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Sustainability Vision and Goals

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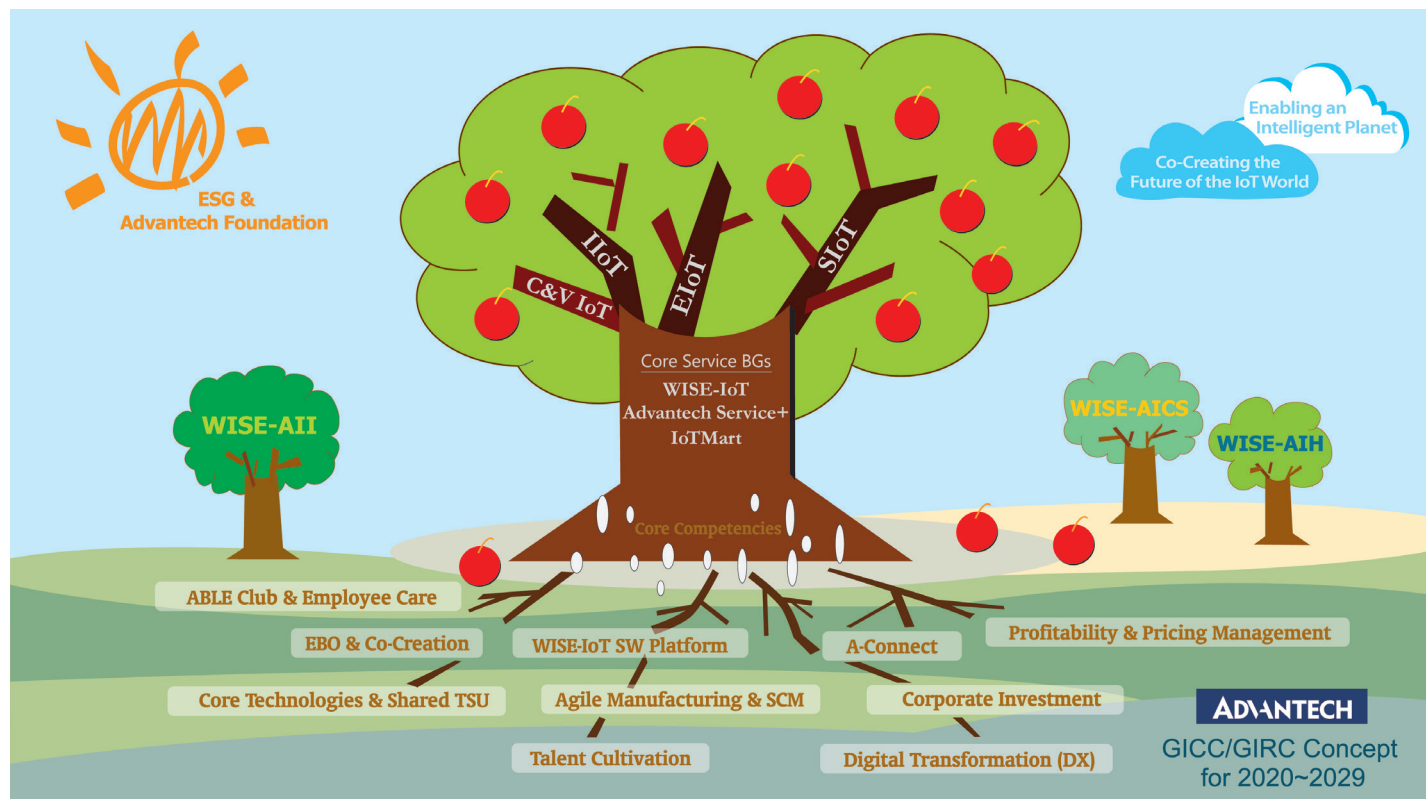
ADVANTECH

1.1 Message from Management

Chairman

At the Company's recent Kick-Off Meeting for 2022, I explained Advantech's business vision for the next ten years to all employees using the analogy of the "Company Tree Growth Diagram" pictured below: a company is like a tree, dreaming that it will grow into a vast forest one day. With this in mind, I likened ESG to the sun. When the sun shines, trees can grow and thrive, just like as a company will grow if its ESG is well managed—we can see a natural relationship of cause and effect. Through this diagram, I hope that colleagues can understand the cause and effect involved in management, cherish rewards for good deeds, and do their best for corporate ESG in their individual positions because ESG indeed stands as the key to business cause and effect and the corresponding rewards.

Figure1.1.1 Advantech's Company Tree Growth Diagram



Internationally, a general consensus has formed over the issue of sustainability, such as in the form of the United Nations Sustainable Development Goals (SDGs), and in Taiwan even elementary school children are aware of it. There are also many international development standards that can be followed in the pursuit of corporate ESG (Environmental, Social, and Governance), such as the Dow Jones Sustainability Indices (DJSI). In 2021, we participated in the DJSI questionnaire for the first time. Although we have not yet been selected, we formed a consensus meeting internally and each organization will implement year-by-year, item-by-item improvement plans according to a rigorous process. At this meeting, I saw that colleagues in responsible units already grasp the preliminary concepts of the DJSI management framework, and this is the first step to success. In accordance with our yearly progress plan, I believe that Advantech's selection as a DJSI constituent is just around the corner and we will actively pursue this. Below I have outlined are a few of the key points that I am paying attention to, including corporate governance, supply chain management, energy savings and carbon reduction, employee care, and contributions to society.

● Contributions to Society

Advantech has long used our Foundation's resources to implement various projects that contribute to society, and we are also continuing to strengthen the lineup of Foundation organizations.

● Employee Care

We plan to use our interactive platform "On Demand ABLE Club" to enable employees, customers and other stakeholders to participate in and host various events, enjoy various benefits, or engage in social feedback on this interactive platform.

