

## Advantech Co., Ltd.

### 2023 Board Performance Evaluation by Taiwan Institute of Ethical Business

Advantech conducted an internal self-assessment and external evaluation of its board's performance in accordance with its "Board Performance Evaluation Guidelines." From September to December 2023, the company commissioned an external independent organization, Taiwan Institute of Ethical Business (referred to as the external evaluation agency), to carry out performance assessments of the board and functional committees. This external evaluation agency is neither a related party of Advantech nor has any business dealings with the company, ensuring its independence. The expert team conducting the 2023 evaluation included attorneys Shih-Min Chung and Cheng-Yu Lee, both of whom are employed at PwC Legal. The evaluation process included the following stages: [Stage One] Confirming the scope of evaluation, submitting the required documents according to the checklist provided by the external evaluation agency for review of written and file materials, and having all directors complete the board performance evaluation questionnaire; [Stage Two] The external evaluation agency assigned professional members to conduct individual in-person interviews with the company's directors and the general manager.

The external evaluation process for 2023 has been completed, covering the performance of the board of directors, the remuneration committee, the audit committee, and the sustainability committee. A comprehensive evaluation report and certification were issued. The results of the evaluation were fully reported, along with recommendations and improvement plans, at the seventh meeting of the 15<sup>th</sup> board of directors on February 27, 2024.

#### ■ Conclusion by External Evaluation

##### Board Performance:

##### 1. Board Professional Competence:

The members of our company's board of directors primarily reflect the structure of the shareholders' meeting. Their professional backgrounds encompass various fields, including industry, accounting, economics, and finance, enabling them to provide diverse perspectives from different angles.

##### 2. Board Decision-Making Effectiveness:

Our company's directors can engage in thorough discussions through multiple channels. When it comes to significant business development decisions, board members and managers also conduct in-depth discussions. All directors are well-informed about the company's operations, allowing them to make appropriate decisions based on comprehensive information.

##### 3. Board Supervision of Internal Controls:

Our company's board of directors and audit committee serve as the highest entities for risk management. They have established risk management procedures and, based on risk assessment results, take corresponding measures and regularly review the effectiveness of these procedures.

##### 4. Attitude Towards Sustainable Operation:

The Sustainability Committee of our company reports the implementation of sustainability policies to the board of directors annually. Advantech actively promotes various sustainability initiatives. In 2023, the company was listed as a component of the "Dow Jones Sustainability World Index (DJSI-World)," ranking in the top 10% of companies in terms of industry sustainability development scores. Additionally, from 2021 to 2022, Advantech

was consecutively ranked in the top 5% in corporate governance evaluations. The company also received the GCSA Global Corporate Sustainability Award and the TCSA Taiwan Corporate Sustainability Award, demonstrating significant achievements in promoting corporate sustainability in 2023.

## **Functional Committees**

### **I. Audit Committee:**

Our independent directors have access to comprehensive information regarding proposals and frequently offer suggestions for improving the company's internal control systems. They maintain close communication with the company's auditors, which helps strengthen the implementation of internal control systems.

### **II. Remuneration Committee:**

Our independent directors receive sufficient information to facilitate discussions during meetings. This enables them to make appropriate decisions and evaluations regarding compensation strategies.

### **III. Sustainability Committee:**

Our company has established sustainability development goals and continuously advances according to the sustainability blueprint and roadmap released by regulatory authorities. We are deepening our focus on ESG-related issues.

## **■ Recommendations for Improvement by the Evaluation Agency and Implementation Status:**

### **1. Enhancing Board Diversity by Increasing Independent Director Seats**

Our company has drafted plans to optimize the board structure and enhance board diversity in the upcoming 16th board term.

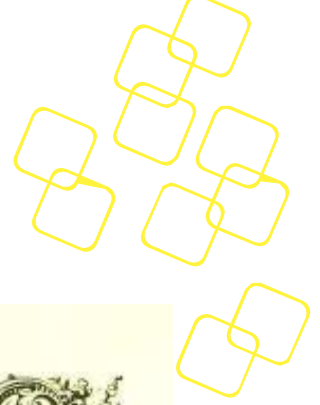
### **2. Continuous Improvement of Board Meeting Records, Including Directors' Remarks**

Since the 15th board term, our company has begun recording directors' remarks during board meetings. Moving forward, we will continue to summarize directors' remarks to facilitate the application of past experiences in future decision-making evaluations.

### **3. Continuously Promoting Corporate Sustainable Operation**

This year, our company was listed for the first time as a component of the "Dow Jones Sustainability World Index (DJSI-World)," ranking in the top 10% of companies in terms of industry sustainability development scores. In the past two years, we have also been ranked in the top 5% in corporate governance evaluations for the 8th and 9th terms, respectively. These recognitions underscore our commitment and efforts towards sustainable operation. We aim to sustain these efforts to maintain our position as an industry benchmark.

These measures demonstrate our commitment to enhancing corporate governance, promoting sustainability, and ensuring effective board operations for the benefit of our stakeholders.



## 董事會績效評估證明

茲研華股份有限公司已委託本學會執行並完成 2023 年董事會及功能性委員會（含審計委員會、薪資報酬委員會及永續發展委員會）績效之外部評估，特此為證。

社團法人臺灣誠正經營學會

理事長 邵慶平



中華民國 112 年 12 月 31 日