

Version Change Record		
Version	Date	Description of Change
A0	2023/11/15	First edition

## 1. Purpose

- 1.1 Complying with the Dodd-Frank Act of 2010 (H.R. 4173) and the EU Regulation (EU) 2017/821, and to avoid Advantech products from potentially obtaining minerals from Conflict-Affected and High-Risk Areas (CAHRAs) as defined by the Organisation for Economic Co-operation and Development (OECD) during the manufacturing process.
- 1.2 Conduct Advantech's annual due diligence in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (hereinafter referred to as the OECD Guidance).



## 2. Management system and Responsible Department

### 2.1 Responsible Purchasing Policy

Advantech's Responsible Procurement Policy, established by the Procurement team in conjunction with QA, will include the following information:

- Coverage of Tantalum, Tin, Tungsten, and Gold (3TG)
- Commitment to conducting due diligence in accordance with the OECD Guidance
- Commitment to sourcing only from smelters verified by third parties
- Explicit requirement that suppliers' products do not directly or indirectly benefit armed groups that commit serious human rights abuses
- Statement that the policy will be communicated to suppliers and subcontractors

### 2.2 Communicate the Policy to All Suppliers

Procurement will announce Advantech's Responsible Sourcing Policy in the Advantech SRM system.

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### **2.3 Publish the Policy on the Company Website**

QA will publish Advantech's Responsible Sourcing Policy on the company website. The link is as follows:

[https://advcloudfiles.advantech.com/web/Download/quality-policy/Advantech\\_Responsible\\_Minerals\\_Sourcing\\_Policy.pdf](https://advcloudfiles.advantech.com/web/Download/quality-policy/Advantech_Responsible_Minerals_Sourcing_Policy.pdf)

### **2.4 Training**

QA is responsible for organizing the following education and training sessions:

- a. Internal Training:
  - i . Provide training on regulatory requirements and company policies regarding responsible minerals to relevant departments and personnel.
  - ii . Establish internal audit and oversight mechanisms to ensure all employees understand and comply with related policies and procedures.
- b. External Training
  - i . Offer training and guidance to suppliers on responsible minerals, helping them understand regulatory requirements and improve compliance.
  - ii . Collaborate with relevant industry organizations and experts to participate in training and seminars, keeping abreast of industry best practices and latest developments.

### **2.5 Grievance Mechanism**

The contact email address information will be publicly available on the company's ESG website. The link is as follows:

<https://esg.advantech.com/en-us/contact-us>

### **2.6 Document Records**

The QA department is responsible for the following education and training: All documents and records related to due diligence, including but not limited to suppliers' CMRTs and agreements signed with suppliers, must be kept for a minimum of five years.

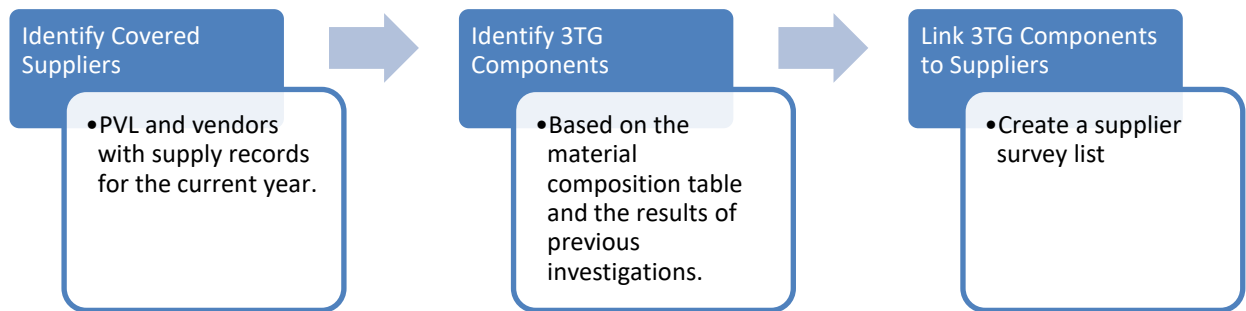
## **3. Risk Management and Investigation Process**

### **3.1 Risk Identification and Investigation Process**

**3.1.1 Responsibility of Procurement:** Identify the list of key suppliers (PVL) each year who have supply records for the current year and provide this list to the QA department.