● Energy Savings and Carbon Reduction

Advantech has made a clear commitment to its own carbon reduction goals. At the same time, we are determined to use Internet of Things technology to enter the Energy Management System industry including energy savings in factories and in services. In addition to saving energy and reducing carbon for our own part, we must also use the core capabilities of the Internet of Things to help global customers save energy as well.

● Supply chain management

Although we do not yet have strong leverage over suppliers, we will still strive to cooperate with them in implementing waste reduction, the reuse of recycled packaging materials, and so on, so as to exert influence on the sustainable management of the supply chain.

● Corporate Governance

The essence of Advantech is found in integrity with sincerity and in upright management. Beyond this, we will continue to make progress based on the requirements of the DJSI.

Even if I step down as Chairman of Advantech in coming years because I have reached retirement age, I nonetheless hope to contribute to the public welfare mission of the Advantech Foundation and continue advancing the cause of sustainable altruism for the Company. In the next few years, meanwhile, I will fully support Advantech's evolution in ESG.

Chairman, Advantech

K.C. Liu February 2022



President of General Management

In 2021, Advantech showed definite progress in terms of ESG. For example, there has been progress in network security, Internet of Things talent cultivation, improvements of Report structure, official website setting, domestic and foreign evaluations, and so on. These projects have been planned and will continue to be carried out by the ESG Office, a formally established organization.

Working priorities for 2022-2023 include:

- Content for the Task Force on Climate-Related Financial Disclosures (TCFD) has been added to the Report. We will communicate with stakeholders about Advantech's identification, organization and management framework for climate risks and opportunities as well as countermeasures.
- We will effectively communicate ESG strategies, progress, results, and future goals to investors, the Board of Directors, and other stakeholders.
- We set a carbon reduction target for the following ten years at the end of 2021. Our important challenges include how to save energy step by step, make corrections and adjustments at any time, track progress, and then implement carbon reduction.
- In 2021, Advantech participated in the DJSI questionnaire for the first time; the score still has some way away before our incorporation into the index. We have held workshops and reviewed various evaluation indicators in detail and an overall improvement plan was also proposed. I thus expect an improvement of 10-15 points or more in 2022.
- In respect to eco-product design, we began advancing a number of projects by the end of 2021 including improvements in product energy efficiency, packaging material recycling, and so on. This marks a good beginning, and I am hopeful for further expansion in the future. I will work with the two other Presidents, who have also expressed their sense of mission toward eco-product design, and they promise to empower their relevant teams in execution.

Looking to the future, we have clear goals for the use of renewable energy and carbon neutrality, which will be fulfilled and practiced year by year. The expansion of ESG to Advantech's overseas bases is also an important task for us, and we have been in continuous communication with overseas stakeholders. In the initial stages, Advantech's own buildings overseas may be the main focus, such as the second headquarters to be built in North America, the existing Advantech Europe Support Center (AESC) operational base in the Netherlands, the factories and offices in mainland China, and so on. We thus will gradually promote the use of renewable energy in Advantech's overseas bases.

President of General
Management, Advantech

Eric Chen February 2022




1.2 ESG Governance Structure

Advantech has issued a Corporate Social Responsibility Report since 2013. The President reports the issuance of the yearly Report and a summary of CSR work priorities to the annual Board of Directors meeting. Meanwhile, the Board of Directors is responsible for reviewing the yearly Report, and the Chairman leads important CSR-related projects. In 2020, Advantech established the ESG Corporate Sustainability Committee and the ESG Office, managing projects related to corporate sustainability from the three aspects of governance, environmental, and social-related. This organization is shown in Figure 1.2.1.

Figure 1.2.1 ESG Organizational Structure of Advantech



Advantech's ESG Corporate Sustainability Committee includes six members in all, including the Chairman (Founder), an external director, the President of General Management, the highest manager of the Quality Assurance Department, the vice president of Audit, and the vice president of Human Resources. The ESG Office draws up an annual plan, reporting the progress of major ESG issues and projects to Committee meetings on a quarterly basis. After a new project is confirmed by the Committee, the responsible team will take action and the ESG Office will regularly track the results and propose improvement plans. In 2021, the ESG Office reported to the Board of Directors on two occasions. Approved matters included the carbon neutrality target of the Taiwan headquarters, the green power investment plan, and the issuance of the yearly report.

Recognitions and Honors

Please refer to the following table for recognitions made in relation to Advantech's efforts in the ESG/CSR fields in 2021:

Item	Unit/Award	Category/Group	Ranking/Honor
1	Global Views Monthly CSR Survey	Electronics and technology industry	Exemplary Award
2	CommonWealth Magazine Corporate Citizen Award	Large enterprise group	32nd
3	Taiwan Corporate Sustainability Awards (TCSA)	Electronics and information manufacturing industry	Outstanding Achievement Award, Sustainability Reporting Gold Award
4	Best Taiwan Global Brands	–	5th
5	Buying Power	Social Innovation Product and Service Procurement Awards	First Prize
6	Common Health Magazine	Healthy Corporate Citizenship CHR	Best Progress Award
7	1111 Job Bank	Happy Enterprise	Gold Award, Special Award
8	SBTi Science Based Targets initiative	response and target announcements	Taiwan's 3rd technology industry member to join
9	Taiwan Stock Exchange 7th Annual Corporate Governance Evaluations, 2020	TWSE listed companies	Top 20%
10	Included in Yuanta FTSE4Good TIP Taiwan ESG ETF, TWSE Corporate Governance 100 Index, and TIP Taiwan Environmental Sustainability Index		





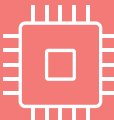
1.3 Stakeholder Engagement




Based on the Company's operational conditions and the selection mechanisms of substantive issues, the ESG Office invites colleagues across departments to identify stakeholders; and, with reference to AA1000 SES (Stakeholder Engagement Standard), identifies priority communication targets as well as their concerns and how to respond to them. Key stakeholders identified by Advantech encompass six types, including: employees, customers and partners, suppliers, shareholders and institutional investors, media and public associations, and community* and non-profit organizations.

