

Corporate Governance Implementation Status and Deviations from the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

| Evaluation Item | Implementation Status | | | Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Explanation | |
| 1. Has the Company established a ESG unit (full- or part time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors? | V | | <p>Advantech has issued the corporate social responsibility report since 2013. The President reports the summary of the key points of the annual report issuance and CSR work in the annual Board of Directors Meeting. The Board of Directors is responsible for reviewing the annual report, and the Chairman leads the important projects related to CSR. In 2020, Advantech established ESG Corporate Sustainable Development Committee and ESG office to manage projects related to corporate sustainable development from three aspects, i.e. governance, environment, and social.</p> <p>The members of Advantech ESG Corporate Sustainable Development Committee include the Chairman (founder), an external director, the president of general management, the head of Quality Assurance Department, the vice president of Audit and the vice president of Human Resources, with a total of 6 members. ESG office formulates an</p> | None |

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| | | | annual plan and submits ESG major issues and project progress at the committee meeting every quarter; after the new project is confirmed by the committee, the responsible team will take action, and the ESG office will regularly track the performance and put forward improvement plans. In 2021, ESG office made two reports to the Board of Directors, including the carbon neutralization target of Taiwan headquarters, the green power investment plan and the issuance of the report for the current year. | |
| 2. Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies? | V | | 1. Please refer to the 2020 report. (2.3 Risk Management : p42-43) https://advcloudfiles.advantech.com/csr/Report/2020_%E7%A0%94%E8%8F%AF%20CSR%20%E5%A0%B1%E5%91%8A%E6%9B%B8.pdf (https://csr.advantech.com/zh-tw/downloads) 2. https://www.advantech.tw/csr/company_commitment/corporate_governance_overview/rmcommittee | None |

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| <p>3. Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</p> <p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p> | <p>V</p> <p>V</p> <p>V</p> <p>V</p> | | <p>(1)The Company has established ESH Management Committee and ISO14001 environmental management system, which includes the following items:</p> <p>a.Collect, assess, and identify the impact of the Company’s activities, products, and services on the natural environment.</p> <p>b.Establish measurable goals of environmental sustainability and regularly review the continuity and relevance of its development.</p> <p>c.Set specific action plans and regularly review the effectiveness of the operation.</p> <p>(2)The Company is committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environment</p> <p>(3) Advantech has participated in the Carbon Disclosure Project (CDP) ,which requires the company to publish its greenhouse gas inventory data regularly on the CDP website for customers and stakeholders.</p> | <p>None</p> |

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| | | | <p>From 2021, We promote the TCFD project (Task Force on Climate-related Financial Disclosures) and evaluated the list of climate change risks, including potential risks and opportunities, and corresponding measures. In addition, in 2021, Advantech obtained the international SBT target announcement, hoping to take practical actions to reduce carbon emissions through the SBT plan.</p> <p>(4) Advantech annually discloses greenhouse gas emissions, water consumption, and total weight of waste. Advantech has implemented a number of measures to achieve the reduction targets and regularly reviewed the effectiveness of its operations. In order to ensure the credibility of greenhouse gas emissions data, on-site verification of ISO 14064 by Taiwan Inspection Technology Co., Ltd. (SGS) since 2019.</p> | |
| <p>1. Social issues</p> <p>(1) Does the Company have the relevant management policies and procedures stipulated in accordance with</p> | V | | <p>(1) In compliance with the relevant laws and labor regulations and in accordance with International Labor Convention and International Bill of Human</p> | None |

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| <p>the relevant laws and regulations and international conventions on human rights?</p> <p>(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p> <p>(3) Does the Company provide employee with a safe and healthy working environment, and provide safety and health education to employees regularly?</p> <p>(4) Does the company set up effective career development and training programs for its employees?</p> <p>(5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?</p> <p>(6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?</p> | <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> | | <p>Rights, Advantech Co. Ltd. formulated Business Conduct and the Employee Handbook and had them published on the Employee Portal for the convenience of our employees and managers.</p> <p>Advantech respects for employees' equal appointment and career development opportunities and will have no disparate treatment discrimination, or any form of discrimination in terms of personal gender, race, religion, political party, sexual orientation, rank, age, nationality and other issues.</p> <p>We are committed to providing employees with a safe and high-quality work environment, and with respect to our policies, Advantech faithfully abides by all kinds employment and labor laws; employment of child labor or illegal workers is prohibited; sexual harassment is prohibited; and the company is committed to providing employees with a safe and healthy work environment complying with various environmental laws and regulations and avoiding environmental pollution through proper management and technical applications.</p> | |

