

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

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	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>Since 2013, Advantech has been releasing its Corporate Social Responsibility (CSR) report, and the general manager reports the summary of the issuance of the report and CSR work focus at the annual board meeting. The board of directors is responsible for reviewing the report annually, and the CSR-related important projects are led by the chairman of the board.</p> <p>In 2020, Advantech established the ESG Corporate Sustainability Development Committee and ESG Office to manage projects related to corporate sustainability development from the three dimensions of governance, environment, and society.</p> <p>Starting from 2022, in order to strengthen the authority of sustainable governance, the Advantech's ESG Corporate Sustainability Development Committee was promoted to the board level and renamed as the Sustainability</p>	None

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			<p>Development Committee (SDC) to facilitate in-depth discussions on long-term strategies and accelerate the promotion of ESG sustainable strategies. The members include the chairman of the board (founder), an independent director Chen Hong-Ze, and a director Zhang Ling-Han, totaling three members. The ESG Office sets an annual plan and reports ESG major issues and project progress at each committee meeting every quarter. After the confirmation of the committee, the responsible team takes action, and the ESG Office regularly tracks the effectiveness and proposes improvement plans.</p> <p>In 2022, the ESG Office made two reports to the board of directors, including the RE100 progress planning and sustainable strategy re-planning, the trial and discussion on the establishment of the Advantech ESG Corporate Sustainability Development Committee organization, stakeholder engagement greenhouse gas inventory plan, and annual sustainability report planning.</p>	

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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 2021 report. (2.3 Risk Management : p48-50) <a href="https://advcloudfiles.advantech.com/csr/Report/2021-CSR-Report.pdf">https://advcloudfiles.advantech.com/csr/Report/2021-CSR-Report.pdf</a> ( <a href="https://csr.advantech.com/zh-tw/downloads">https://csr.advantech.com/zh-tw/downloads</a> ) 2. <a href="https://csr.advantech.com/zh-tw/operation-and-governance/risk-management">https://csr.advantech.com/zh-tw/operation-and-governance/risk-management</a>	None
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (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? (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,	V  V  V  V		(1)The Company has established ESH Management Committee and ISO14001 environmental management system, which includes the following items: a.Collect, assess, and identify the impact of the Company's activities, products, and services on the natural environment. b.Establish measurable goals of environmental sustainability and regularly review the continuity and relevance of its development. c.Set specific action plans and regularly review the effectiveness of the operation. (2)The Company is committed to enhance the utilization efficiency of resources and use renewable materials	None

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greenhouse gas reduction, water reduction, or waste management?			<p>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. 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.,</p>	

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			Ltd. (SGS) since 2019.	
1. Social issues				
(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(1)In compliance with the relevant laws and labor regulations and in accordance with International Labor Convention and International Bill of Human 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. 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. 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	None
(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?	V			
(3) Does the Company provide employee with a safe and healthy working environment, and provide safety and health education to employees regularly?	V			
(4) Does the company set up effective career development and training programs for its employees?	V			
(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?	V			
	V			

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(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>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> <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>The average salary of full-time employees who are not in a managerial position in this company: NT\$1,192K °</p> <p>The median salary of full-time employees who are not in a managerial position in this company: NT\$1,001K °</p> <p>(3) The Company offers employees safe and healthy working environment and passes the occupational safety and health management system certification;</p>	

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			<p>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 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</p>	

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			<p>Electrical Equipment , Vehicle, ship, etc.), and all related information has been released to the company website.</p> <p><a href="https://www.advantech.tw/csr/social_contribution/care_for_environment_overview">https://www.advantech.tw/csr/social_contribution/care_for_environment_overview</a></p> <p>For customer privacy protection, formulate and release relevant policies to protect consumer rights and interests on the company website.</p> <p><a href="http://www.advantech.com/legal/privacy">http://www.advantech.com/legal/privacy</a></p> <p>Product do comply with international laws and regulations on environmental protection, from getting 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><a href="https://www.advantech.tw/csr/social_contribution/care_for_environment_overview">https://www.advantech.tw/csr/social_contribution/care_for_environment_overview</a></p> <p>The company has a policy to protect consumer rights and appeal procedures, and has developed program</p>	



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			<p>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.  <a href="https://www.advantech.tw/csr/company_commitment/quality_assurance">https://www.advantech.tw/csr/company_commitment/quality_assurance</a></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 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.</p>	
5. 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	V		Advantech released its 2021 Corporate Sustainability Report, which transparently presents the company's strategies, management policies, practices and results, as well as future progress directions related to governance,	None

