,987,727	2,394,891	3,191,309
Effective tax rate	19.01%	17.25%	18.07%
Cash tax rate	36.34%	18.87%	26.97%

Source: Pages 10-11 of the 2025 consolidated financial statements of Advantech Co., Ltd. Please refer to pages 13-14 of the Consolidated statements of Cash Flows for the amount of income tax paid.

*Note:

1. Effective tax rate = Income tax expense÷ Net profit before tax
2. Cash tax rate = Income tax paid ÷ Net profit before tax
3. The effective tax rate and cash tax rate of Advantech in 2025 were 17.25% and 18.87%, respectively, while the average effective tax rate and cash tax rate in the past two years were 18.07% and 26.97%, respectively. Both are higher than the average effective tax rate of 15.39% and cash tax rate of 15.09% in the "THQ Computers & Peripherals and Office Electronics" industry according to the 2025 S&P Global CSA Handbook.

2.2 Information Security Management

Name of material topic	Please describe the importance of this material topic to Advantech
Information security management	Advantech is a global leader in the IoT industry. Information security directly affects our operational stability and product security, both of which are extremely important to our brand value, employees, customers, and investors. In addition, the FSC amended the law to clearly stipulate information security requirements for listed companies, which are required to make a material information announcement when a major information security incident occurs.
Policy or commitment	Advantech deeply recognizes that information security is the cornerstone of corporate sustainability and the trust of stakeholders. Facing the information security risks brought by digitization and the rapid development of cloud applications, one of our core business strategies is to continue strengthening information security governance and protection capabilities. At the same time, we continue to invest resources in information security technology upgrades and employee awareness training, which improves our overall security resilience and incident response capabilities. This ensures the protection of customer data, operational information, and system stability, thereby fulfilling our long-term commitment to shareholders, customers, and the general public.
Positive impacts	Recognizing the positive impacts and growing importance of information security within the technology supply chain, Advantech's efforts to strengthen cybersecurity build customer confidence while reinforcing overall risk management and operational resilience.
Negative impacts	Information security breaches can negatively impact business operations through the leakage of confidential information and system service interruptions, which can damage Advantech's reputation, result in a loss of business and customers, and create litigation risks. Financial impact of potential negative impacts: If hardware failure occurs in critical systems (such as ERP) and data needs to be recovered, it will cause services to be suspended for approximately 4 hours and result in a loss of approximately NT$37.8 million (consolidated scale of 50E) or NT$22.72 million (consolidated scale of 10E) in revenue/production capacity. If files need to be restored from backup due to being encrypted by hackers, the impact could last for up to 24 hours, and the financial impact is estimated at approximately US$4 million, along with any losses resulting from potential data leakage. The main quantitative risks of an R&D/customer core data incident is a loss of approximately US$1.5 million for data recovery by PLM and R&D, and approximately US$5 million from the impact on customer relations and reputation. ■ Actions taken to address negative impacts are as follows: ■ Deployed a multi-layer defense-in-depth architecture, such as firewalls, endpoint protection, privileged account management, two-factor authentication, and network access control (NAC) ■ Continued to detect and monitor information security risks, and established information security incident monitoring, response, and handling mechanisms ■ Implemented 3-2-1 data backup for important systems and established a remote backup mechanism ■ Introduced an information security management system to improve the overall maturity of information security ■ Continued to organize information security awareness campaigns to raise the information security awareness of personnel

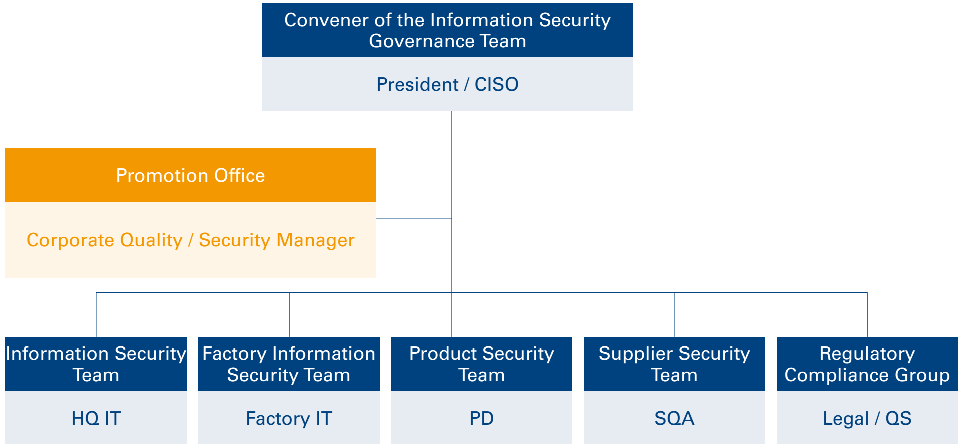
Name of material topic	Please describe the importance of this material topic to Advantech
Actions in response to negative impacts that occur	When an information security incident (such as data leakage) occurs, the organization immediately activates a response mechanism, isolates the affected system to prevent its spread, and investigates the incident while assessing losses. The incident is reported internally to management, while the competent authorities and affected users are notified externally in accordance with regulations, with remedial measures promptly provided. Following an incident, vulnerabilities are reviewed, and controls and training are strengthened to reduce the risk of recurrence.
Overview of target achievement in 2025	■ Microsoft Secure Score exceeded 70% ■ Average monthly score in information security risk rating surpassed 75 points ■ Completed the transition to ISO 27001:2022 for information operations in China, Europe, and North America ■ Target coverage rate for web security filtering in Japan and Singapore reached 100% ■ Target coverage rate for NAC of the zero trust network at the headquarters and in Taiwan reached 100% ■ Continued to expand the deployment of vulnerability patching tools in server systems in the IT room, with a target coverage rate surpassing 80% ■ Completed the launch of the information security management dashboard system to centrally monitor important information security indicators in Taiwan/China/North America/Europe ■ Azure cloud environment information security score exceeded 65% ■ Completed the dual network plan for important locations in Kunshan (China) and Taiwan
2026 targets	■ Complete multi-ISP/SD-WAN dual network in at least 10 offices with MLPS ■ Complete the Azure dual-network architecture and increase cross-regional availability to 99.99% SLA ■ Complete the launch of SASE + Zero Trust (SSE for mobile user), covering access to European offices, remote users, and critical systems ■ Complete comprehensive deployment of WAAP: WAF/API Security/Bot Management/DDoS covers 100% of external websites to prevent API misuse and data leakage ■ Complete the deployment of WAAP + CDN Cloudflare in China, provide a single platform and improve performance ■ Information security risk rating scores for each region (ACL/ACN/ANA/AEU) are not lower than 80 ■ Complete standard procedures for managing information security incidents at the headquarters/China/North America/Europe, hold at least 3 management procedure briefings, and organize 1 major information security incident drill

Name of material topic	Please describe the importance of this material topic to Advantech
2030 targets	■ Web security filtering and zero trust network access at all Advantech locations worldwide ■ Move ERP and PLM to the cloud, which will benefit global deployment and strengthen the resilience of key services ■ Implement automated scanning and security detection of code and settings, and patch vulnerabilities in the development stage of at least 80% of system projects ■ Information security risk rating scores for each region (ACL/ACN/ANA/AEU) are not lower than 90 ■ Expand the scope of the ISO 27001 certification to include the Linkou server room, SAP, and PLM operations
Key action plans or programs in 2025	■ Completed the transition to ISO/IEC 27001:2022 in China, North America, and Europe ■ Officially launched the Global KPI dashboard ■ NIST CSF (Cybersecurity Framework) 2.0 Incident Response was verified by a consulting company ■ Outsourced website vulnerability scanning and BAS testing ■ Average monthly score in information security risk rating surpassed 75 points ■ Microsoft Secure Score exceeded 70% ■ Azure cloud security score ≥ 65% ■ Completed the conversion of the web application firewall (WAF) to strengthen the protection against external websites ■ Activated 2FA for logging into the employee website outside Advantech ■ Zero Trust NAC adoption rate reached 100% (Headquarters + Taiwan) ■ Implemented network monitoring solutions to monitor all connected devices and strengthen internal network visibility and control capabilities ■ Completed the dual network architecture at the Kunshan and Taiwan locations ■ Implemented computer file protection mechanisms for financial, human resources, and R&D departments
Effectiveness evaluation	■ Convene quarterly meetings and establish a real-time major information security incident reporting system to ensure that key risks are reported to the Risk Management Committee within 24 hours ■ Regularly convene Cybersecurity Committee meetings to push forward matters related to product information security ■ Completed the transition to ISO/IEC 27001:2022 in China, North America, and Europe ■ Average monthly score in information security risk rating surpassed 75 points ■ Microsoft Secure Score exceeded 70% ■ Azure cloud security score ≥ 65%
Stakeholders affected by this material topic and actions taken by Advantech	■ Employees: Provide online compulsory information security courses and require them to complete tests ■ Customers: Respond to customer questionnaires and audits, and provide supporting records as needed ■ Suppliers and contractors: Require all suppliers to complete the information security management statement. Major components and system service providers are required to complete the information security risk self-assessment form and conduct regular information security audits. ■ Shareholders and investment institutions: Disclose Advantech's major action plans and results in improving information security in the annual report and sustainability report ■ Partners: Report and jointly resolve information security issues of products ■ Government/Associations/Media: Respond to inquiries from government agencies and related associations and provide supporting records as needed

Information Security Policy and Organization

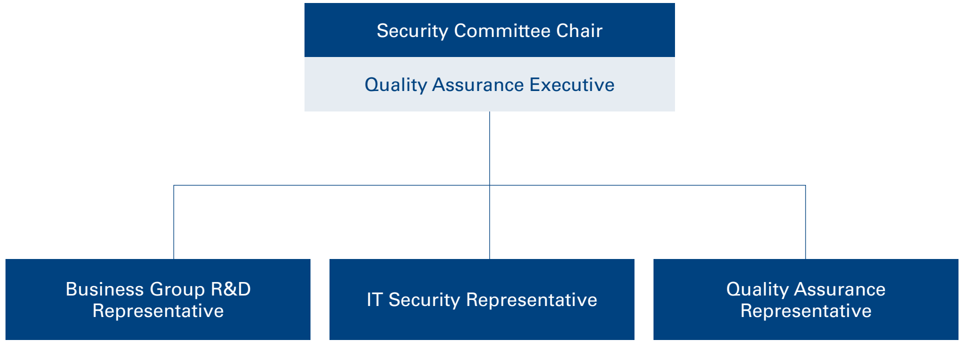
Information security is the cornerstone of Advantech's corporate governance. We are committed to safeguarding our operations, products, services, and customer data with the highest standards. To strengthen the effectiveness of supervision and governance, the Board of Directors monitors the overall information security risks and major developments through the Risk Management Committee. The president also concurrently serves as the Chief Information Security Officer (CISO) to coordinate Advantech's overall information security strategies, showing our highest-level commitment to information security.

With the support of senior executives, Advantech has established a cross-departmental Information Security Governance Team, which is jointly operated by the Information, Quality Assurance, and Information Security Teams, and is responsible for computer information, physical environment, product information security, supply chain security, and compliance. The Information Security Governance Team convenes quarterly meetings to review management results, major information security issues, and information security strategy directions, and regularly reports to the Risk Management Committee. This makes information security governance part of the enterprise risk management and operational decision-making process, implementing top-down governance responsibilities and supervision mechanisms, which improves the overall resilience of operations and the maturity of sustainability governance.



• **Figure 2.2.1: Organizational Structure of the Information Security Governance Team**

In addition, Advantech established a Cybersecurity Committee formed by representatives from R&D, IT security, and quality assurance departments in October 2024, so as to strengthen the management of information security issues on the product side. The quality assurance executive serves as the convener. The committee convenes regular meetings to discuss Advantech's response to legal issues, handling of vulnerabilities, and the development process and management of products.

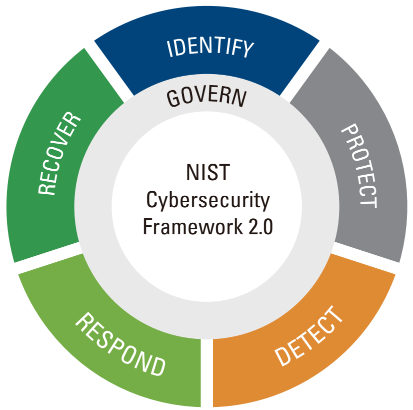


• **Figure 2.2.2: Organizational Structure of the Cybersecurity Committee**

Information Security Management Strategy

As the adoption of emerging technologies accelerates, Advantech has also closely monitored the risks and challenges brought by cloud-based, AI application, edge computing, and industrial control information security. Based on NSIT's CSF of "Identification, Protection, Detection, Response, and Recovery," we have developed comprehensive management strategies for corporate information security, operational technology security (OT Security), and cloud information security.

In accordance with the United States Securities and Exchange Commission's (SEC) rules on cybersecurity risk management, governance, and incident disclosure by listed companies, we regularly conduct cybersecurity risk assessments, oversee the cybersecurity risks of third-party service providers, and have response procedures and cyberattack recovery plans in place in the event of a cybersecurity incident.



We planned our information security development blueprint based on the Cybersecurity Framework 2.0 (CSF 2.0) established by the National Institute of Standards and Technology (NIST), and control the measures required for each stage of an attack, including information security governance, identification and protection (before an incident), detection and response (during an incident), and recovery (after an incident).