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

*Note: "Community" refers to other stakeholders who are associated with Advantech in various forms such as physical, online, direct, indirect, etc., and who will be influenced by Advantech and interact with Advantech.

Table 1.3.1 Stakeholder Communication Channels of Advantech

Stakeholder	Communication Channel	Frequency	Covered Region
 Employees	Employee Welfare Committee	Permanent	Due to different regulations/national conditions
	Physical and online staff meetings	Semiannual	Launched by headquarters and held by each respective global region/business group
	Employee intranet and social networking sites	Permanent	Held by each respective global region
	Employee newsletter	Weekly	Held by each respective global region
	Global electronic dashboard	Permanent	Launched by headquarters and held by each respective global region
	Employee complaint mailbox	Regular	Launched by headquarters and held by each respective global region
	CSR education and training	New hire training	Headquarters
	ABLE Line Community	Permanent	Headquarters
 Customers and Partners	Key account quarterly meeting	Quarterly	Held by each respective global region/business group
	Advantech Connect (online seminar)	Intermittent	Launched by headquarters and held by each respective global region/business group
	Local business and engineering assistance	Immediate	Global
	Activity satisfaction survey	Intermittent	Available for global regions/business groups
	MyAdvantech Magazine	Quarterly	Headquarters/global regions (Chinese, English)
	Customer CSR Audit	Intermittent	Headquarters/global regions
	Corporate Social Responsibility area of the Company's website	Regular	Headquarters (Chinese, English)
	Collect customer opinions and engage in two-way communication with customers through social media	Regular	Launched by headquarters and held by each respective global region/business group
 Suppliers	Supplier CSR promotion and evaluation	Annual	Headquarters/Global
	Supplier environmental assessment	Annual	Headquarters/Global
	Supplier conference	Intermittent	Headquarters/Global
	Supplier Evaluation	Annual	Headquarters/Global
	Anti-corruption reporting mailbox	Regular	Headquarters/Global

Stakeholder	Communication Channel	Frequency	Covered Region
 Shareholders/ Institutional Investors	Investor service mailbox and telephone on the Company's website	Permanent	Headquarters (Chinese, English)
	Market Observation Post System	Regular	Headquarters
	Shareholders' meeting	Annual	Headquarters
	Major institutional investor conference	Quarterly	Headquarters
	Seminars for domestic and overseas institutional investors as well as face-to-face meetings	Intermittent	Headquarters/Global
	Issuance of the Company's Annual Report	Annual	Global
	Announcement of Company news on the official website	Intermittent	Global
	Investor area of the Company's website	Regular	Global
 Media/Public Associations	Interviews, phone interviews, video interviews	Intermittent, averaging once a month	Available globally/regionally
	Media luncheons	Intermittent, averaging once every six months	Available globally/regionally
	Revenue announcements	Monthly	Headquarters (Chinese, English)
	Press conferences	Intermittent, averaging four sessions per year	Headquarters
	Press release	Intermittent, averaging once per month or more	Available globally/regionally
	Company-specific events	Intermittent	Available globally/regionally
	Special person in charge of the media window	Regular	Headquarters (Chinese, English)
	Media-exclusive investor conferences	Quarterly	Headquarters
 Community/ Non-Profit Organizations	Community communication	Intermittent	Launched by headquarters and held by each respective global region
	Setup of a CSR mailbox on the Company's website	Regular	Headquarters (Chinese, English)
	Disclosure of CSR Report as well as website information	Regular	Headquarters (Chinese/ English)
	Collect stakeholder opinions through social media and engage in two-way communication	Regular	Launched by headquarters and held by each respective global region



Highlights

A total of four major institutional investor conferences were held in 2021, as well as 12 investment forums inviting the participation of foreign securities companies. Furthermore, we presided over 84 online investor meetings and communicated with more than 1,000 investors

Annual Stakeholder Survey

Through the annual stakeholder survey, we are able to understand sustainability issues that are of concern to our stakeholders. We expanded the scope of our survey in 2021 for the sake of obtaining deeper and more comprehensive insights. In addition to Taiwan and Kunshan, which have been surveyed in the past, this has been updated to include stakeholder surveys for branches in Japan and Europe. Furthermore, we also conducted an impact survey on Advantech's global senior managers.

To encourage more stakeholders to participate in the surveys, we launched the "[One Survey, One Tree](#)" project that invites stakeholders to work with Advantech to fight climate change. For every valid survey collected, Advantech will donate NT\$100 (or 1 Euro in Europe) to a tree planting fund. This project achieved remarkable results as the number of valid questionnaires received in 2021 (711) was more than double that of the previous year (2020). In the end, the headquarters (globally, excluding European employees) donated [Tse-Xin Organic Agriculture Foundation](#) NT\$63,400 to plant 106 trees on the Wangzaliaoshan sandbar in Tainan's Taijiang National Park. Meanwhile, Advantech Europe donated a total of 97 euros to [One Tree Planted](#) to plant 97 trees. Advantech stakeholders contributed to the planting of 203 trees in total in 2021 through their survey responses. For detailed identification methods of materiality and results of survey analysis, please refer to [1.4 Sustainability Goals and Material Issues](#).