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| | | | <p>(2) The Group complies with the Labor Standards Act and related laws and regulations when setting salary and benefit measures, and provides benefits that are competitive in the market to encourage employees. Furthermore, periodic evaluations are conducted for issuing performance bonuses to share profits with employees.</p> <p>(3) The Company offers employees safe and healthy working environment and passes the occupational safety and health management system certification; provides employees with annual health checks that is better than the requirement of the Labor Standards Act; also, has the safety and health education arranged in the orientation that is held once in every two-month.</p> <p>(4) The Company, through "Advantech School," has diversified curriculum planned, established effective career capacity development and training program for employees; also, reflected the Company's operating performance and results appropriately in the employee remuneration policies to ensure the</p> | |

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| | | | <p>recruitment, retention, and encouragement of human resources in order to reach the goal of sustainable business operation.</p> <p>(5)The company complies with relevant regulations and follows international standards for product and service on customer health and safety, marketing and labeling, such as CE, FCC electromagnetic compatibility regulations as well as safety regulations for each product category (such as information technology equipment , industrial control, Medical Electrical Equipment , Vehicle, ship, etc.), and all related information has been released to the company website.</p> <p>https://www.advantech.tw/csr/social_contribution/care_for_environment_overview</p> <p>For customer privacy protection, formulate and release relevant policies to protect consumer rights and interests on the company website.</p> <p>http://www.advantech.com/legal/privacy</p> <p>Product do comply with international laws and regulations on environmental protection, from getting</p> | |

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| | | | <p>effective use on natural resource to the ban of harmful substances, and also follow international green product related regulations. Advantech promotes green products basing on safety, energy saving and environmental protection three aspects, and announces them on the company's CSR website.</p> <p>https://www.advantech.tw/csr/social_contribution/care_for_environment_overview</p> <p>The company has a policy to protect consumer rights and appeal procedures, and has developed program files such as a quality feedback system, customer service platform, and repair operation instructions to ensure proper handling. Please refer to the company's CSR website about quality commitment.</p> <p>https://www.advantech.tw/csr/company_commitment/quality_assurance</p> <p>(6)In 2010, the company established a green supply chain management system.</p> <p>Advantech manages its suppliers by conducting on-site inspections of key suppliers according to the procurement procedures. An inspection checklist is</p> | |

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| | | | used to confirm the suppliers' processes, quality, environmental safety and health, labor conditions, and CSR management. Through a supplier management platform, the company conducts quarterly evaluations to rate supplier quality, delivery, and their willingness to cooperate. | |
| 2. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit? | V | | Advantech's 2020 corporate social responsibility report was written by the Company in accordance with GRI Standards, and the independent third-party unit SGS was commissioned to complete the verification, which meets the requirements of the AA1000AS type 2 high assurance level. (https://csr.advantech.com/zh-tw) ° | None |
| 3. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: Advantech has established the Code to require that all employees, officers and board members comply with the Code and the other policies and procedures. There is no discrepancy between the Code, including its affiliate policies and procedures, and its implementation. | | | | |
| 7. Other important information helpful in understanding the Company's corporate social responsibility operations: Advantech has issued the corporate social responsibility report since 2013. The President reports the summary of the key points of the annual report issuance and CSR work in the annual Board of Directors Meeting. The Board of Directors is responsible for reviewing the annual report, and the Chairman | | | | |

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| <p>leads the important projects related to CSR. In 2020, Advantech established ESG Corporate Sustainable Development Committee and ESG office to manage projects related to corporate sustainable development from three aspects, i.e. governance, environment, and social.</p> <p>The members of Advantech ESG Corporate Sustainable Development Committee include the Chairman (founder), an external director, the president of general management, the head of Quality Assurance Department, the vice president of Audit and the vice president of Human Resources, with a total of 6 members. ESG office formulates an annual plan and submits ESG major issues and project progress at the committee meeting every quarter; after the new project is confirmed by the committee, the responsible team will take action, and the ESG office will regularly track the performance and put forward improvement plans. In 2021, ESG office made two reports to the Board of Directors, including the carbon neutralization target of Taiwan headquarters, the green power investment plan and the issuance of the report for the current year.</p> <p>Highlight 1: green operation</p> <p>Advantech has made continuous efforts in green operation, submitted the SBTi (Science Based Targets) carbon reduction goal in 2021, and announced the carbon reduction goals of Advantech Taiwan in 2026 and 2032. It has also made a joint venture with Micro Electricity to develop a solar plant. It is expected that solar power generation can be started in Q4 of 2022. We have also planned Advantech's Taiwan ten-year carbon neutralization plan, which has been disclosed in the internal system for review by all Advantech's (including overseas) colleagues. In the future, we will gradually carry out green power purchase plans in other countries.</p> <p>In terms of product green design, five mass production product lines introduced eco design standards (raw materials, energy consumption rate, packaging materials and recyclability) in 2021, and one new product obtained the certification of US Energy Star and the first prize of eco design competition by European customers. In order to reduce Category 3 emissions, the product energy consumption performance improvement plan was launched at the end of 2021, and the energy consumption efficiency of the purchased power supply will be improved year by year from 2022.</p> | | | | |