• **Figure 2.2.3: Cyber Security Framework (CSF 2.0) Developed by the National Institute of Standards and Technology (NIST)**

In addition, Advantech actively participates in information security intelligence sharing organizations, such as the Taiwan Chief Information Security Officer Alliance and TWCERT/CC, to obtain early warnings, threat intelligence, and vulnerability intelligence in real-time. This enables it to quickly understand external risks and take response measures in advance. At the same time, Advantech continues to improve the maturity of overall information security governance, strengthen the resilience of business operations, and build a trustworthy global brand through continuous information security risk assessment, third-party supplier risk monitoring, compliance with laws and regulations, and product information security management mechanisms implemented by the Cybersecurity Committee.

Information Security Action Plans and Key Achievements in 2025

In 2025, Advantech comprehensively strengthened information security management with the core goal to "improve information security governance, strengthen operational resilience, and maintain the trust of stakeholders." Key points and results of strengthening information security in 2025 are as follows:

Category	Key points and description of results
Information security governance	■ Convene quarterly meetings and establish a real-time major information security incident reporting system to ensure that key risks are reported to the Risk Management Committee within 24 hours ■ Regularly convene Cybersecurity Committee meetings to push forward matters related to product information security ■ Completed the transition to ISO/IEC 27001:2022 in China, North America, and Europe ■ Officially launched the Global KPI dashboard ■ Amended 8 information security-related procedures
Risk assessment and detection	■ NIST CSF (Cybersecurity Framework) 2.0 Incident Response was verified by a consulting company ■ Regularly performed vulnerability scans on hosts (IT every six months and OT every quarter) ■ Outsourced website vulnerability scanning and BAS testing ■ Continued to patch the information security vulnerabilities that were found ■ Regularly tracked and reported measurement results of KPIs for information security ■ Regularly backed up data and audited server room management
Cloud/Cyber security	■ Average monthly score in information security risk rating surpassed 75 points ■ Microsoft Secure Score exceeded 70% ■ Azure cloud security score ≥ 65% ■ Completed the conversion of the web application firewall (WAF) to strengthen the protection against external websites ■ Activated 2FA for logging into the employee website outside Advantech ■ Zero Trust NAC adoption rate reached 100% (Headquarters + Taiwan) ■ Implemented network monitoring solutions to monitor all connected devices and strengthen internal network visibility and control capabilities
System services and network resilience	■ Completed the dual network architecture at the Kunshan and Taiwan locations ■ Complete remote backup drills for system services according to plan
Data protection	■ Implemented computer file protection mechanisms for financial, human resources, and R&D departments
Product security	■ Actively promoted compliance with EN 18031, IEC 62443-4-2, and CRA ■ Handled 8 cases of product vulnerabilities reported by outsiders ■ Organized 2 internal CRA compliance training courses with a total of 316 participants
Supply chain security	■ Continued to conduct supplier information security risk self-assessments ■ Completed online information security audits for 12 suppliers
Education and training	■ Organized employee information security training courses with a completion rate of 91.7% ■ Conducted social engineering tests via e-mail with a pass rate of 88.9% at the headquarters and 90.9% for overseas subsidiaries ■ Issued quarterly information security e-newsletters and made information security announcements from time to time

Information Security Management System Maintenance and Operation

Completed the transition to ISO/IEC 27001:2022 in China, North America, and Europe in 2025

At the same time, Advantech is working to make the systems of regional locations more consistent worldwide, so that all business units around the world can meet information security control requirements of the new version standard.

Since obtaining the ISO/IEC 27001 Information Security Management System (ISMS) certification in 2019, we have continued to improve various information security management measures to meet the requirements of international standards, and maintain the validity of the certificate and maturity of the management system through internal and external audits. Server room management by IT at the headquarters, the backbone network, and OT operations of the Linkou Plant successfully completed the transition to ISO/IEC 27001:2022 in 2024. We have comprehensively implemented improvement measures in terms of strategy, management, technology, and personnel awareness according to the control requirements of the new version standard, increasing the depth of information security governance and the breadth of management at the organizational level.

Information Security Risk Assessment and Detection

In 2025, Advantech actively reviewed and strengthened information security mechanisms, continued to verify the effectiveness of defense, and identified potential risks through breach and attack simulation (BAS) and website vulnerability scanning. Relevant measures help us immediately discover and improve system vulnerabilities, reduce the impact of information security incidents on operational stability, customer data, and stakeholders' interests, and show our commitment to information security governance and sustainability risk management.

- BAS to verify defense effectiveness

  We commissioned an external professional team to use BAS (Breach and Attack Simulation) for blue team exercises, covering over 1,400 attack scripts for web applications and endpoints (including AD lateral movement), testing the effectiveness of WAF, EDR, and information security monitoring systems in real-world environments to help verify the maturity of attack detection, defense, and response processes.

- Website vulnerability scanning to improve cloud and application security

  We performed vulnerability scans for 20 major websites, including SQL Injection, XSS, cookie security attributes, TLS password combinations, vulnerability components, and subresource integrity (SRI). Specific patching suggestions are proposed for all risks to ensure that cloud platforms, supply chain systems, and internal and external application services have good security resilience.

Development of a High Resilience and High Visibility Information Protection Framework

- Strengthen network border protection: WAF conversion and architecture optimization

  Advantech has completed the comprehensive conversion of the WAF and incorporated main external services in the new generation cloud-based WAF platform. The new platform has higher traffic verification accuracy and is more capable of intercepting common vulnerabilities, such as SQL Injection, XSS, and file upload attacks. After the conversion, the strategy is more standardized and security incidents are reported faster, further reducing the risk of external exposure and improving the website's availability and overall security.

- Enhanced identity verification: Implementation of 2FA for employee login on the external website

  To ensure account security, Advantech officially began using two-factor authentication (2FA) for logging into the external website Employee Zone (EZ Portal) in 2025. Employees logging in from outside Advantech must receive a one-time password via e-mail to pass the second step for identity verification. This mechanism takes into account both safety and convenience, and effectively reduces the risk of certificate compromise or brute-force attacks.

- Implementation of zero trust network management: NAC adoption rate at the headquarters and locations in Taiwan reached 100%

  Advantech continues to implement Network Access Control (NAC) based on the zero trust architecture. As of the end of 2025, the adoption rate at the headquarters and locations in Taiwan has reached 100%. Device detection, endpoint compliance comparison, and risk level management are utilized to ensure that only compliant devices can connect to the corporate network. Combined with the automatic blocking mechanism of the firewall, devices that have not installed information security agents, have major vulnerabilities, or have not passed the baseline inspection can be immediately isolated or rejected, effectively reducing the risk of lateral movement and internal infections.

- Improved network visibility and operational stability: Introduction of a centralized network monitoring platform

  To improve the overall resilience of network security, Advantech has completed the introduction of network monitoring solutions and gradually incorporated all connected devices into a centralized monitoring platform. Real-time monitoring of abnormal traffic, device status, service availability, and key warning events enables IT teams to more quickly detect and handle potential issues, significantly lowering the risk of network interruptions. This monitoring mechanism not only improves operational stability but also strengthens overall information security, allowing problems to be identified earlier and effectively prevented from spreading.

  Observing the results over the year, Advantech has gradually built a more comprehensive information security protection system by strengthening network defense, implementing zero trust management, enhancing user identity verification mechanisms, and establishing visualized management of the entire network. Going forward, we will continue to improve protection technologies, introduce more automated detection tools, and deepen the information security governance process to ensure the availability, integrity, and confidentiality of information systems, supporting Advantech's sustainability and the continued growth of global operations.

Raising Employees' Information Security Awareness

A total of 7,734 participants received 3,867 hours of employee information security training in 2025

Advantech has included information security as a required course each year to raise employees' information security awareness. The e-learning course mainly covers and includes tests on common information security risks and response methods, Advantech's information security policies and regulations, prevention of ransomware and phishing e-mails, software security control, and information security incident reporting.

In the phishing e-mail drill, the headquarters and overseas subsidiaries all performed better in 2025 compared to last year, indicating that employees are more alert to phishing e-mail attacks

- A total of 15,927 phishing e-mails were sent
- The pass rate of employees at the headquarters was 88.9% (81.7% in 2024)
- The pass rate of employees of overseas subsidiaries was 90.9% (77.4% in 2024)

Advantech sent phishing e-mails similar to those sent by hackers to employees at the headquarters and overseas subsidiaries twice (initial test and second test), and provided online courses and tests to make employees more alert to phishing e-mail attacks and improve their ability to respond.

In addition to the aforementioned information security training courses and social engineering drills, information security e-newsletters were sent to employees worldwide every quarter in 2025. The contents included important announcements, case studies, and key work results.

Advantech also revised the "Information Security Reward and Punishment Management Regulations" in 2025, imposing fair and effective penalties for violations of information security policies and procedures. The regulations provide incentives to personnel who effectively avoid information security incidents, and also serve as a way of alerting employees who may neglect information security procedures in other situations, raising the information security awareness of all employees, and effectively preventing the occurrence of information security incidents.

System Disaster Recovery Drills

The 2025 drill for the disaster recovery (DR) system aimed to verify whether Advantech could restore core IT services within an acceptable timeframe when a major disaster or system interruption occurred, and to ensure the feasibility of various backup mechanisms and recovery processes. Before the drill, the scope of the drill was clearly defined in accordance with the DR SOP, including databases, key application systems, identity verification, DNS, RADIUS, file services, virtualization platforms, and hybrid/relay services.

The drill was initiated according to the plan, including network routing adjustment, backup station VM startup, DR DB/DR AP activation, and necessary load balance or firewall policy synchronization measures. After the switch was completed, service owners immediately performed verification. After the drill was completed, each team summarized the test results, deficiencies, and improvement recommendations, and included them in the DR Report so that supervisors could review and use the results as the basis for improving the drill and backup strategies for the following year.

Overall, the 2025 DR Drill successfully verified Advantech's maturity in terms of remote backup mechanism, network switching, data synchronization, disaster scenario simulation, and service effectiveness. At the same time, areas with room for improvements were identified through the review of deficiencies, such as the degree of automation, consistency of the backup environment, and standardization of complex system processes. The annual DR Drill not only ensures that the IT infrastructure can maintain business continuity when unexpected events occur, but also allows teams to accumulate experience, shortens the recovery time, lowers the risk of business interruption, and continues to enhance overall information resilience.

Supply Chain Information Security Management

Advantech randomly selects and audits major suppliers with potential information security risks each quarter. Cross-validation of suppliers' information security maturity is performed via a questionnaire survey and external information security rating services. Evaluation results are provided to procurement and quality departments as the basis for subsequent management. If a supplier is involved in remote maintenance, system development, or has access to Advantech's network, it must comply with our security requirements (such as encrypted transmission, access control, anti-virus updates, and VPN control) and participate in information security awareness campaigns or accept equipment inspections as needed.

The management processes described above enable us to monitor the information security risks of suppliers. Advantech requires suppliers to make improvements and may cease cooperation with a supplier when an abnormality is discovered. This is to ensure the information security resilience of the overall supply chain and reduce the impact of third-party vulnerabilities on business operations. A total of 80 suppliers completed the information security risk self-assessment this year. Twelve suppliers were randomly selected and their implementation of information security management was inspected.

Product Information Security

In 2025, Advantech continued to show steady growth in terms of information security compliance of products. We extended the IEC 62443-4-2 certification of existing product lines to IPCs and servers, covering our main product lines. We also cooperated with numerous domestic and overseas certification laboratories (such as BV and UL) to implement the IEC 62443-4-2 (Verification of Conformity) project, ensuring that the security and consistency of platform products comply with international standards. This development also gives system integrators a more solid foundation in terms of their supply chain when they attempt to obtain the IEC 62443-3-3 system-level certification, enhancing their overall market competitiveness.

The Cyber Resilience Act (CRA) was enacted at the end of 2024 and has entered the implementation period. The act will come into full effect in December 2027, and Advantech has launched a cross-departmental response plan. Preparations for the CRA in 2025 focused on interpreting regulations, cross-organizational collaboration model, preparing technical documents, and taking inventory of security requirements in the product life cycle. We gradually implemented the overall product compliance strategy in accordance with the draft CRA harmonized standards (prEN40000-1-2 and prEN40000-1-3) mapped to the IEC 62443 framework. Advantech offered to 2 CRA preparatory courses in 2025 to help personnel in relevant departments better understand the CRA and expand internal implementation capabilities. A total of 316 people completed 474 hours of training.

Advantech's three-stage strategy ensures that products sold in Europe fully comply with requirements of the CRA:

01

Implement the secure development process of IEC 6244341. We will complete the update to the procedure in 2026, and will simultaneously implement SSDLC, improve internal controls, and digitalize the R&D process, so that security control in the development cycle is more stable and traceable. On this basis, we will strengthen the management of product software vulnerabilities, analyze and take inventory of firmware, and integrate risk-based vulnerability management and control solutions into the secure development process of products. Specific methods include:

- Optimize the process for receiving reports, evaluating, and handling product vulnerabilities, and continue to identify and lower information security risks throughout the product life cycle. For more information, please refer to the Product Security Reporting and Vulnerability Management webpage.
- Conduct a supply chain security review and risk assessment for key software components, third-party packages, and hardware modules to mitigate the impact of potential vulnerabilities in the supply chain on products.
- Plan different product information security control measures (network/embedded/host/software) based on product application scenarios and risk levels, so as to ensure that high-risk products have corresponding security design and protection capabilities.