Table 1.3.2 Advantech's 2021 Stakeholder Survey and Impact Survey - Number of Valid Surveys Received

Stakeholder	Region	Valid surveys received
Employees	Taiwan	397
	Kunshan	36
	Japan	9
	Europe	77
Customers/Partners	Taiwan	27
	Kunshan	12
	Europe	5
Suppliers	Headquarters	30
Shareholders/ Institutional Investors	Headquarters	29
Media/Public Associations	Headquarters	27
Community/ Non-Profit Organizations	Headquarters	21
Senior Executives (Impact Survey)	Global	41
Total		711

Table 1.3.3 Issues of Concern among Advantech's Stakeholders* and Report Response Section

Stakeholder	Issue of Concern	Report Response Section
Employees	Talent cultivation and development	5.1
	Sustainable intelligent solutions	3.1
Customers/Partners	Co-creation with customers and partners	3.3
	Sustainable supply chain management	2.3
Suppliers	Co-creation with customers and partners	3.3
	Information security management	2.2
Shareholders/ Institutional Investors	Sustainable supply chain management	2.3
	Sustainable intelligent solutions	3.1
Media/Public Associations	Sustainable intelligent solutions	3.1
	Risk Management	2.4
Community/Non-Profit Organizations	Talent cultivation and development	5.1
	Neighborhood and community care	6.1

*Note: Top 2 Items with highest scores

1.4 Sustainability Goals and Material Issues

1.4.1 Identification of Material Issues

We identify sustainability issues related to Advantech and conduct a materiality analysis from the two dimensions of a stakeholder degree of concern survey and of an assessment of the level/influence of impact from management and senior executives. The materiality is then checked by the Sustainable Development Committee and the results are used as a reference basis for information disclosure, as well as forming the basis for developing sustainable strategies and planning sustainable projects.

Figure 1.4.1 Advantech's Sustainable Goal Setting and Strategy Development Process



Collection/identification of Advantech's related sustainability issues

Given the breadth of sustainability issues, we collect and identify Advantech-related sustainability issues from both internal and external sources. Collection sources are shown in Table 1.4.1 below.

Table 1.4.1: Sources of Advantech's Sustainability Issues

External	Internal
<ul style="list-style-type: none"> Stakeholder feedback GRI indicators United Nations Sustainable Development Goals (SDGs) 	<ul style="list-style-type: none"> Advantech's operational strategy and objectives Advantech's ESG vision

Before conducting the stakeholder survey this time, we added a new link for the collection of stakeholder opinions. For example, through many meetings with customers and institutional investors, we learned that they attach great importance to issues such as human capital and related potential risks, product energy consumption standards and eco design, Advantech's overall carbon reduction goals, and so on. Therefore, such relevant content was especially detailed in the survey. In addition, through the responsible unit of each stakeholder (Business, Public Relations, Employee Relations, Investor Relations, etc.), we asked stakeholders whether there are other topics they wish to add or topics they wish to discuss drawn from the first draft of the topics, which in turn is based on the GRI and on the SDGs. In this way, we could understand stakeholders' views on the survey's design and on their importance to Advantech. For example, on the topic of sustainable supply chain management, the opinions of stakeholders are included to make the survey more complete.

On the other hand, starting from Advantech's ESG vision to "Enable an Intelligent and Sustainable Planet," we believe that Advantech's core IoT technologies and solutions, as well as our corporate culture of open innovation and co-creation with partners and our long-standing IoT industry-university cooperation, shall enable us to effectively utilize the core capabilities of the business to respond to the United Nations Sustainable Development Goals (SDGs) stipulated under 4 Quality Education, 7 Affordable and Clean Energy, 13 Climate Action, and 17 Partnerships for the Goals. In addition, beyond focusing on SDGs 4, 7, 13, and 17, we also respond to other SDG projects in respect to other major issues. For details, see Table 1.4.5: Goals and Management Guidelines for Major Issues.

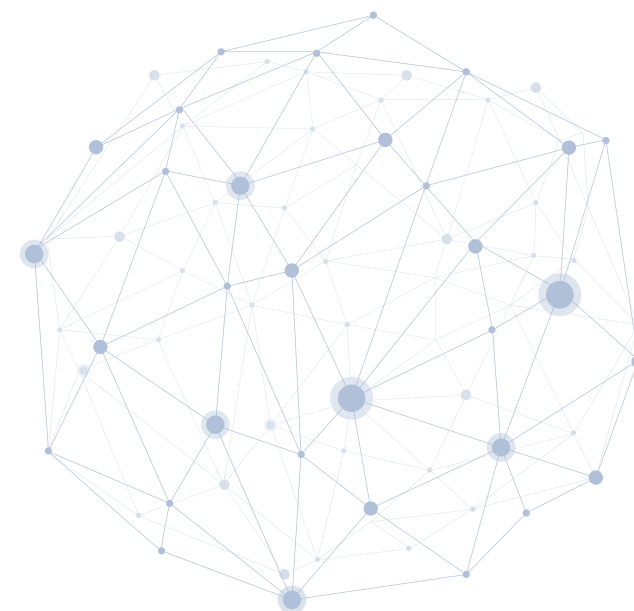


Figure 1.4.2 Advantech's ESG Vision

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

Community Enrichment

- Implementing employee care and social benefit using the ABLE Club platform
- Diversified channels for talent cultivation
- Networked agile organizations accelerating innovation

2025 goal: Inclusion in the Dow Jones Sustainability Indices (DJSI)

AIoT Popularization

- AIoT Academy
- AIoT InnoWorks industry-university co-creation
- IoT ecosystem partner co-creation

2025 goal: 50 universities worldwide to participate in the co-creation of InnoWorks with 500 system integration partners

Green Operations

- Climate change strategy and energy management
- Eco design
- Smart solutions

- **2021** announced Science Based Targets initiative (SBTi)
- **2022** Issue Task Force on Climate-Related Financial Disclosure (TCFD) report
- **2025** Inclusion in the Dow Jones Sustainability Indices (DJSI)
- **2025** Carbon Disclosure Project (CDP) score of A
- **2026** Taiwan region renewable energy utilization rate to reach 50%
- **2032** Taiwan region renewable energy utilization rate to reach 100%



ADVANTECH

The ESG Office has selected 14 Sustainability Topics in 2021 (Table 1.4.2) and formulated survey content accordingly based stakeholder input, external reference indicators and international initiatives (Table 1.4.1), and internal development strategies and goals (Figure 1.4.2).