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| <p>Highlight 2: Sustainable intelligent solutions</p> <p>Advantech provides sustainable intelligent solutions in diverse applications to various industries to enable a sustainable planet. Based on the small-volume large-variety design, production flexibility and the co-creation model of cooperation with customers and partners over the years, Advantech quickly responds to the increase in global demand for sustainable products, and continues to launch sustainable related solutions, including energy efficiency, sewage treatment, public safety, long-distance learning, long-distance medical treatment, information security, etc. In 2021, Advantech sold products for sustainable use worldwide, and its revenue accounted for 15.91% of the Company's total revenue.</p> <p>For example, in 2021, we cooperated with a well-known solar energy company in Taiwan to remotely maintain more than 1,500 solar farms, and used AI technology to predict the real-time sunshine in Taiwan and optimize the power generation efficiency. We also provided wireless communication equipment to household solar panels in Finland for power generation statistics and management. In addition, Advantech's industrial computer continues to be deployed to monitor the subway emergency pump. If there is a flood like the flood level in Henan, China in 2021, the tunnel flooding can be prevented from reoccurrence.</p> <p>Highlight 3: introduce international standards and strengthen overseas communication</p> <p>The ESG office was established in mid-2020, and the Sustainable Development Committee has taken stock of the Company's resources and gaps, as well as formulated the plan for introducing international standards year by year. In addition to obtaining SBTi certification in mid-2021, the TCFD project was also launched at the end of 2021. The first version of the climate-related financial disclosure report is expected to be issued in mid-2022. In addition, although it has been invited for six consecutive years, Advantech did not reply to the DJSI questionnaire in the past. In 2021, it participated in the reply to the DJSI questionnaire for the first time and obtained 61 points. We have held a DJSI high-level meeting to formulate the annual progress plans for various aspects, problem groups, and sub-topics in detail, and take the most stringent international standards as an important reference indicator for Advantech's ESG management.</p> <p>In addition, in 2021, Advantech launched a new official CSR website in both Chinese and English, and issued MyAdvantech special issue on sustainability</p> | | | | |

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| <p>in both Chinese and English, which included the achievements of global Advantech sustainable intelligent solutions and community care, and received warm responses. It also participated in overseas employees, customers, and media webinars for many times to report Advantech's ESG vision, actions, and objectives to stakeholders. Advantech has gone out of Taiwan and accepted all-round inspections from overseas employees and customers.</p> <p>Highlight 4: comprehensively promote SDGs sustainable education</p> <p>United Nations sustainable development goals (SDGs) put forward comprehensive targets for the sustainability of the world and the environment, but few schools have conducted SDGs education and most of them adopt traditional teaching models, which is difficult to impress children. Therefore, we comprehensively promote SDGs sustainable education from the following aspects:</p> <p>(1) Host ACT Dreamers, invite primary and secondary school students to study relevant SDGs and find solutions, as well as use PBL (project-based learning method) to allow children to trial and error and learn to solve problems in the process of implementation, so as to plant the seeds for concern about sustainability in their minds. From 2021 to 2022, 11 schools in northern, central and southern Taiwan have been invited to participate with provided board games learning workshops, online learning and the cross-school exchange meetings.</p> <p>(2) Be the sponsor and co-sponsor of the ACT-ESG influence program, invite college students to study ESG topics of enterprises, and let students have a deeper understanding of sustainability in the form of college students' participation in enterprise special projects, so as to enable every individual to make an influence.</p> <p>(3) Cooperate with PAGAMO to launch SDGs sustainable education via primary school curriculum, and open access to all PAGAMO users.</p> <p>Highlight 5: Advantech Beautiful Life</p> <p>Advantech Beautiful Life integrates organizations and resources such as employee service and care and corporate social responsibility (ES&R), Advantech Foundation and Welfare Committee, and encourages colleagues to go out of their comfort zone, learn new knowledge, explore unfamiliar fields and cultivate new interests through clubs and societies, sports, LOHAS growth, art and cultural performances on various subjects, exhibitions, speeches,</p> | | | | |

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| reading clubs, etc. | | | | |
| <p>In addition, during the pandemic period, ES&R is responsible for the Company's internal pandemic prevention and split shift policies, providing pandemic prevention materials, pandemic prevention insurance, rapid test, and other benefits, as well as uniting colleagues and cheering for all colleagues through continuous line information update and online activities during the split shift for work.</p> <p>For the effectiveness of Advantech in promoting sustainability in 2021 and more sustainability-related project reports, please refer to Advantech's CRS report in 2021: https://csr.advantech.com/zh-tw/downloads</p> | | | | |