02

Continue to obtain the IEC 6244342/VoC certification for products. Different certification routes and testing processes are planned for different types of platforms, embedded equipment, and software modules, and BV and UL provide assistance in reviews to improve certification speed and consistency. All main products have incorporated Secure Level 2 network security control functions, including the following 7 product security aspects, to comprehensively improve product resilience and overall security when facing cyberattacks and information security incidents:

- FR1: Identification and Authentication Control (IAC)
- FR2: Use Control (UC)
- FR3: System Integrity (SI)
- FR4: Data Confidentiality (DC)
- FR5: Restricted Data Flow (RDF)
- FR6: Timely Response to Events (TRE)
- FR7: Resource Availability (RA)

03

Fully implement the compliance method for the CRA once it is announced by the EU. We completed the preliminary preparation report in 2025 and communicated with the QA department in Europe. Subsequently, we will systematically adjust product technical documents, SBOMs, vulnerability reporting, and security maintenance procedures in accordance with the formal verification method (see EU Regulation (EU) 2024/2847 ANNEX VIII). We will also incorporate them into the existing product information security governance and product life cycle management mechanisms. Through continuous systematic management and security maintenance, we will reduce the product information security risks derived from potential information security vulnerabilities in the supply chain, compliance issues, or regulatory changes, so that all products in the market can meet the requirements for CE marking of the CRA.

In terms of product support policy, we have fully implemented the security advisory mechanism since 2025, systematically disclosing product vulnerabilities, providing patch recommendations and reporting channels, and increasing transparency to gain customers' trust. We ensure that products remain secure and comply with international requirements throughout their life cycle based on the principles of proactive, provision, responsible, and reliable.

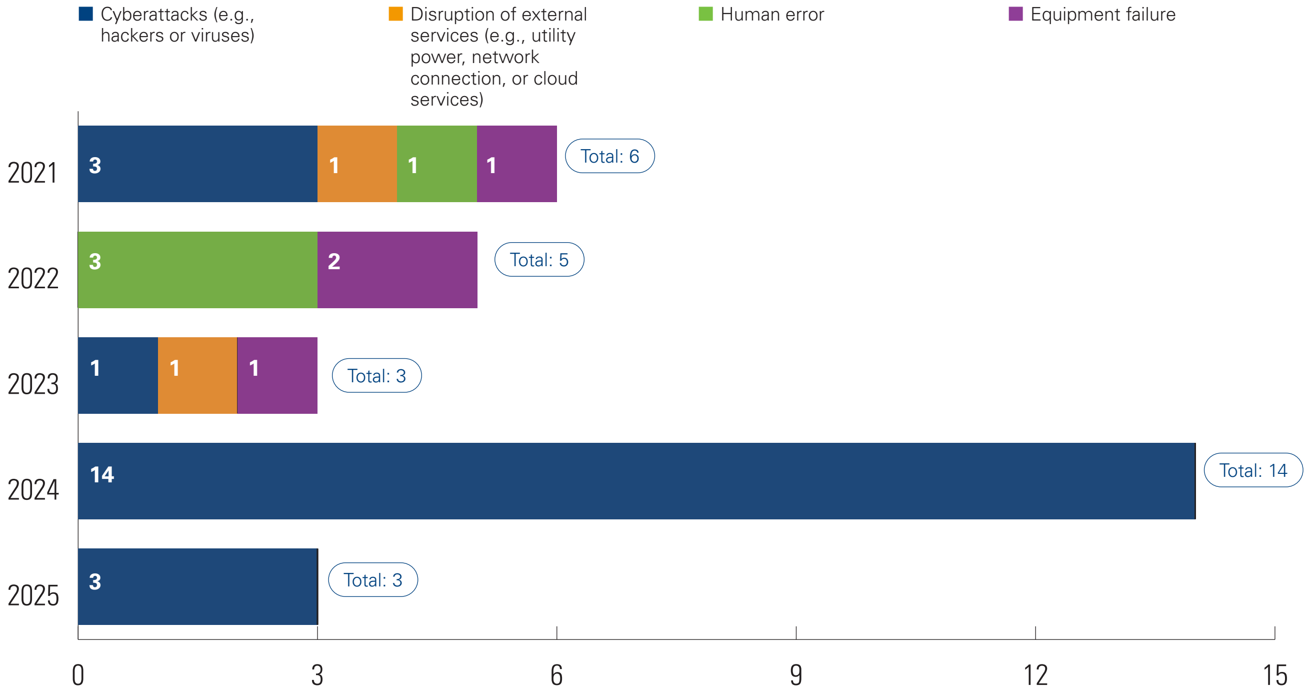
Information Security Incidents in Recent Years

A total of 3 cyberattacks occurred in 2025, but none of them had a significant impact on operations. One of the incidents was a social engineering incident, and the other 2 were suspected hacking or malware. Among the information security incidents mentioned above, we only engaged an external professional unit to investigate and handle one of the incidents, resulting in a financial impact of less than NT$300,000.From 2021 to 2025, the company experienced zero major cybersecurity incidents, with no data breaches recorded.

After completing root cause analysis, the IT department continued to optimize endpoint protection capabilities and calibrated the performance of anti-virus and detection tools. It also provided enhanced training for employees to identify phishing e-mails and suspicious links. At the same time, we continue to regularly organize social engineering drills and training sessions to raise all employees' awareness and ability to counter fraud.

We have continually built a more resilient information security environment through the enhanced measures mentioned above, and protected operations and information assets through preventive management mechanisms. In addition, regarding reporting and handling methods for information security incidents, external stakeholders (such as customers and suppliers) may notify our IT department through the contact person if their personal data or rights and interests are damaged due to an information security incident. If an internal employee suspects that an information security incident has occurred, the employee can report it through IT.Security@advantech.com.tw.

- **Table 2.2.1 List of Information Security Incidents in the Past Five Years**

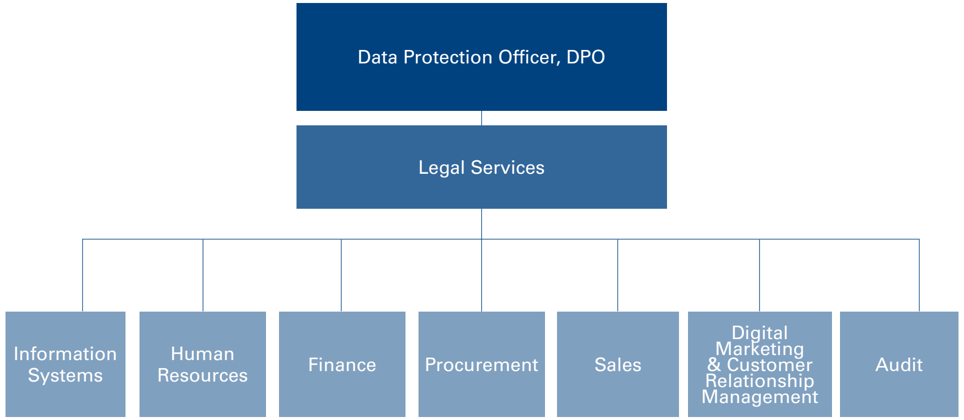


Privacy and Personal Data Protection

■ Governance Structure and Policy Framework

To enable stakeholders to use Advantech's products and services with confidence, Advantech has established a Personal Data Protection Team under its Legal function and appointed a Data Protection Officer (DPO) to oversee the planning, implementation, and management of the Company's personal data protection system. Advantech has developed and continues to implement the "Advantech Co., Ltd. Personal Data Protection Manual" and "Privacy Policy," which serve as the basis for internal data management and external disclosure, in compliance with applicable laws and regulations such as Taiwan's Personal Data Protection Act (PDPA) and the EU General Data Protection Regulation (GDPR).

■ Personal Data Protection Team Organization Chart



■ Personal Data Collection, Processing, and Internal Controls

Advantech collects, processes, and uses personal data based on specific purposes and a legitimate legal basis, and follows the required notification and consent procedures. The Company restricts data access to authorized personnel with a legitimate business need through internal access-control mechanisms, and requires personnel to apply for and use personal data in accordance with internal procedures, thereby reducing the risk of unauthorized access or misuse.

■ Personal Data Inventory, Risk Assessment, and Security Management

Advantech regularly conducts personal data inventories and risk assessments to review the scope and use of the personal data it holds, and adopts corresponding management and technical protection measures based on the results of these assessments to strengthen the security of personal data. Related procedures cover data retention, access control, destruction, and incident response, with the necessary records retained for audit purposes.

■ Training and Vendor Management

Advantech provides personal data protection and privacy-related training to new employees and continues to raise employees' awareness of personal data protection through ongoing internal communications. For suppliers and business partners, Advantech publishes its Privacy Policy during the procurement and partnership process and incorporates personal data protection and confidentiality clauses into its standard contracts, requiring counterparties to comply with the relevant protection obligations thereunder.

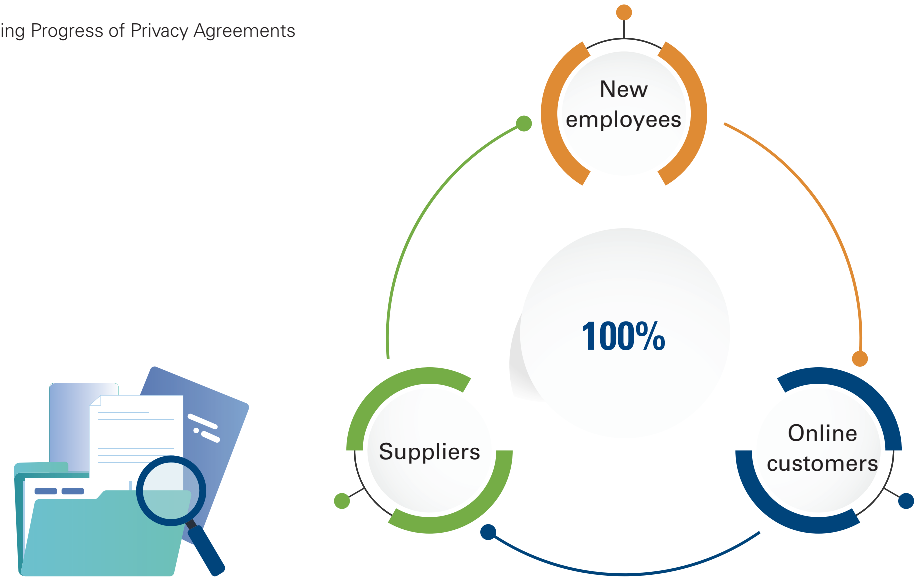
■ Personal Data Security Incident Notification and Response

Advantech has established a notification and response mechanism for personal data security incidents. In the event of an actual or suspected personal data security incident, the Company may report it promptly in accordance with internal procedures and take appropriate remedial measures, and, where necessary, notify the relevant competent authorities and affected data subjects as required by law, so as to minimize the impact of the incident on data subjects' rights and on the Company's operations.

■ Privacy Protection in Digital Marketing and Customer Relationship Management

In digital marketing and customer relationship management, Advantech differentiates data access and editing permissions according to the user's region and applicable legal requirements, ensuring that customer data is managed and used within a reasonable scope. When collecting customer data, Advantech requires customers to review its Privacy Policy and retains the relevant consent records. In addition, Advantech has established corresponding operating principles in accordance with the privacy regulations of various countries and regions (such as Japan, Turkey, California in the United States, and the EU GDPR) to ensure compliant management of personal data.

Signing Progress of Privacy Agreements



2.3 Sustainable Supply Chain Management

Name of material topic	Importance of this material topic to Advantech
Sustainable supply chain management	As a global leader in the IoT industry, supply chain issues concern Advantech's operational resilience and supply chain stability, which affect product quality, brand value, and our long-term competitiveness. For employees, customers, suppliers, and investors, a sustainable supply chain is the cornerstone for common growth and sustainable development.
Policy or commitment	Advantech is committed to sustainable supply chain management. We require suppliers to comply with the Advantech Supplier Code of Conduct, and continue to improve our performance in terms of labor rights, occupational safety and health, environmental protection, business ethics, and management systems, jointly building a responsible supply chain to reduce risks and facilitate sustainable development.
Positive impacts	Positive impacts from the transition into a sustainable supply chain include effectively reducing the risks of environmental pollution, occupational safety, and labor rights, as well as further improving the environmental and economic benefits of the overall supply chain. At Advantech, we have gained the trust of external stakeholders in our sustainable development and corporate social responsibility through the establishment of a responsible and transparent supplier management system, which further enhances our market competitiveness.
Negative impacts	Negative impacts of a sustainable supply chain might be caused by environmental pollution, occupational safety, and labor rights issues caused by suppliers. These issues will weaken Advantech's brand value, and prices might rise as suppliers transition towards sustainability, which could also lead to delivery delays and unstable quality, putting pressure on product costs. In addition, when some suppliers do not meet sustainability standards, they might need to be replaced or the supply chain might need to be reevaluated, which could lead to short-term operational instability and resource waste, affecting the stability of our operations.
Actions in response to negative impacts that occur	■ Establish a supplier sustainability evaluation mechanism: Regularly evaluate the environmental and social performance of suppliers and track supplier information through questionnaires and on-site audits, and incorporate sustainability indicators into procurement decisions. ■ Establish a supply chain tiered management strategy: Engage PVL suppliers with higher intensity, such as signing the Code of Conduct, capacity building, and assisting in their transition plans. For non-PVL suppliers, simplify management through screening and evaluation. ■ Establish response and backup plans: Establish backup sources for high-risk suppliers to lower the risk of being dependent on a single supplier, and establish a supply chain risk early warning system to prevent raw material shortage or violations in advance. ■ Internal governance and cross-departmental integration: Establish a dedicated supply chain sustainability management team within the organization to integrate resources of the procurement, quality, legal, and ESG departments, and incorporate sustainable development goals into internal KPIs so that they are taken seriously and executed.