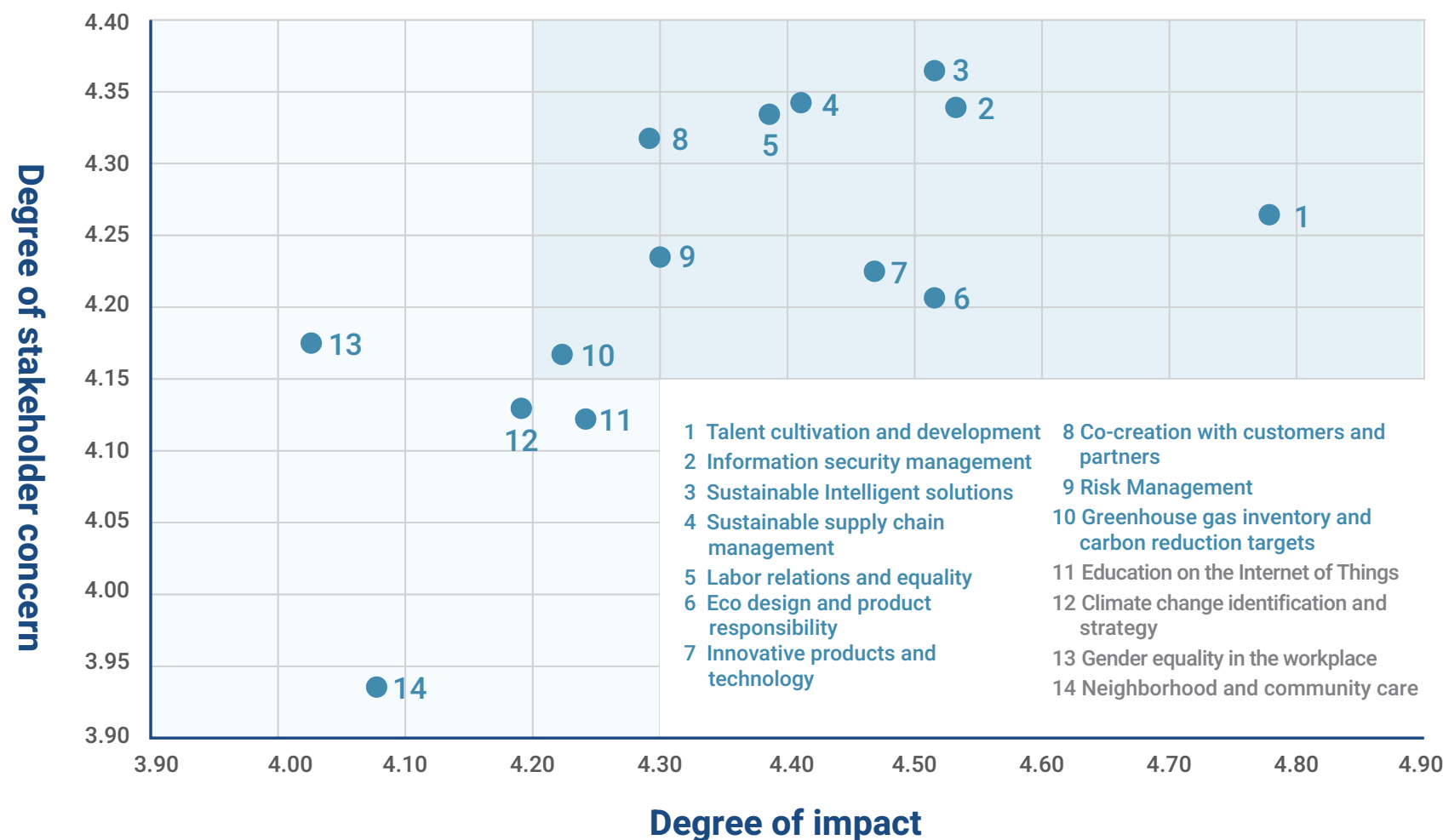
Table 1.4.2 Sustainability Topics in Advantech's 2021 Survey

Governance	Environmental	Social
No.01 Innovative products and technology	No.08 Climate change identification and strategy	No.11 Labor relations and equality
No.02 Sustainable Intelligent solutions	No.09 Greenhouse gas inventory and carbon reduction targets	No.12 Talent cultivation and development
No.03 Co-creation with customers and partners	No.10 Eco design and product responsibility	No.13 Education on the Internet of Things
No.04 Sustainable supply chain management		No.14 Neighborhood and community care
No.05 Risk Management		
No.06 Information security management		
No.07 Gender equality in the workplace		

Stakeholder Survey, Impact Survey, and Materiality Analysis

As explained in [1.3 Stakeholder Engagement](#), Advantech's stakeholder survey and high-level executive impact survey in 2021 received a total of 711 valid surveys, and the survey content included 14 sustainability issues and detailed descriptions of each issue (Table 1.4.2). Considering the differences in the numbers of valid surveys received from stakeholders, there were gaps between these groups. We averaged the survey results of each stakeholder group first and then provided weightings according to the degree of the relationship between the stakeholders and Advantech. The respective weightings of Employees, Customers/Partners, Suppliers, Shareholders/Institutional Investors, Media/Public Associations, and Community/Non-Profit Organizations were 3:2:2:2:1:1. The analysis results are shown in Figure 1.4.3.