## 3.1.2 Responsibility of QA

- a. From the supplier list provided by Procurement, identify the suppliers to be investigated for the current year based on material composition sheets and previous investigation results. Generally, exclude parts that do not contain tantalum, tungsten, tin, or gold (3TG), such as pure metal mechanical parts (including screws and other fasteners), plastic mechanical parts, gaskets, and packaging materials (including manuals).



- b. Identify countries and regions currently defined as high-risk by relevant regulations, and third-party audited smelters (Conformant or Active SORs) such as the qualified smelter lists from RMI, LBMA, and RJC, as well as the latest version of the CMRT.
- c. Prepare the annual conflict minerals requirements and guidelines, and provide them to Procurement to announce the investigation start and end dates on the SRM system and to follow up on supplier submissions.
- d. Review the CMRT content submitted by suppliers and provide a list of suppliers who have not submitted CMRTs to Procurement for continuous tracking.
- e. Key points and risk identification during the review of supplier-submitted CMRT content:
  - i. Confirm that the supplier's CMRT response is the latest version and that the declaration form is complete and accurate, referencing the RMI CMRT Completion Guide, link: <https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/>
  - ii. Verify that the usage of 3TG minerals is consistent with the material composition sheet or common industry usage.
  - iii. Determine if the supplier declares that the 3TG in their products originates from the Democratic Republic of Congo and its adjoining regulated countries or is sourced from conflict-affected or high-risk areas. If "yes," even if the smelter is third-party verified, the smelter's name and the origin of the 3TG must be entered in the remarks section.
  - iv. Ensure the supplier's CMRT response achieves 100% completion.

- v. Confirm that the supplier has established a publicly responsible sourcing policy.
- vi. Verify that the list of 3TG smelters provided by the supplier has passed independent third-party audits (Conformant or Active SORs), such as those by RMI, LBMA, or RJC.

### 3.2 Risk Assessment

We employ the following risk assessment matrix. If any of items 1 to 4 show one or more "Y" responses, the supplier is classified as a high-risk supplier.

Item	Risk Assessment Items	Supplier A	Supplier B	Supplier C	Supplier D
1	Smelter not validated	Y	N	N	Y
2	Smelter sources from embargoed country	N	N	Y	N
3	Supplier CMRT response not 100% complete	N	N	Y	N
4	Supplier does not publish 3TG Responsible Sourcing Policy	N	N	N	Y
5	CMRT filled in incorrectly	N	Y	N	Y

Item	Supplier Name	Hight Risk	Low Risk
1	Supplier A	Y	
2	Supplier B		Y
3	Supplier C	Y	
4	Supplier D	Y	

### 3.3 Risk Mitigation

If a supplier is classified as a high-risk supplier, they must provide a corrective action plan with a clear implementation schedule and submit an updated CMRT upon completion of corrections. Reporting and tracking requirements include:

- a. Regularly reporting progress and outcomes of responsible mineral due diligence investigations to the procurement and QA managers.
- b. Monitoring the effectiveness of implemented risk management measures and making necessary adjustments and improvements.
- c. If any non-compliant smelters are found in the supply chain and are non-essential, suppliers will be required to cease purchasing and using conflict minerals from these smelters, and select new mineral sources with valid evidence demonstrating compliance with RBA requirements for conflict-free minerals. If essential, suppliers must submit a removal plan or facilitate verification through an independent third-party audit.
- d. Non-cooperation from high-risk suppliers in corrective actions will result in referral to the Supplier Evaluation Committee, which may discuss actions such as suspension, removal, or other measures.

## **4. CMRT Summary Report**

### **4.1 Summary Process**

The QA team is responsible for consolidating the CMRT reports provided by suppliers. This involves compiling the following sections from the CMRT:

- a. Declaration Page: Includes company information and due diligence inquiries (usage, sources, procurement details for each metal, etc.)
- b. Smelter List Page: Compiles the smelters reported by suppliers
- c. Product List Page: Advantech reports across the entirety of its product range

### **4.2 CMRT Report**

The QA team is responsible for completing the CMRT report and disclosing the annual investigation results in Advantech's ESG (Environmental, Social, and Governance) report. This ensures transparency regarding our efforts and outcomes related to conflict minerals due diligence, aligning with our commitment to corporate responsibility and stakeholder accountability.

## **5. References to Regulations and Standards**

- Dodd-Frank Act of 2010, H.R. 4173
- OECD Due Diligence Guidance for Responsible Business Conduct
- EU Regulation (EU) 2017/821 on Conflict Minerals

## **6. Appendix**

- RMI CMRT