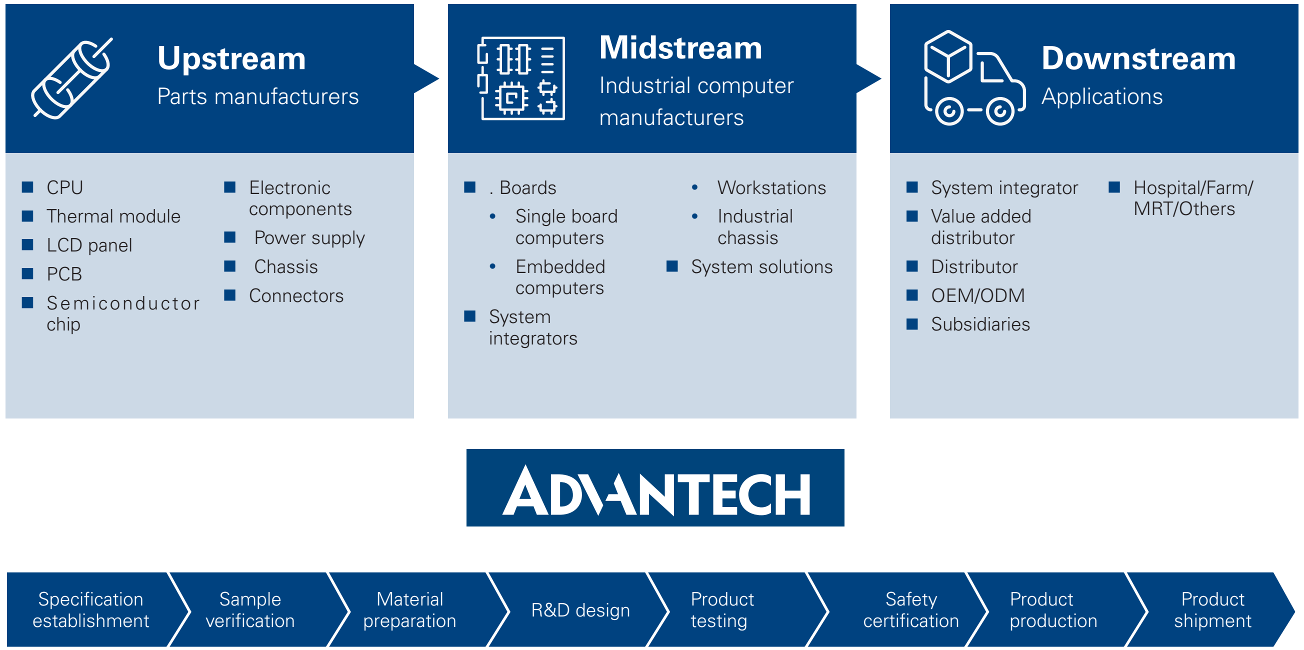
Name of material topic	Importance of this material topic to Advantech
Overview of target achievement in 2025	Achieved 100% of 2025 targets: ■ 100% of Tier 1 suppliers comply with the Advantech Supplier Code of Conduct ■ 100% of PVL suppliers do not use conflict minerals ■ Expanded the scope of annual ESG audits to 60% of Tier 1 suppliers ■ Completed improvements for 100% of deficiencies of significant suppliers ■ 100% of suppliers with high carbon emissions completed their GHG inventory
2026 targets	■ 100% of Tier 1 suppliers comply with the Advantech Supplier Code of Conduct ■ 100% of PVL suppliers do not use conflict minerals ■ Complete improvements for 100% of deficiencies of significant suppliers ■ 60% of suppliers with high carbon emission obtain external verification for their GHG inventory ■ 100% of material suppliers complete their GHG inventory
2030 targets	■ 100% of Tier 1 suppliers comply with the Advantech Supplier Code of Conduct ■ 100% of PVL suppliers do not use conflict minerals ■ Expand the scope of annual ESG audits to 80% of Tier 1 suppliers ■ Complete improvements for 100% of deficiencies of significant suppliers ■ 100% of PVL suppliers complete their GHG inventory
Key action plans or programs in 2025	■ Requested suppliers to sign and comply with the "Advantech Supplier Code of Conduct" ■ Annual due diligence on conflict minerals suppliers was conducted in compliance with the OECD's third-party mechanism ■ Regularly identified high-risk suppliers, conducted audits, and provided guidance ■ Investigated the GHG emissions of suppliers with high carbon emissions
Effectiveness evaluation	■ Evaluated whether KPIs have improved compared to the previous year based on the targets set for material topics as a way to improve management ■ Proposed improvement plans each year based on the best practices of the DJSI and industry benchmark for supply chain management
Stakeholders affected by this material topic and actions taken by Advantech	Suppliers and contractors: Advantech conducts supplier evaluations every year, covering quality, procurement, and ESG sustainability management. We hold supplier conferences from time to time to engage in exchanges with suppliers, and also continue to provide suppliers with training and resources for joint development, working together in the development of innovative technologies and the application of new materials. Our sustainability report fully explains supply chain issues, so that they are fully understood by stakeholders.

Highlights

- 100% of significant suppliers signed the Supplier Code of Conduct Consent — **100%**
- 100% of new suppliers met environmental standards — **100%**
- 100% of significant suppliers signed the "Declaration of Non-use of Conflict Minerals" — **100%**
- 100% of significant suppliers received guidance and completed improvements of deficiencies — **100%**
- 100% of suppliers with high carbon emissions completed their GHG inventory — **100%**

2.3.1 Overview of Advantech's Industrial Value Chain

Advantech is committed to building a sustainable supply chain ecosystem for the IoT with the concept of creating a win-win situation as the core. The Company offers services to the IIoT industry, sourcing components from upstream manufacturers, conducting in-house assembly and production, and delivering the finished products to customers. Due to the characteristics of the industry, the purchased products are diverse and highly customized. Currently, the supplier database contains tens of thousands of supply items. To ensure supply chain stability and quality, and to understand its manufacturing process, Advantech regularly conducts supplier evaluations that cover quality performance and implementation, technical process capability, commercial cost management, local supply chain priority, and sustainability. We also maintain ongoing communication with suppliers to integrate corporate social responsibility and the concept of sustainable supply chain management into our evaluation criteria. It is hoped that through Advantech's sustainable supply chain management, suppliers can improve their sustainability capabilities and become our long-term partners. Furthermore, Advantech's Chief Operation Officer/COO regularly reviews supply chain procurement practices and management performance during the Meeting of Quality Management (MQM) to achieve supply chain sustainability management goals.

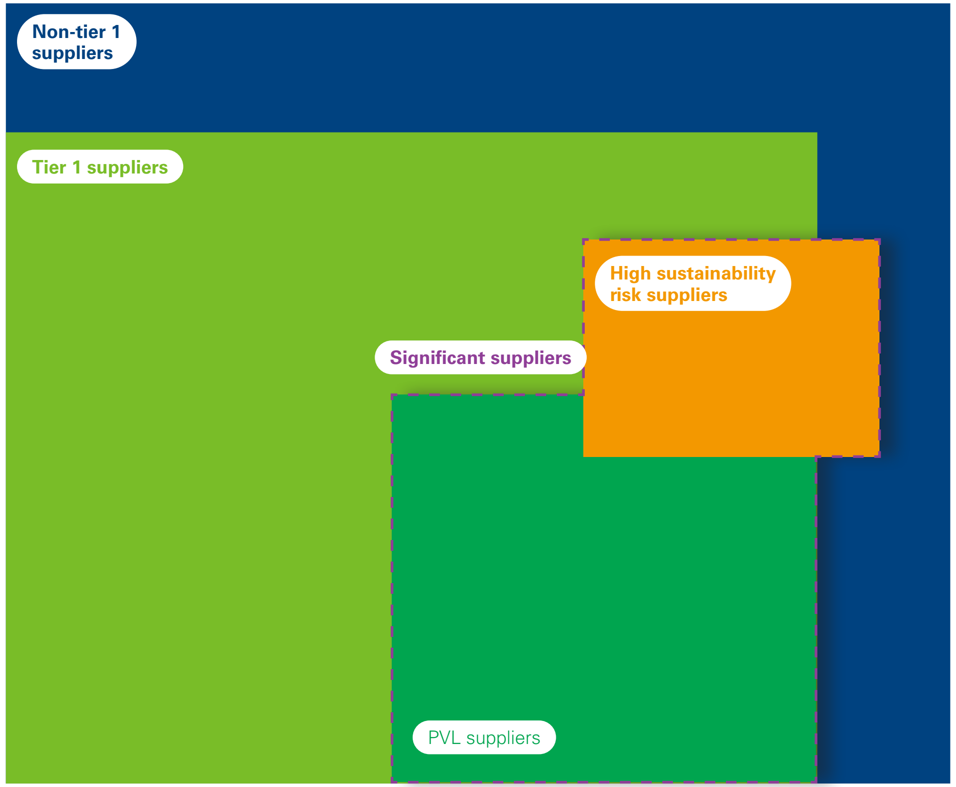


- **Figure 2.3.1** **Advantech's industrial value chain**

Supplier composition and procurement layout

Advantech has a diverse and versatile product portfolio, with extensive product applications in fields such as IoT embedded computing, industrial computers and their peripherals, cloud computing, industrial automation, and communication systems. In response to the diverse product characteristics and applications, Advantech has developed a dynamic and highly interconnected supply chain system that encompasses a wide range of raw materials, including ICs, printed circuit boards (PCBs), electronic components, wires, plastic parts, metal parts, and packaging materials. Advantech's main supplier categories are divided into material suppliers and service-type contractors (such as security, cleaning, and engineering). In particular, material suppliers have a significant impact on operations and production. Consequently, Advantech defines material suppliers as tier 1 suppliers and categorizes them into two categories based on their attributes. These include direct material suppliers (materials directly related to production, such as main components and mechanical parts) and indirect material suppliers (materials not directly used for product production or auxiliary consumables, such as equipment, packaging materials, and alcohol).

To manage material suppliers and resource allocation effectively, Advantech subcategorizes suppliers to implement sustainability management. The supplier subcategories are: tier 1 suppliers and non-tier 1 suppliers, significant suppliers (including significant tier 1 and significant non-tier 1 suppliers), and high sustainability risk suppliers, as shown in the figure. In particular, suppliers with high annual procurement amounts, two types of suppliers, including those providing critical raw materials or irreplaceable items, and those identified as having high sustainability risks through ESG evaluations, are defined by Advantech as significant suppliers. To date, Advantech has identified 339 significant suppliers, which account for 81.2% of the total procurement amount.



Tier 1 suppliers

Suppliers supplying Advantech with direct or indirect materials.

Upstream suppliers who are Advantech's direct trading partners. In response to the introduction of recycled materials in 2025, a source investigation will be conducted on these suppliers, and based on these findings, they will be progressively included in the scope of sustainable supply chain management.

PVL suppliers

These are tier 1 suppliers with a procurement amount of over 80% or a high level of PVL alignment.

High sustainability risk suppliers

Suppliers identified as having high sustainability risks through ESG evaluations.

Significant suppliers

These are suppliers with high annual procurement amounts, those supplying critical and irreplaceable raw materials, and those identified as having high sustainability risks through ESG evaluations.

Category		Number of suppliers		Procurement amount ratio
Significant suppliers	Significant tier 1 suppliers	339	339	81.2%
	Significant non-tier 1 suppliers		0	

2.3.2 Supply Chain Management Goals and Strategies

Sustainable supply chain management goals

Optimize the core competitiveness of the supply chain	Strengthen the sustainability and resilience of the supply chain
Require suppliers to follow Advantech's Supplier Code of Conduct"" to improve labor, safety and health, environmental management, ethics and management system performance; actively provide counseling for suppliers to improve core competencies and reduce the risk of operational interruption.	Advantech actively reduces the environmental impact of the supply chain. We constantly monitor and evaluate the supply chain's performance, including the product lifecycle, to identify potential risks and opportunities. We also set electricity, water, waste, and carbon reduction goals in conjunction with our suppliers to mitigate climate change, thereby laying the foundation for the sustainable development of our supply chain.

Advantech believes that supply sustainability is a key commitment to corporate sustainable operation and recognizes the challenges to supply chain posed by factors such as geopolitics. Therefore, we aim to apply our consistent global brand strength to reinforce relationships with customers and partners worldwide, striving to create sustainable corporate value and build a mutually beneficial and thriving industry chain. Advantech has a global procurement unit and a quality management unit to implement supplier management. Based on the principle of cooperation and symbiosis, Advantech manages supplier selection criteria and processes, conducts risk assessments, performance evaluations, audit counseling, education and training, and hosts supplier conferences to incorporate sustainability requirements into day-to-day supply chain management. Advantech's procurement strategy focuses on diversifying procurement risks and reducing costs. To ensure substitutability and maintain competitiveness, at least two suppliers are selected for materials. For electronic components with high commonality, a second source management mechanism has been established. Moreover, safety stocks of key materials are maintained to mitigate risks arising from supply shortages or quality issues. Advantech categorizes materials by tier and assigns dedicated procurement personnel to analyze market information. By regularly reviewing market trends and adopting a centralized procurement strategy, Advantech establishes a list of PVL suppliers and monitors their capabilities in cost, quality, delivery date, and supply continuity to enhance collaboration efficiency and obtain high-quality materials with stable delivery times.