Figure 1.4.3 Materiality Analysis Results



As shown in the figure above, we added the two scores to get the ranking of the issues; and for those whose impact level is higher than 4.20 and the stakeholder degree of concern is higher than 4.15, these are regarded as material issues for Advantech. Based on the above analysis results, the ESG Office has measured the Company's core development strategies. After communicating with the Sustainable Development Committee in writing, nine material issues have been adjusted and agreed to as follows (in order of importance), and these will be fully disclosed in this Report:

Table 1.4.3: Nine Major Issues Addressed in the Report

1	Talent cultivation and development
2	Information security management
3	Sustainable intelligent solutions
4	Sustainable supply chain management
5	Eco design and product liability
6	Innovation mechanisms
7	Co-creation with customers and partners
8	Risk Management
9	Greenhouse gas inventory and energy management actions



Among them, "Eco Design and Product Liability" was not included in the range of material topics in 2020 but was agreed by the Committee to be a material topic in 2021 with its importance jumping significantly. Likewise, "Risk Management" was not surveyed in 2020 but it entered the range of material topics to be surveyed in 2021. This shows that the importance of these two items has been recognized by stakeholders and by senior executives. For other adjustments, please refer to the explanation below:

1. "Labor Relations and Equality" Incorporated into: "Talent Cultivation and Development"

As the importance of Talent Cultivation and Development has risen to first place, we will give a more complete description. Furthermore, this also covers Labor Relations and Equality.

2. "Innovative Products and Technologies" Renamed to: "Innovative Mechanisms"

The key to Advantech's continuous growth and provision of solid remuneration to stakeholders stems not only from Innovative Products and Technologies, but also from diversified Innovation Mechanisms as a strong backing. Therefore, the coverage of this materiality is expanded.

3. "Greenhouse Gas Inventory and Carbon Reduction Targets" Renamed to: "Greenhouse Gas Inventory and Energy Management Actions"

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

In addition, in comparison with material issues disclosed in the 2020 report, the content of "Education on the Internet of Things" was incorporated into "Innovation Mechanisms." For two consecutive years, the materiality analysis results of "Neighborhood and Community Care" were not included in the range of material issues and so it was deleted from materiality issues but will still be voluntarily disclosed in the Report. Other information such as economic performance, corporate governance, waste and water treatment, occupational safety and health, and so on will also be voluntarily disclosed in the Report.

Issue Boundaries

For each material issue, we assess the magnitude of the impact and whether it has an impact inside or outside the organization, and determine the level of disclosure. Table 1.4.4 defines the internal and external boundaries of the organization that each issue discloses.

Table 1.4.4: Issue Boundaries, Scope of Influence/Impact, and Corresponding GRI Issue

		Internal				External		Range of Influence/ Impact	GRI
		Advantech Taiwan	Advantech Kunshan	Advantech Japan*	Advantech Europe	Suppliers	Customers		
Economy Governance	Information security management	●	●	●	●		●	Employees/Suppliers/ Customers	GRI103
	Sustainable intelligent solutions	●	●	●	●		●	Customers	GRI103
	Sustainable supply chain management	●	●			●		Supplier/Customer	GRI103 GRI204 GRI308 GRI414
	Innovation mechanisms	●	●	●	●			Supplier/Customer	GRI103
	Co-creation with customers and partners	●	●	●	●		●	Supplier/Customer	GRI103 GRI418
	Risk Management	●	●	●	●	●	●	Employees/Suppliers/ Customers	GRI103
Environment	Eco design and product liability	●	●	●	●	●	●	Supplier/Customer	GRI103
	Greenhouse gas inventory and energy management actions	●	●	●			●	Employees/Suppliers/ Customers	GRI103 GRI302 GRI305
Social	Talent cultivation and development	●	●	●				Employees	GRI103 GRI401 GRI404

*Note: ● Fully disclosed in this report ● May be partially disclosed in this report

1. Advantech Japan (AJPC) includes Advantech Japan's marketing and sales departments in Japan as well as Advantech Japan Manufacturing Center (AJMC). For details on the scope of disclosure, please refer to the Editorial Principles of the Report.
2. Among the nine major issues, five are self-defined topics and correspond only to GRI 103; namely, information security management, sustainable intelligent solutions, innovation mechanisms, risk management, and eco design and product liability.

1.4.2 Management Guidelines for Major Issues

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

Table 1.4.5: Goals and Management Guidelines for Major Issues

1.Information security management			Report section 2.2
Materiality	Advantech is a global IoT leader. Information security issues involves a company's operational stability, product security, privacy and other aspects. Regarding Advantech's brand value, it is extremely important to stakeholders such as employees, customers, and investors.		
Management strategy	Establish a cross-departmental information security governance team, which is to promoted by the quality control and information security teams, and should coordinate information security issues including computer information, physical environment, product information security, supply chain, regulatory compliance, and so on; and it should regularly report the implementation status to the Risk Management Committee and integrate information security into the organization's operational management.		
2021 achievements	<ul style="list-style-type: none">● Critical IT services (ERP, PLM, Mail) had 99.9% uptime.● Disaster recovery time was within 24 hours.		2020 goals achieved
2022 goals	<ul style="list-style-type: none">● Complete ISO 27001 information security management system expansion (OT expands to IT room management and backbone network).● Complete the headquarters information security risk assessment.● Establishment of virtual host backup mechanism (establishment of Linkou second backup center).● Management personnel information security awareness education training (target completion rate of more than 95%).	2025 goals	<ul style="list-style-type: none">● Complete Advantech's US and European information security risk assessments.● Establish a systematic information asset management mechanism.● Establish an SOC dedicated to information security monitoring capabilities.