In addition to evaluating the labor, environment, and business ethical management of Advantech's operations in accordance with the RBA Code of Conduct, Advantech also actively requests the sustainable management of the supply chain by requiring suppliers to sign the "Supplier Code of Conduct Consent." In addition to local laws and regulations, we also regulate business behavior in various aspects such as labor rights and interests, health and safety, environment, business ethics, and management systems. At the same time, Advantech requires suppliers to communicate sustainability requirements to their next-tier suppliers by signing the "Supplier Code of Conduct," so as to promote the implementation of sustainable practices throughout the supply chain and forge a more resilient and impactful supply chain by taking action.

• **Figure 2.3.3 Advantech supplier management strategy**

New supplier management

In terms of new supplier selection, Advantech adopts a three-stage supplier screening and reviewing process. Suppliers must sign the purchase agreement and sustainability commitment documents such as the "Supplier Code of Conduct Consent" and the "Integrity and Integrity Commitment Letter." All new suppliers are subject to on-site audits unless they meet all of the following conditions: their products are already widely used in the industry, they are a sole and irreplaceable source, and they have been qualified through international standard certifications. In such cases, they may be listed as qualified vendors upon approval of certification documents by the evaluation team. These audits focus on quality management, procurement practices, and ESG sustainability performance. In 2025, applications were received from 92 potential new suppliers, of which 70 passed the review process and were approved as Advantech's official suppliers.

Stage one Commitment documentation and international certification	Mandatory items: Supplier Code of Conduct Consent, Declaration of Non-Use of Hazardous Substances, Integrity and Integrity Commitment Letter, and Supplier Information and Cyber Security Management Declaration	Bonus items: Possesses management system certifications such as ISO 9001, ISO 14001, ISO 45001, and has adopted a systematic HSF management

Stage two Supplier review and sustainability evaluation

Management principles	2025 Implementation percentage
Perform a supplier profile review by signing the "Supplier Code of Conduct Consent"	100%
Adopt ESG sustainability risk assessment to evaluate new suppliers (including labor, safety and health, environmental management, ethics, etc.)	100%
Passed the "Supplier Audit Form" evaluation (on quality systems, design controls, procurement services, etc.)	100%

Stage three Result determination and continuity management

- Suppliers who meet Advantech's review and selection criteria will be officially qualified as trading partners and incorporated into the Company's existing annual supplier management process to ensure ongoing compliance with Advantech's requirements, promote continuous performance improvement, and implement exit mechanisms.
- Suppliers who fail to meet the review and selection criteria will not be included in Advantech's list of qualified suppliers to uphold supply chain quality and ensure sustainable operations.

Existing supplier management

Through a comprehensive supplier management system, Advantech ensures that all its suppliers continue to meet the Company's demand in quality and sustainability. All significant suppliers are required to sign the "Supplier Code of Conduct Consent" and undergo a supplier profile review to ensure they meet the Company's supply chain management standards. To materialize sustainable management, Advantech also conducts ESG sustainability risk assessments for suppliers, covering aspects such as labor rights, environmental protection, safety and health, and business ethics, maintaining a 100% evaluation rate. Additionally, plans are in place to increase the percentage of on-site evaluations in the future to ensure continuous improvement in suppliers' operational and sustainability management performance.

Type	Management principles	Implementation percentage	Future management priorities
All significant suppliers A total of 339 suppliers completed the implementation and signing	Perform a supplier profile review by signing the "Supplier Code of Conduct Consent"	100%	Include the supplier code of conduct in the contract
	Adopt ESG sustainability risk assessment to evaluate suppliers (labor, safety and health, environmental management, ethics, etc.)	100%	Maintain the evaluation percentage
Annual audit of existing suppliers Total planned ESG implementations: 790, 100% completion rate; Total planned quality audits: 60, 100% completion rate	Perform a supplier profile review by signing the "Supplier Code of Conduct Consent"	100%	Include the supplier code of conduct in the contract
	Adopted written/on-site ESG sustainability risk assessments for existing suppliers (covering labor, safety and health, environmental management, ethics, etc.).	100%	Maintain the evaluation percentage
	Passed the "Audit Form for Third-Party Suppliers" evaluation (on quality systems, design controls, procurement services, etc.)	100%	Increase the percentage of on-site evaluations

Supplier Relationship Management (SRM)

Advantech implements supplier life cycle management and integrates supplier communication channels through the Supplier Relationship Management (SRM) platform. The platform's functions include contract formulation, price and quality management, new and existing supplier audits, and information announcements. By managing data online, we can realize offline improvements to effectively create a sustainable supply chain.

Strategic sourcing
- Strategic classification and grading
- Sustainable procurement policy and target supplier selection

Price management
- Smart quotation
- Bid management
- Cost and business conditions

Order and delivery management
- Delivery date response
- Equal material preparation among suppliers
- Mid- to long-term demand planning

Contract management
- Procurement contract
- Supplier code of conduct
- Confidentiality agreement and ethics

Supplier quality management
- New supplier selection and audit
- Continuous improvement and elimination
- Tracking of abnormal quality indicators

Sustainable supply chain management
- Supply chain environmental responsibility principle
- Circular supply chain
- ESG risk assessment and management

2.3.3 Sustainable Supply Chain Management Process and Achievements

Sustainable supply chain management implementation guideline

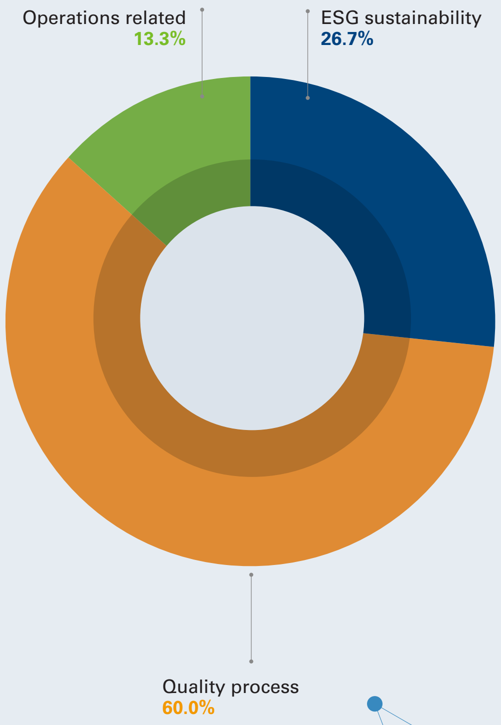
To implement Advantech's procurement and supply chain policy, a four-stage supply chain sustainability management process has been established. Through annual continuous improvement cycles and exit mechanisms, Advantech ensures that suppliers meet its standards and continuously enhance their sustainability performance.

		Method	Purpose
01	Sustainable supply chain management procedures	Sign the Consent Form for Supplier Code of Conduct	Establish management procedures
02	Sustainability risk assessment	Evaluate the level of supply chain risk through a desk assessment of the Supplier ESG Risk Assessment Questionnaire.	Implement supply chain risk management
03	Audit and evaluation	Implement document audits, on-site audits, evaluations, and analyses, and implement hierarchical management based on the evaluation results.	The extent to which suppliers are ensured to meet Advantech's sustainability standards
04	Continuous improvement and exit mechanism	Continues to follow up and assist suppliers in completing corrective actions. Advantech activates the supplier exit mechanism for suppliers who have not completed improvements for more than three months.	Ensuring the core competitiveness of the supply chain

Supplier sustainability evaluation

Advantech has established ESG thresholds for its suppliers (including new suppliers and existing suppliers). To become an Advantech supplier, in addition to signing the supplier code of conduct, PCB suppliers are also required to pass ISO 9001 and ISO 14001 certification. In addition, in order to understand and identify potential risks in the supply chain, Advantech refers to the Supplier Selection Criteria when conducting supplier screening. During the screening process, factors such as sustainability or business operations are also considered to conduct supplier survey and evaluation. The ESG screening aspects include, but are not limited to, governance, environmental, social, national, industry, product collaboration, and business operation relevance. These factors account for 26.7% of the overall procurement evaluation and are considered a priority condition for becoming an Advantech supplier. The overall supplier screening items include the following:

Category	Aspect	Selection criteria
ESG sustainability	Governance	■ Business ethics, integrity management, information disclosure and intellectual property protection, and identity protection ■ Publicly disclosed information or corporate governance evaluation records (e.g., annual report or sustainability report) ■ Financial statement review and analysis
	Environmental	■ Compliance with environmental regulations, environmental management system (waste, air pollution, etc.), carbon management, hazardous substance management ■ Local suppliers are prioritized to reduce transportation energy consumption and emissions
	Social	■ Labor regulation compliance, occupational health and safety management, human rights, labor practices ■ Review public litigation records or media information reports to see if there is any risk of negative impact related to social topics, including but not limited to human and labor rights
	Country	■ Prohibition of the use of conflict minerals and the U.S. Prohibited Materials List ■ Ensure compliance with existing international sanctions regulations to avoid accidental violations ■ Monitor regulations prohibiting the import or export of specific goods or transactions involving countries under economic sanctions
	Industrial	■ RBA code of conduct, management of energy and resources consumption during the production process ■ Manufacturing processes involve the intensity of resource usage and the risk of energy consumption (such as the supply stability and backup measures for the energy needed for production) ■ Regional regulatory trends for industries with potential pollution (such as environmental regulations for the spray painting or electroplating industries, or whether there are trends of migration bans)
Quality process	Product	■ The resource intensity of the area where the product is manufactured, such as land use scalability, labor structure, integrity of upstream and downstream supply chains, and delivery lead time ■ Suppliers who meet specific product certification requirements, such as choosing UL-certified factories to produce specific products
Business cooperation	Operations related	■ Industry investigation and business analysis: Survey of the suppliers' customers and brands, or the industry reputation of their technology and quality ■ Whether production emergency response procedures have been formulated for their business operations



Supplier Risk Identification and Audit Counseling

To uphold the core principles of sustainable supply chain management, Advantech has been issuing Supplier ESG Risk Assessment Audit Forms to existing suppliers every two years since 2021, based on the latest RBA Code of Conduct (version 8.0 of the referenced code in 2025) and SAQ. Suppliers are required to indicate their implementation progress of the four sustainability aspects (labor, health and safety, environmental management, and business ethics) in the questionnaire and provide relevant supporting documents. These include management system certification or related operational records. The results of the suppliers' self-assessment serve as the basis for subsequent sustainability risk management.

Starting from 2024, Advantech expanded the scope of its ESG sustainability risk assessment from strategic suppliers to tier 1 suppliers to grasp their sustainability risks. Meanwhile, to implement supplier sustainability risk management, enhance supply chain resilience, and promote the co-creation of supply chain value, Advantech continued to upgrade its sustainable supply chain management strategy in 2025. In addition to expanding the scope of the survey, more resources were invested in empowering and training suppliers. The 2024 and 2025 ESG sustainability risk assessment surveys included written surveys of 284 strategic suppliers and expanded the scope to a total of 1,127 tier 1 suppliers. The overall response rate for strategic suppliers was 100%, and the response rate for tier 1 suppliers was 77.5% (achieving the set target of 60%). Among them, high sustainability risk suppliers—defined as those with a total score below 80 or with critical items—accounted for 3.4% of tier 1 suppliers, and all of them have completed improvements. At the end of 2025, according to the plan, a new two-year ESG sustainability risk identification, audit, and counseling program was launched. This time, a written survey has been conducted on the existing 1,400 tier 1 suppliers, and the survey remains ongoing through 2026.

Advantech has established that if a potential high-risk supplier scores below 80 points or has critical items in the written review, the supplier will be required to propose corrective action plans, complete the improvements, and respond within three months. If the issues remain unresolved, their supplier qualification level will be revoked. During the desk assessments stage over the past 2024 and 2025, a total of 38 suppliers scored below 80 (out of 100) or had critical items, and were thus classified as potential high-risk suppliers. Advantech arranges tiered support specifically for these high sustainability risk suppliers, such as providing online or on-site counseling, while formulating improvement measures and conducting ongoing tracking to ensure that deficiencies are fully resolved and their risk levels are mitigated.

An analysis of the risk management performance of potential high-risk suppliers across various sustainability aspects revealed that 61% of suppliers had deficiencies due to inadequate understanding of the questionnaire content, while 39% failed to meet standards in the four major sustainability aspects. Further analysis showed that among suppliers with management deficiencies, 9% were related to labor management, 28% to health and safety, 34% to environmental management, and 28% to business ethics. To help potential high-risk suppliers improve their sustainability management capabilities, Advantech applies a counseling mechanism to enhance suppliers' understanding and implementation of ESG requirements. As a result, 36 suppliers met the low-risk standards. However, two suppliers failed to meet the standards or had critical items, resulting in a downgrade by Advantech.

According to the results of on-site audits, the most significant deficiencies were found in environmental management, accounting for 45%, primarily due to inadequate chemical management procedures or failure to implement them according to standards. Health and safety issues made up 27%, with the main concern being insufficient management of emergency safety equipment. Business ethics deficiencies also accounted for 27%, mainly related to the need for suppliers to upgrade their systems and mechanisms for personal data protection. No labor management deficiencies were identified in this audit, indicating a relatively high level of supplier compliance in this aspect. A total of nine deficiencies were found during the on-site audits, and 100% of the deficiencies have been completely rectified, demonstrating Advantech's proactive measures and effectiveness in promoting sustainable supply chain development. The findings and follow-up actions for the new year will be implemented in the 2026-2027 fiscal year.

All priority and other non-conformities have been addressed with corrective action plans in place, resulting in a 100% implementation rate

Item	Number of suppliers		Percentage	
	Actual	Target	Actual	Target
ESG risk assessment survey distribution coverage (tier 1 suppliers)	1,127	1,127	100%	100%
Significant suppliers performing ESG audits	339	339	100%	100%
The percentage of significant suppliers with a total score below 80 points (or possesses critical items)	38	<50	11.2%	<15%
Implementation of improvement plans for potential high-risk significant suppliers	38	<50	100%	100%
Termination of cooperation with suppliers for serious violations	0	0	0%	0%
Assist potential high-risk significant suppliers in completing ESG counseling and implementing improvement measure	38	All	100%	100%

- **Table 2.3.3 Significant suppliers ESG audit deficiencies and improvement actions taken in 2024~2025**

Classification	Primary deficiency uncovered	Cause of deficiencies	Improvement actions	Provide resources
Labor	There are no requirements prohibiting the use of forced, bonded (including debt bondage), or compulsory labor; nor are there prohibitions against involuntary or exploitative prison labor, slavery, or human trafficking.	Suppliers lack relevant management awareness	Suppliers are required to formulate relevant policies and measures and enhance their implementation performance.	Provide suppliers with suggestions on labor policies or measures for their reference and implementation.
Health and safety	Implementation of firefighting, notification, and evacuation training, as described in Article 15-5 of the "Enforcement Rules of Fire Services Act," has not been carried out. A drill shall be held at least once every six months and last for at least four hours. The local fire department shall be notified in advance.	Suppliers lack relevant management awareness	Suppliers are requested to enhance the promotion of environmental health and safety (EHS) management regulations and relevant regulatory requirements and strengthen their implementation.	Provide suppliers with recommendations for fire safety promotion and management for their reference and implementation.
Environment	Hazardous substance management standards and management measures have not been established (must comply with environmental regulations such as RoHS and REACH).	Suppliers lack relevant management awareness	Suppliers are required to establish hazardous substance management standards and conduct regular inspections to ensure the classification and storage of hazardous substances.	Provide suppliers with recommendations on hazardous substance management standards for their reference and implementation.
Business ethics	There are no relevant procedures or requirements prohibiting the promise, provision, authorization, giving, or receiving of bribes, as well as illegal or improper benefits, and the provision of other forms of benefits.	Suppliers lack relevant management awareness	Suppliers are required to formulate relevant policies and measures and enhance their implementation performance.	Provide suppliers with suggestions on policies or measures for reference and implementation.
	There are no established procedures or requirements to ensure that information required by laws and regulations is properly managed and disclosed without false or inaccurate content.	Suppliers lack relevant management awareness	Suppliers are required to formulate relevant policies and measures and enhance their implementation performance.	Provide suppliers with suggestions on policies or measures for reference and implementation.
	There are no established procedures or requirements in place to prevent intellectual property rights infringement or unauthorized duplication, including customer-related information.	The supplier has not documented the actual management mechanisms in place.	Suppliers are required to formulate relevant policies and measures and enhance their implementation performance.	Provide suppliers with suggestions on policies or measures for reference and implementation.
	Procedures or requirements have not been established to ensure that the Company's information complies with regulatory requirements and that it has not issued false or misleading public statements.	The supplier has not documented the actual management mechanisms in place.	Suppliers are required to formulate relevant policies and measures and enhance their implementation performance.	Provide suppliers with suggestions on policies or measures for reference and implementation.

Implement the supplier evaluation and elimination mechanism

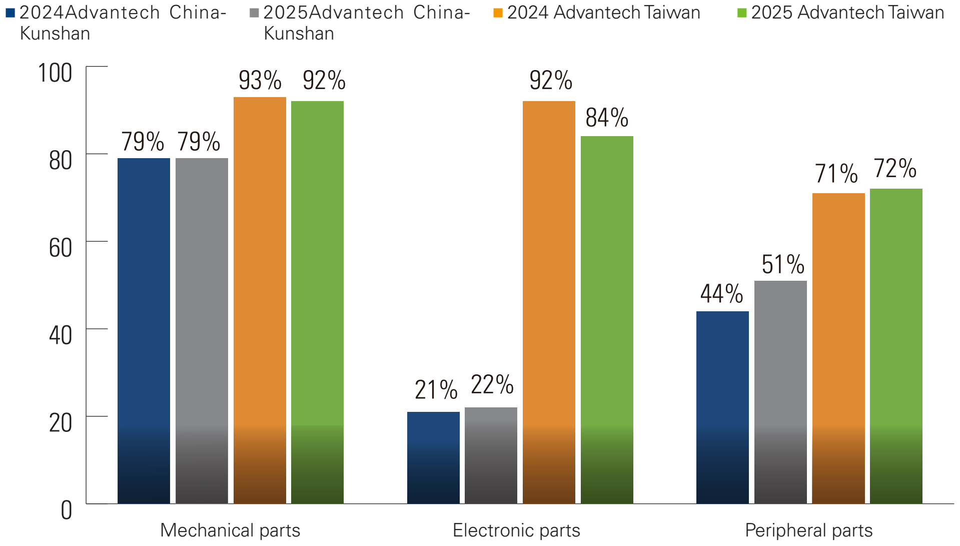
To implement supplier sustainability and performance management, Advantech has devised a supplier performance rating system that categorizes suppliers into four levels from A to D based on their scores (A is above 95, and D is below 70). This serves as a performance evaluation mechanism for managing suppliers. Relevant departments assess suppliers through quarterly Management Circle of Supplier (MCS) and evaluation results, applying a tiered rating system with corresponding reward, disciplinary, and elimination mechanisms. The management measures for suppliers with different evaluation results are as follows.

	Levels	Management measures
Rewards	A	Suppliers who receive an A-level rating for four consecutive quarters are recognized with Excellent Supplier Awards and honored at the annual supplier conference. In terms of business cooperation, they are given priority for increased order allocation and opportunities to participate in new projects.
Disciplinary actions	B	Maintain existing partnerships.
	C	Suppliers are placed on a watch list and required to submit relevant reviews and improvement measures.
Eliminations	D	Suppliers receiving a C rating for two consecutive quarters, or those found to have committed other serious violations of Advantech's policies, will be suspended from applying for new projects. Their order quantities will be reduced and switched to secondary supplier status. Since eliminating them immediately may affect shipments, the elimination mechanism will be implemented after alternative solutions are in place. For suppliers who remain uncooperative with improvement efforts within two years, Advantech will reduce or suspend purchase quantities and revoke their supplier qualifications.

Promote a low-carbon supply chain

Prioritize procurement locally

To bolster regional PVL cooperation and reduce CO_2 emissions generated from manufacturing and transportation processes, Advantech continues to implement a localized procurement strategy, prioritizing local suppliers in its procurement activities over the years. Advantech's global operations span six Regional Business Units (RBUs). Given that the main manufacturing bases are currently concentrated in Taiwan and Kunshan, the procurement strategies and performance disclosed in this report focus primarily on these two regions. Overall, in 2025, Advantech Taiwan's local procurement amount was NTD 15 billion, with a ratio of approximately 79%, representing a slight decrease compared to 2024 due to certain irreplaceable electronic components. Advantech China-Kunshan increased its share of local procurement, with its local procurement ratio accounting for about 44% of its total amount, a slight increase compared to 2024. The overall local procurement ratio in 2025 was 67%, representing a slight decrease compared to 2024. The summarized local procurement amounts and ratios of the Company in recent years are shown in Figure 2.3.2.



- **Figure 2.3.2 Local procurement ratio of Advantech Taiwan and Advantech China-Kunshan between 2024 and 2025**

*Note:

1. Definition of procurement locally: Advantech Taiwan - the counterparty is a manufacturer with Taiwan's GUI number; Advantech Kunshan- the counterparty is a manufacturer in China.
2. Advantech's reduced sourcing ratio of electronic parts in Taiwan is mainly due to the fact that some electronic parts are irreplaceable.

Carbon inventory management plan

In 2024, Advantech officially announced its supply chain carbon reduction plan at the supplier conference, emphasizing that carbon reduction has become a crucial trend in global industrial development and a key factor in enhancing supply chain resilience and competitiveness. In response to international trends and external carbon management requirements, Advantech expects all PVL suppliers to complete organizational carbon inventory and obtain external verification by 2027, thereby building a greener, more sustainable, and competitive supply chain.

To help suppliers effectively address the challenges of carbon inventory and reduction, Advantech will invest dedicated counseling resources by providing professional training, technical guidance, and experience sharing. This support aims to assist suppliers who have not yet completed their carbon inventories in building carbon management capabilities and ensuring the smooth progress of their inventory and verification efforts. Additionally, Advantech encourages suppliers to adopt low-carbon technologies and solutions to reduce carbon emissions in their operations and manufacturing processes, achieving the overall carbon reduction goal for the supply chain.

Looking ahead, Advantech will continue to fortify its partnerships with suppliers, ensuring the implementation of carbon reduction actions through regular communication and progress reviews. This serves to create a more resilient green supply chain, working together towards a sustainable, net-zero future.

Requirement **CO_2 GHG inventory check**

Carbon inventory of the organization as a whole

Suppliers must obtain an external carbon inventory verification (ISO 14064-1)

CATEGORY	PCB, Connector, Power supply, CPU	EE, Mechanical, Packaging, Cable, Touch, LCD, Others
2025年	High carbon emission suppliers to complete carbon inventory (mandatory requirement)	
2026年	Obtain external verification	Complete carbon inventory (mandatory requirement)
2027年		Obtain external verification

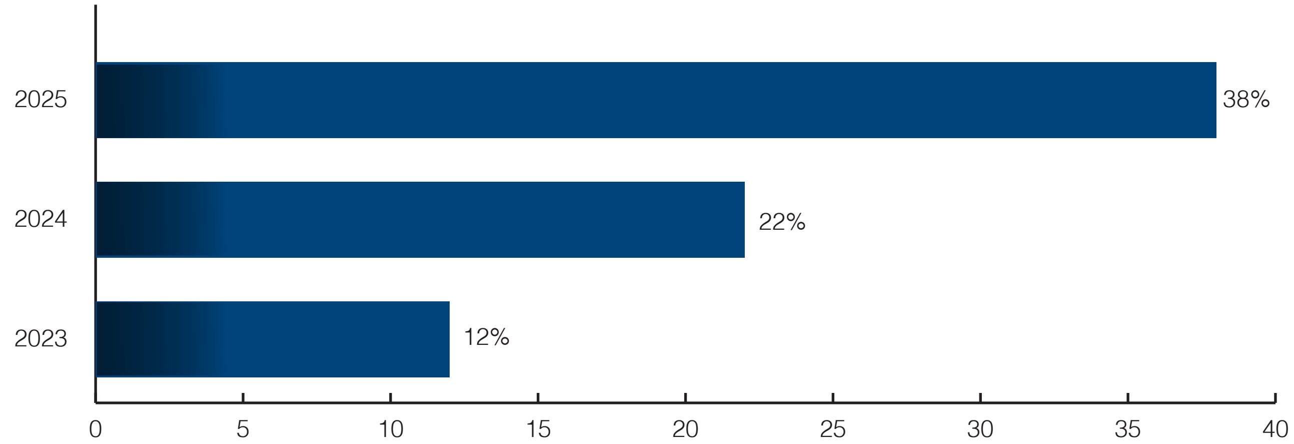
Recycled Material Procurement Management

In 2025, Advantech actively expanded its supplier base for recycled materials, with 31 suppliers capable of supplying recycled materials. For information on sustainable raw material management, please refer to Section 4.1 Eco Design and Product Sustainability Liability .(4.1 Eco Design and Product Sustainability Liability)

2.3.4 Establish Supplier Sustainability Competencies

Supply Chain Sustainability Improvement Plan

Advantech continued to implement the Supplier Improvement Plan in 2025, and enhanced the sustainability capabilities of partners through empowerment and training, ensuring that the supply chain meets ESG requirements, while strengthening sustainability management. We planned multi-level training activities for different types of suppliers and needs, including but not limited to webinars, in-person workshops, and large interactive forums, providing suppliers with the latest ESG knowledge and practical applications to help them further improve their ESG performance. Advantech stepped up efforts to build suppliers' sustainable development capabilities in 2025. We divided suppliers into groups and segments for management based on their characteristics and needs, tailoring multi-level, multi-themed learning and exchange mechanisms to ensure that different types of suppliers receive the most suitable support. By providing precise guidance resources, we continue to strengthen their basic literacy for sustainability on key issues including renewable energy, carbon management, biodiversity, and sustainability information disclosure. We also provide more in-depth and targeted learning opportunities through medium and large forums, small workshops, and project-based guidance for suppliers with high carbon emissions. In addition, Advantech works with industry benchmark companies, government agencies, academic institutions, and research institutes to integrate diverse professional resources and share the latest industry trends and practical experiences, helping suppliers understand key development trends and sustainability practices and strategies. In 2025, over 800 participants from nearly 300 suppliers received over 500 hours of training in total. Please see the table below for relevant results. From 2023 to 2025, a total of 227 suppliers participated. Advantech has continually implemented the Supply Chain Empowerment Plan; in addition, the participation rate of significant suppliers has increased each year, reaching 130 in 2025, and accounting for 38% of all significant suppliers, as shown in the figure below.