2.Sustainable intelligent solutions		Report section 3.1	
Materiality	Advantech's software and hardware products and integrated solutions can be used in growing markets such as renewable energy, climate mitigation, climate adaptation, telemedicine, and education. Aside from improving Advantech's corporate competitiveness, continuously developing products for sustainable use can also contribute to sustainability.		
Management strategy	Recruit possible sustainable business opportunities worldwide from Advantech branches around the world via the Emerging Business Opportunity (EBO) proposal management mechanism, and conduct product development and market expansion. For existing products and markets, re-inventory customers and solutions for sustainable use, and inject resources to support the expansion and development of their business opportunities.		
2021 achievements	12.1%* of revenue from products for sustainable use. (Calculation basis is different from 2020)		2020 goals not met
2022 goals	13%	2025 goals	15%



3. Sustainable supply chain management

Report section 2.3

Materiality	We have established the stable development of friendly relations with supply chain partners under our business philosophy of sustainable corporate development. In addition to taking quality into account, we also hope that by building a sustainable supply chain we will fulfill our corporate social responsibilities together with our partners while working together for environmental protection.		
Management strategy	<ul style="list-style-type: none"> Suppliers should follow the Advantech's Supplier Code of Conduct, making them aware of the standards the Company is expected to follow. The Company sets short and medium-term key goals and formulates specific practices to effectively promote and implement. Regularly identify high-risk suppliers, require audits and deadlines for improvement, and reduce to medium and low risks. 		
2021 achievements	<ul style="list-style-type: none"> Preferred Vendor List: 100% in line with Advantech's Supplier Code of Conduct; 100% do not use conflict minerals; zero environmental pollution, human rights violations, and major occupational incidents. Sustainability high-risk suppliers: 100% obtained ISO 14001 environmental management system certification. 		2020 goals achieved
2022 goals	<ul style="list-style-type: none"> Preferred Vendor List: Provide key supplier ESG courses and complete 10% key supplier carbon data collection. Sustainability high-risk suppliers: On-site assessment and coaching of suppliers that are sustainability high-risk, to improve their deficiencies and eliminate suppliers that are sustainability high-risk and cannot be coached. 	2025 goals	<ul style="list-style-type: none"> Preferred Vendor List: 100% completed ESG risk assessments. Sustainability high-risk suppliers: Improvement shortfall rate more than 70%.



4. Innovation mechanisms

Report section 3.2

Materiality	Advantech is characterized by our innovation mechanisms, and they also form the source of our competitiveness. Technological innovation can reduce R&D and resource waste, while business model innovation can improve synergies.		
Management strategy	Use discipline to drive the business group level with various innovative projects, and with cross-business technology and projects involving emerging business opportunities.		
2021 achievements	<ul style="list-style-type: none"> The Emerging Business Opportunities (EBO) process mechanism was established in 2021Q4 and has been promoted through official announcements. We completed two business plans for emerging business, and established two exclusive business organizations. These include Advanced Computer Vision, whose main product is edge intelligent imaging equipment, and Advantech Service Plus, which has changed customer service from support into commercial operations. 		2020 goals achieved
2022 goals	<ul style="list-style-type: none"> Promote the selection of EBO topics domestically and abroad twice a year, implementing the EBO process mechanism. Complete three or more business plans for EBO emerging business, and begin preparations for commercialization. Expand the mechanism of A+X executive guidance. In addition to the President of General Management, the presidents of the business groups shall personally promote the ideas and development of innovative products. 	2025 goals	Establish at least three business units with revenue of US\$50 million through EBO and achieve more than 80% of the business goals.



5. Co-creation with customers and partners

Report section 3.3

Materiality	Good customer relationships can enhance Advantech's corporate competitiveness; high-quality partnerships can enhance the creativity of the IoT industry as a whole		
Management strategy	<ul style="list-style-type: none"> ● Treat customers as partners, to jointly manage the market with customers through a co-creation mechanism. ● Continuously improve channel distribution management, optimize global customer relationship management systems and technical service platforms, and provide more diverse online training courses. ● Ensure that customer privacy is fully protected, and ensure that customers' rights and interests do not suffer during the pandemic. 		
2021 achievements	Due to the pandemic's impact, we failed to achieve the double-digit brand value growth target set in 2020 but we still ranked fifth among Taiwan's international brands.		2020 goals not met
2022 goals	<p>The overall target setting for 2022 is related to distribution channels (dealers), including the following:</p> <ul style="list-style-type: none"> ● Overall distribution channel revenue should continue to expand, and the total performance should increase by 50% with each region targeting double-digit growth. ● Continue to develop industry-focused distribution partners and system integration partners, with the number of new dealers recruited accounting for more than 10% of the total number. ● Introduce online teaching materials for quality management courses and list them as training courses that are obligatory for authorized dealers. 	2025 goals	Average global customer satisfaction score to remain above 90 points.

6. Risk Management

Report section 2.4

Materiality	The purpose of risk management is to protect and enhance corporate value, being able to structure and systematically assess existing and potential risks that may be faced, making timely and responsive decisions that meet the Company's operational goals, and ensuring that goals are achieved while enabling continuous improvement. As a global leader in our industry, Advantech has had a continuous focus and drive for significant strategic and operational risk management.		
Management strategy	Develop risk management policies and operational continuity plans; formulate and promote various risk avoidance and response measures in advance; define handling mechanisms for when risk occurs in order to minimize their potential impact and influence; and achieve subsequent correction and management.		
2021 achievements	Additions to Materiality in 2021		
2022 goals	<ul style="list-style-type: none"> ● Expand the risk project survey scope from the original focus on directors, accountants, and senior executives to a survey of all employees. ● Strengthen the education and training of employees. 	2025 goals	Additionally strengthen the risk management organization and management mechanisms in line with the evolution of global corporate governance and sustainable development standards.