- **Participation Rate of Significant Suppliers**

In 2026, Advantech will continue to work with industry benchmark companies, government agencies, academic institutions, and research institutes to integrate the professional resources of different sectors, so that we can jointly achieve long-term sustainable development goals together with our suppliers. Expected contents include: Supply Chain Carbon Management Trends and Practices, Digitalization of Supply Chain Carbon Management Data, Renewable Energy TRE100 In-person Workshop, Business Continuity Management, Supply Chain Labor Rights, and Training for the Prevention of Sexual Harassment and Bullying in the Workplace. In the coming year, we plan to invite suppliers for one-on-one in-depth guidance for low-carbon transition through: supplier identification, consensus building and negotiation, planning and implementation of carbon reduction projects, in-depth guidance, and tracking of effectiveness, in hopes of jointly achieving exceptional sustainability performance with suppliers.

- **Improvement and Empowerment Results in 2025**

Category	Course/Conference content	Participants	Number of participants/ Number of companies	Training materials or spectacular photos
ESG general education webinar	■ ESG promotion experience sharing- MOXA	All Tier 1 suppliers	3 sessions/ 619 participants	 
	■ Discussion of EHS practices: Strengthened suppliers' understanding of OHS, established basic literacy, and provided practical content and applications	All Tier 1 suppliers		
	■ Supply chain ESG information disclosure strategy: Described the development and international trends of sustainability reporting, the framework of the sustainability reporting process, ESG risks and opportunities	All Tier 1 suppliers		 
Large interactive forum	■ Sustainable Supply Chain and Circular Economy Forum: • Strengthened suppliers' understanding of global ESG issues and market trends • Facilitated supply chain collaboration and shared best practices • Topics included: Sharing of the benchmark company's low-carbon transition, circular economy, and industry policy	Low risk suppliers	1 session/ 129 participants	 

Category	Course/Conference content	Participants	Number of participants/ Number of companies	Training materials or spectacular photos
In-person workshops	■ Renewable energy workshop: Collaborated with RE100 and electricity selling enterprises to share practices for adopting renewable energy with suppliers, explain policies, and hold group discussions for brainstorming.	PVL suppliers	2 sessions/ 84 participants	
	Circular Economy Workshop: Collaborated with the Circular Taiwan Network to guide the supply chain to understand the content and practices of circular electronics, and build a common understanding and language for the circular economy. ■ The workshop focused on: • Understanding the current situation: Understand the physical risks faced by the electronics industry and reflect on the impact of the electronics industry on the environmental system. • Breaking down circular electronics strategies: The electronics industry introduces circular resources, circular design, and uses business models to truly restore the value of components and materials. • Group discussion.	PVL suppliers		

2.3.5 Conflict Minerals Procurement Management

Tantalum, tin, tungsten, and gold (3TG) are key materials in electronic products. Our global product portfolio, including IPCs and peripherals, cloud computing and industrial automation, communication systems, IoT intelligent systems, and embedded platforms, is highly dependent on these materials, especially electronic components. For example, tin is used for welding, tantalum is used for capacitors, tungsten is used for electrical contacts, and gold is used for connector coatings. These are all crucial components of our products. Advantech's Responsible Procurement Policy is disclosed on our website, and the grievance mechanism is also disclosed on our official ESG website.

Management Organization and Highest-level Responsible Person

Advantech was the first in the industry to pay attention to the global issue of conflict minerals in 2011, and began formally conducting supply chain due diligence. As international regulations became increasingly stringent and risks in the global supply chain changed, our management of mineral resources has long expanded beyond 3TG.

Facing the latest development of the Extended Minerals Reporting Template (EMRT) and the compliance challenge brought by the inclusion of lithium, nickel, graphite, and copper in 2026, Advantech is fully aware that responsible procurement is no longer simply a matter of compliance, but has become the core of a company's competitiveness in sustainability. Therefore, we have further strengthened our governance framework on our existing management basis, and established a dedicated organization led by executive level supervisors to ensure that the sources of each critical mineral comply with the highest standards of human rights, environment, and business ethics. We have established a comprehensive dedicated governance framework to conduct effective due diligence:

- Highest-level responsible person:
  - The vice president of quality is the highest-level responsible person for approving the Responsible Mineral Procurement Policy, and regularly reports management plans and results to the Sustainability Committee.
- Management organization:
  - Established a cross-departmental "Responsible Mineral Management Team" with members from the:
  - Quality Assurance Department (QA):
    Responsible for reviewing supplier EMRT/CMRT forms and verifying the legality of smelters or refiners (SORs).
  - Procurement Department:
    Procurement and QA jointly established Advantech's Responsible Procurement Policy, which contains the following information:
- Responsible Procurement Policy:
  - Covers tantalum, tin, tungsten, and gold (3TG)
  - Commitment to conducting due diligence in accordance with the "OECD Guidelines"
  - Commitment to purchase exclusively from independent third-party verified SORs
  - Explicitly require suppliers to ensure their products do not directly or indirectly benefit armed groups that seriously violate human rights
  - A statement to communicate the policy to suppliers/subcontractors

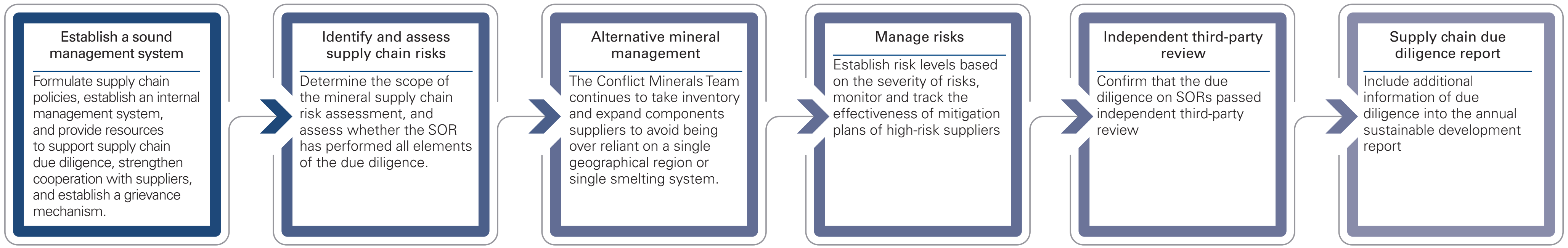
Non-use of Conflict Minerals Policy and Implementation

To ensure that minerals from conflict-affected and high-risk areas (CAHRAs) are not used, Advantech strictly complies with the Responsible Business Alliance (RBA) Code of Conduct and implements the Non-use of Conflict Minerals Policy. Advantech not only commits to abstaining from sourcing metals from CAHRAs, but also requires suppliers to comply with this policy to ensure the supply chain upholds human rights and avoids involvement in conflicts. To this end, we have established a rigorous access mechanism. When suppliers sign the "Advantech Supplier Code of Conduct Statement" in the contract, it already includes a statement of non-use of conflict minerals. As of the end of 2025, all PVL suppliers have signed the "Advantech Supplier Code of Conduct Statement." At the same time, we ensure that all Advantech products do not contain minerals from CAFRAs, so our revenue from the use of conflict minerals is 0%.

	2022	2023	2024	2025
Revenue from products that use conflict minerals	0%	0%	0%	0%
Revenue from products that do not use conflict minerals	100%	100%	100%	100%
Total	100%	100%	100%	100%

As a brand company, Advantech does not directly purchase raw or unrefined 3TG metals. As the supply chain involves multiple levels, once raw minerals are smelted, refined, and converted into ingots, bars, or other mineral derivatives, they will be significantly harder to physically trace. Therefore, SORs are regarded as the most critical nodes in the supply chain for verifying the legality of minerals that enter the industrial system. Suppliers who directly work with Advantech and influence procurement decisions are regarded as PVL suppliers. We rely on our direct PVL suppliers to identify and assess supply chain risks, and require them to provide detailed information on SORs that supply 3TG and extended minerals (cobalt, mica, lithium, nickel, natural graphite, and copper). To reduce supply disruptions caused by geopolitics, regulatory changes, or human rights risks, we have also taken action and actively implemented alternative mineral management strategies.

Advantech continues to comply with the "Due Diligence Guidance" of the OECD as the basis for the "Conflict Minerals Management Plan." We use the Conflict Minerals Reporting Template (CMRT) to investigate the sources of minerals of our suppliers, and verify whether the 3TG smelter has passed the audit by an independent third-party, including the country of origin of minerals and mines. If a smelter is not on the list of smelters that have passed the audit by an independent third-party, we will notify the supplier to exclude or terminate cooperation with the non-compliant mine. Currently, 100% of our significant suppliers have passed the audit by an independent third-party, such as the RMI, LBMA or RCJ. In addition, Advantech has expanded the sources of component suppliers, implemented risk management to reduce risks, avoided reliance on a single supplier, and required the supply chain to establish diverse procurement channels. If a non-compliant smelter is found in the supply chain, Advantech will require the supply chain to switch to a compliant alternative smelter certified by an audit institution as mentioned above, and submit a plan to remove the non-compliant smelter, or assist the relevant smelter in passing an independent third-party audit to ensure the compliance and sustainability of the overall supply chain.

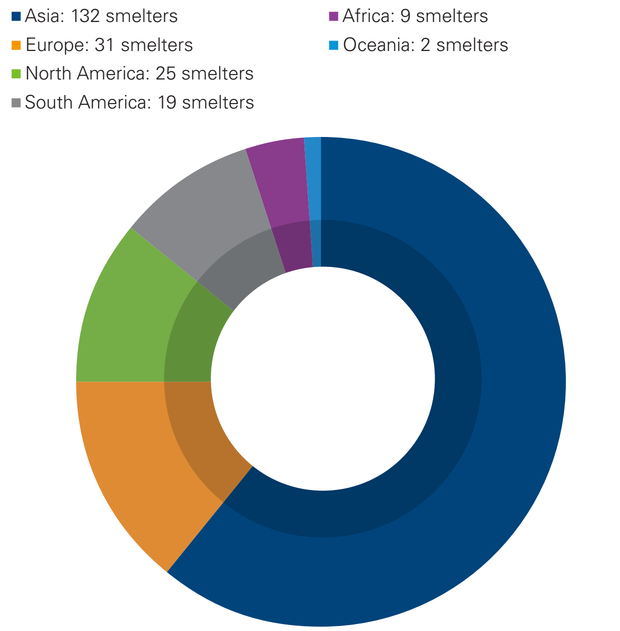


Based on the results of the 2025 due diligence on conflict minerals, we identified 225 smelters in our supply chain. Among them, 217 smelters met the Responsible Minerals Assurance Process (RMAP) standards (or equivalent cross-recognition assessment), and 8 smelters were in the certification process. The percentage of qualified smelters was 96.4%.

	2022	2023	2024	2025
Qualified smelters	249	226	215	217
Smelters currently in the program*	10	6	7	8
Total	259	232	222	225
Percentage of qualified smelters	96.1%	97.4%	96.8%	96.4%

* Smelters currently in the program: Refers to smelters that have committed to accepting the RMAP assessment, filling out relevant documents, and arranging on-site assessments. Currently in the pre-assessment, assessment, or correction action stage. Advantech tracks the progress of the smelters participating in the program to ensure the compliance and sustainability of the supply chain.

In addition to 3TG, the scope of investigation has been officially expanded from cobalt and mica to include lithium, nickel, natural graphite, and copper since 2025. Cobalt, lithium, and nickel are key chemical components of batteries and energy storage systems. Natural graphite is widely used in heat dissipation and anode materials. Copper is the foundation of electrical conductivity and mechanical components. Mica is mainly used in insulation coating. This year's due diligence identified a total of 109 cobalt smelters, 30 mica smelters, 46 lithium smelters, 48 nickel smelters, and 106 copper smelters. At present, due diligence has been completed for 96.4% of qualified smelters. The remaining 3.6% are currently in the program and mainly located in Asia, followed by Europe.



- **Distribution of Smelters in the 2025 Conflict Minerals Survey**

2.4 Risk Foresight and Crisis Management

Advantech defines various risks in alignment with its overall operational strategy and implements an Enterprise Risk Management System (ERM) to establish a structured mechanism for proactively identifying, precisely assessing, effectively monitoring, and strictly controlling risks. Prevent possible losses within the risk tolerance range and continuously adjust the best risk management practices according to changes in the internal and external environment. Major risks identified through Advantech's ERM process include economic, environmental, and social issues. Economic issues include business succession, management of overseas sales subsidiaries, sustainable supply chains, information and cyber security, and cross-border tax issues. Environmental issues include low-carbon and eco products, climate transition risks, etc.; social issues include talent cultivation and retention, labor relations, personal data protection, etc.; the results of annual survey on material sustainability issues are also used to identify and assess major risk issues each year. Taking 2025 as an example, material sustainability issues were also considered as the main strategic or operational risk issues in ERM, for the proportion of up to 70%. Advantech uses the ERM mechanisms to reduce or mitigate the potential impact of risks on the Company's revenue, costs, and reputation; at the same time, we proactively explore opportunities that may arise from sustainability risks, such as investing in solar energy, wind power, and electric vehicle-related applications, and developing energy management platforms that can be applied to different industries.

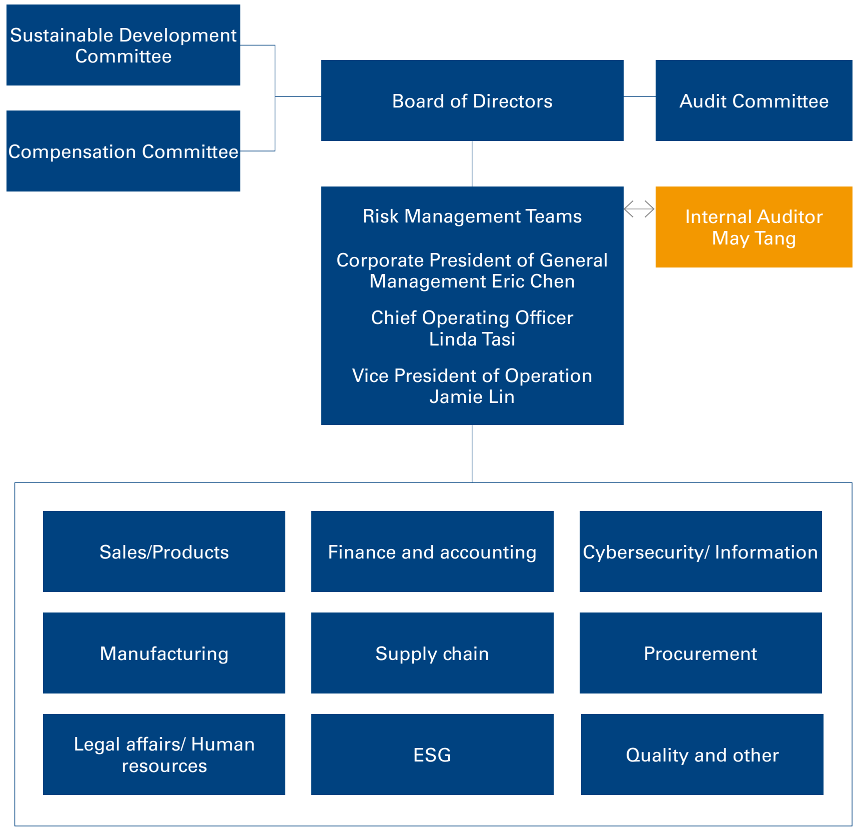
Risk management governance framework and organization

As the highest governance unit for risk management, the Board of Directors oversees the overall risk management mechanism and approves update of policy and procedures. The Board of Directors, and also by delegation to Sustainable Development Committee and Compensation Committee are responsible for the supervision and tracking of pan strategy risk topics and global risks, while Audit Committee are responsible for the supervision and tracking of operational risks.

The Risk Management Team ("the Team") serves as the Company's highest risk management authority and is responsible for overseeing and enhancing the risk management processes. Each year in Q4, the Team launches a risk survey and identification process, and coordinating with responsible management units to finalize the assessment and mitigation plans for major risks by early the following year. Given rapid fluctuations in the business environments, a mid-year review is also conducted to reassess major risk exposures and adjust mitigation actions accordingly. Major risk topics and corresponding mitigation actions are incorporated into quarterly risk management meetings or senior management meetings to facilitate discussion and monitor implementation progress.

Functional managers are responsible for developing mitigation actions for identified risks and overseeing actions implementation. Internal Audit, meanwhile, closely monitors and also facilitates various risk management processes, while also providing enhancement suggestion. When necessary, Internal Audit conducts audits on specific risk topics. Generally, major risks with unclear implementation progress would be prioritized for annual project audits. Proposals for enhancing ERM mechanism are jointly developed by the Risk Management Team and Internal Audit through collaborative discussions. The Company also engages external consultants as needed to provide counseling, conduct audits, and offer recommendations on the risk management related mechanism and its operations.

In March 2026, the company also engaged external consultants to audit its risk management mechanisms and operations in 2025 to ensure they comply with ISO 31000:2018 and to provide management improvement recommendations.



• **Figure 2.4.1 Risk Management Organization**

Three lines of defense model for risk management and others

Three lines of defense model	Corresponding unit	Role
First line: those responsible for risk	**Operational/functional unit manager in charge and front-line employee**	■ The manager in charge is responsible for planning and implementing risk management mechanism at the first line. ■ Manager in charge and front-line employee are accountable for proper completion of the response actions.
Second line: risk management and compliance oversight	**Risk management team:** ■ Led by Corporate President of General Management and Chief Operation Officer (COO) ■ Depending on the nature of risk topic, the Chairman, President of business units and other senior executives will be invited to join the discussion	■ Supervise the implementation and effectiveness of risk management response measures. ■ Supervise quality compliance with the quality unit, and supervise legal compliance with the legal unit.
Third line: independent Internal Audit	**Internal audit team**	■ In-depth participation and supervision of risk management meetings and execution of risk management mechanism. ■ Provide independent and objective assurance services to ensure the effectiveness of risk management and compliance processes. ■ Perform comprehensive audits targeting significant risk issues

For the following information, please refer to the risk management page of the Company's website (Chinese/English)

Risk management governance framework

Risk management policy and procedures

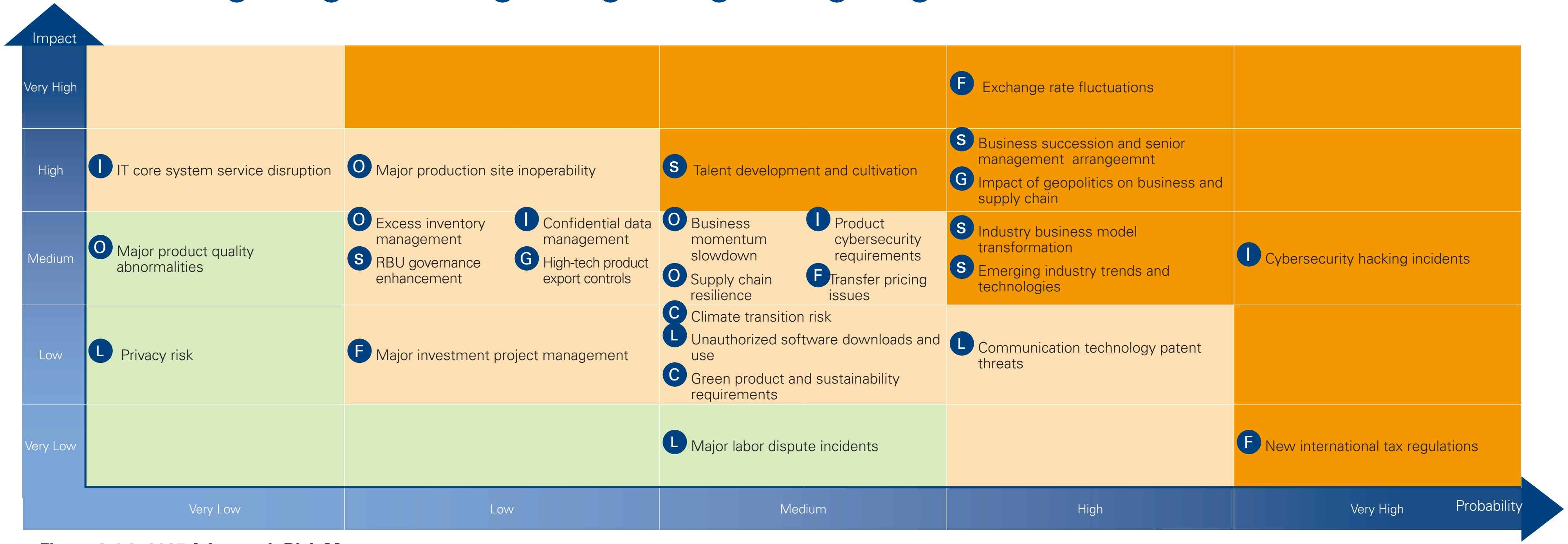
Risk management mechanism and processes

Emerging risks

Major risk sensitivity analysis

The orange areas on the risk map represent high-risk zones that have exceeded the Company's risk appetite. Priority should be given to adopting risk mitigation strategies and response measures to reduce the likelihood of occurrence or the potential impact, and the effectiveness of improvement actions should be closely monitored.

Indicated by six major categories: S Strategy I Information Security O Operations G Geopolitics C Climate Risk F Finance L Legal Compliance & Litigation Low Risk Medium Risk High Risk



• **Figure 2.4.2 2025 Advantech Risk Map**

Mitigation Actions and Risk Appetite for Major Risks

Major risk	Talent cultivation and development	Business succession and senior manager arrangements	Impact of geopolitics on business and supply chain	Changes in the industry's business model	Exchange rate fluctuations	Cybersecurity hacking incidents
Main response actions taken	■ Implemented a three-group management system, dividing employees into three categories: high potential/poor performance/ stagnant, and conducted supporting plans and tracking ■ Implemented the Global APEX project and will transition to the IDP program after APEX ends, continually accelerating development and growing the talent pipeline ■ O&PR officially included the maturity of the talent pipeline as a key point of discussion	■ Established a clear leadership succession plan and identified talent to become senior managers ■ Established measurable leadership succession indicators and incorporated them into the KPIs for remuneration of senior managers ■ Upgraded the senior manager talent development mechanism and introduced short-term tasks and cross-departmental projects ■ Accelerated the development of one-down successors in the future organization ■ HR launched Global APEX to create an overseas leadership talent pipeline	■ Continued to deepen cooperation with contract manufacturers (CM) in Malaysia ■ Completed the Mexico CM survey, enabling outsourcing to be initiated based on customer needs ■ Carried out the renovation of the plant in Nogata, Japan, to simultaneously improve its process capabilities and productivity ■ PCBs and components for 80% of new projects were purchased locally ■ AKTC's new project used local brands in China ■ Incorporated the supply chain in China into alternative supply chain planning through strategic projects such as P2P	■ Increased the product value of edge AI in various hardware departments ■ Reduced resource investment in internal cross-platform hardware integration ■ Secured Advantech's position in the edge AI value chain ■ Launched a new business model for software and hardware integration ■ Developed an ecosystem and external resources	■ Used foreign exchange forward contracts to hedge exposure for 2 months ■ Maintained nature hedging positions to bring USD vs RMB net monetary assets closer ■ Communicated with business units to strengthen the currency selection mechanism for purchase orders ■ Deposited ACL idle USD funds in an overseas treasury hub	■ Implemented the zero trust architecture (SASE, NAC) ■ Gradually introduced confidential information encryption protection ■ Strengthened website security protection (WAF) ■ Strengthened risk management for AI applications and established relevant policies ■ Continued to strengthen cloud service security ■ Added 2FA on the EZ Portal
Risk appetite and adaptation	Classified as a high risk, the probability of risk occurrence must be lowered to mitigate the negative impacts of potential incidents	Classified as a high risk, the probability of risk occurrence must be lowered to mitigate the negative impacts of potential incidents	Classified as a high risk, and the negative impact on revenue and profits when risks occur must be mitigated	Classified as a high risk, the probability of risk occurrence must be lowered to mitigate the negative impacts of potential incidents	Classified as a high risk, and the negative impact on revenue and profits when risks occur must be mitigated	Classified as a high risk, and the probability of risk occurrence must be lowered to reduce the losses caused by potential incidents

• **Figure 2.4.3 Major Risks and Mitigation Actions Taken**

Highlight Project 1 Advanced Risk Management Education and Training

Since 2020, Advantech has provided basic internal control and risk management education and training. To strengthen risk management education and training in Taiwan and overseas, we worked with third-party consultants to develop advanced education and training courses on the same topic in 2024, providing three versions of the text. Participants in the advanced training course included Advantech's directors, managers and higher level supervisors across the Taiwan Strait, and key supervisors in other overseas regions. Supervisors who have taken the advanced course are not required to take the basic course. The completion of training courses in 2025 is as follows:

TYPE	Number of people	Number of people who completed the courses	Completion rate
Basic course	5,211	4,165	80%
Advanced course	1,302	1,150	88%
Total	6,513	5,310	82%

Highlight Project 2 Implementation of the Business Continuity Management System

Business Continuity Management System of Linkou Plant: We commissioned a third-party consultant to provide guidance on the Business Continuity Management System (BCMS). The project was implemented for 2 years starting in 2024 and was completed according to schedule at the end of 2025. The main contents include setting BCM targets, establishing BCM procedural documents, identifying major risks, conducting drills for different risk scenarios, and making improvements for potential issues in advance. This project will help the Linkou Plant to resume normal operation within a reasonable period of time when it faces risks or natural disasters. We will subsequently engage consultants to establish relevant systems for the Kunshan Plant.

Highlight Project 3 External Audit for ISO 31000:2018

In March 2026, we commissioned Deloitte & Touche Sustainability and Risk Advisory Co., Ltd. (DT Advisory) to audit whether risk management mechanisms and operations in 2025 comply with the ISO 31000:2018 risk management guidelines. DT Advisory issued an independent assessment opinion letter in April 2026, confirming that the requirements of the abovementioned guidelines have been met. Please refer to the official risk management website for the assessment opinion letter.