7. Eco design and product responsibility

Report section 4.1

Materiality	By advocating eco design standards, providing environmentally friendly products, operating for a long time and building a sustainable supply chain, and fulfilling the responsibility of eco product management, we not only can enhance Advantech's competitiveness, but can also reduce losses caused by non-compliance with customers' environmental protection requirements.		
Management strategy	Starting from product design, eco design is carried out from the four aspects of raw materials, packaging materials, energy consumption, and recycling; and it is introduced into the product development process, taking international regulations as a benchmark and launching an eco-design award system; and a visual eco product dashboard is established.		
2021 achievements	<ul style="list-style-type: none"> ● 100% of raw materials comply with mandatory international regulations and Advantech's standards for regulated substances. ● Improve the eco design standard guidelines and introduce them into the product development process. (Unmet goals set for 2020: 10% of newly introduced standard products to meet the four major aspects of Advantech's eco design standards.) 		2020 goals not met
2022 goals	<ul style="list-style-type: none"> ● 20% of newly introduced standard products to meet the four requirements of Advantech's eco design standards. ● Introduce low energy consumption design to 15 new models. 	2025 goals	<ul style="list-style-type: none"> ● 80% of newly introduced standard products to meet the four requirements of Advantech's eco design standards. ● Strengthen low-energy design and expand horizontally (introducing compliance with Energy Stars/ErP European Energy-Related Products Directive).



8.Greenhouse gas inventory and energy management actions

Materiality	Global climate change is an important issue for humankind at present. We are committed to reducing greenhouse gas emissions and energy consumption, implementing greenhouse gas inventory, and promoting energy and resource conservation and management. We look forward to fulfilling our responsibilities for global environmental protection and creating a sustainable green industry.		
Management strategy	<ul style="list-style-type: none"> ● Comply with all energy and carbon management regulations and target zero violations. ● Identify risks posed by climate change and respond accordingly. ● Set short-, medium- and long-term goals for energy conservation and carbon reduction and formulate practical practices and promote them. 		
2021 achievements	<ul style="list-style-type: none"> ● Advantech's overall GHG emission density per unit of revenue decreased by 16.49% compared with 2020. ● Introduce Building Energy Management System (BEMS) to Linkou and Kunshan. ● Solar panel power generation at Linkou Plant to account for 4.5% of total electricity consumption. (All three of the above have achieved goals set in 2020) ● The annual reduction of energy consumption per unit of output value in the Taiwan manufacturing area is 16.32%; the annual reduction of energy consumption per unit area in the office area is 6.60%; and the annual reduction of absolute electricity consumption is 1.51%. ● Due to the expansion of waste gas treatment equipment in Kunshan, the annual increase in energy consumption per unit output value in the manufacturing area is 16.70%; the annual increase in energy consumption per unit area in the office area is 9.24%; and the annual increase in absolute electricity consumption is 42.92%. ● Announce green energy targets and invest in solar power plants. 		
2022 goals	<ul style="list-style-type: none"> ● The targeted annual reduction of energy consumption per unit output value in the Taiwan manufacturing area is 7.77%, and the annual reduction target of energy consumption per unit area in the office area is 2.21%. Due to expected factory expansion, absolute electricity consumption is expected to increase by 6.25% annually. ● The annual reduction target of energy consumption per unit output value in the Kunshan manufacturing area is 16.47%; the annual reduction target of energy consumption per unit area in the office area is 2.13%; and the absolute electricity consumption is expected to decrease by 5.61% annually. ● Complete the construction of invested green energy power generation facilities in Taiwan. 	2025 goals	<ul style="list-style-type: none"> ● Advantech's overall GHG emission density per unit of revenue to decrease by 30% compared with 2019. ● Advantech Taiwan to use renewable energy to account for 46% of its total electricity consumption.

2020 goals achieved



9.Talent cultivation and development

Materiality	Due to the characteristics of our industry (with a small amount of diversity and high demand for innovation and flexibility), there is high demand for specialized, interdisciplinary talent. The attraction, cultivation, and retention of talent are thus extremely important to Advantech's operations.		
Management strategy	<ul style="list-style-type: none"> ● A "Right People on the Bus" recruitment mechanism, attracting the best people first and then finding the right jobs for them. ● Providing interdisciplinary, cross-border, and diverse opportunities along with job rotation and comprehensive learning programs to develop outstanding talent. ● Establishing a mutual growth model between employee personal development and organizational strategic development, creating excellence and building a sustainable foundation. 		
2021 achievements	<ul style="list-style-type: none"> ● Build a Human Capital Management (HCM) digital talent database. ● E-Learning's global employee participation rate (indirect employees) is 31%. ● LEAP Workout senior executive promotion rate of 21%. ● Retention rate of key global talent is 100%. 		
2022 goals	<ul style="list-style-type: none"> ● More than 10% of new full-time employees come from the Elite program. More than 30% of Elite100 Internship students extend their internships and turn them into full-time jobs after graduation. ● E-Learning's global employee participation rate (indirect employees) to be 60%. ● LEAP Workout senior executive promotion rate of 20%. ● Retention rate of key global talent to be 90%. 	2025 goals	<ul style="list-style-type: none"> ● At least 25% of vice president (AVP) and above to be promoted after rotation. ● Global talent to be visualized using Human Capital Management (HCM). ● Fifteen percent of new hires worldwide recruited via the Right People on the Bus pipeline. ● E-Learning's global employee participation rate (indirect employees) to be 75%. ● LEAP Workout senior executive promotion rate of 20%. ● Retention rate of key global talent to be 95%.

2020 goals achieved