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reports above obtain assurance from a third party verification unit?			<p>environment, and society to stakeholders and the public. The report was published in 2022 and was reported according to the Global Reporting Initiative (GRI) Standards on the annual work focus.</p> <p>The report follows the "Referencr" options of the GRI Standards and discloses Advantech's strategies, management policies, projects, and performance in corporate sustainability. The financial statement figures in this report are calculated in New Taiwan Dollars, and the environmental, safety, and health-related performance is expressed using internationally recognized indicators. Estimated or assumed conditions are noted in the relevant chapters. Compared with the previous version of the report, this report contains no statements that could cause significant misjudgments by readers due to the revision of the old report.</p> <p>The report was verified by an independent third-party unit, SGS Taiwan Limited., and meets the requirements of the AA1000AS* Type 2 high assurance level.</p> <p>The Financial Supervisory Commission requires certain industries to disclose sustainability indices ,such as</p>	

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			Computer Peripherals and Consumables industry, and then submit the reports to PwC for auditing and limited assurance.	
<p>6. 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:</p> <p>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.</p>				
<p>7. Other important information helpful in understanding the Company's corporate social responsibility operations:</p> <p>Since 2013, Advantech has been releasing its Corporate Social Responsibility (CSR) report, and the general manager reports the summary of the issuance of the report and CSR work focus at the annual board meeting. The board of directors is responsible for reviewing the report annually, and the CSR-related important projects are led by the chairman of the board.</p> <p>In 2020, Advantech established the ESG Corporate Sustainability Development Committee and ESG Office, and in 2022, the board-level Sustainability Development Committee (SDC) was established to manage projects related to corporate sustainability development from the three dimensions of governance, environment, and society. For more information, please refer to Advantech's 2022 Sustainability Report: <a href="https://csr.advantech.com/zh-tw/downloads">https://csr.advantech.com/zh-tw/downloads</a> or visit the <a href="#">CSR Home Page - CSR (advantech.com)</a> on the CSR official website.</p> <p>The following report highlights the main accomplishments in the areas of ESG (Environmental, Social, and Governance) work:</p> <p>Governance:</p> <ol style="list-style-type: none"> <li>ESG KPI included in senior executive compensation mechanism: Establish and publish ESG sustainability indicators for environmental, social, and governance aspects, and include them as performance evaluation items for senior executives both domestically and overseas. Incentivize rewards with ESOP employee stock options. Sustainable KPIs for 2023-2024 include "green products," "sustainable intelligent solutions," "green operations," and "talent development." Establish a</li> </ol>				

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top-down sustainable requirement and performance check from multiple perspectives.

2. Strengthen sustainability governance authority: Conduct semi-annual meetings across large-scale boards of directors to enhance talent development and succession rotation, promote comprehensive evolution of corporate development functions, and optimize financial and accounting functions to drive long-term change. Also establish a sustainable development committee at the board level to enhance sustainable governance, deeply discuss long-term strategies, and accelerate the promotion of ESG sustainability strategies.
3. Launch corporate inheritance and co-creation and co-governance plan: Based on the premise of maximizing the interests of the company and shareholders, adopt a "professional manager system" as the basis, implement a growth mindset that emphasizes both internal and external factors, and deploy a phased plan that transitions from the "founder era" to the "co-governance era" where ownership and management are separated. Lead the team to embrace new IoT opportunities with the spirit of "co-creation" and "co-governance."
4. Increase revenue share of sustainable intelligent product solutions: Compared to the past revenue share of sustainable intelligent products, Advantech has reached a 18.5% share in this area. It is vigorously developing the application of sustainable intelligence in various scenarios, especially with smart energy management systems as an emerging market. Advantech is combining its own business with that of its partners to jointly reduce carbon emissions.
5. Sustainable supply chain and management:

100%	completion of signing the "Supplier Code of Conduct Agreement" by key suppliers.
100%	compliance with environmental criteria evaluations for new suppliers.
100%	signing of "Declaration of Non-use of Conflict Minerals" by key suppliers.
100%	completion of coaching and improvement on deficiency for high sustainability risk suppliers

Environmental:

1. Set RE100 and net-zero carbon emission goals: Advantech aims to achieve 100% renewable energy use globally by 2040, and a net-zero carbon emission target in

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<p>scope 1 and 2 by 2050.</p> <p>2. Continuously move towards SBTi goals and climate change response:</p> <p>A. In 2022, the unit revenue greenhouse gas emissions of the Taiwan and Kunshan factories decreased by 12.2% compared to 2021, and the unit revenue greenhouse gas emissions of the entire company decreased by 13.1%. Carbon reduction achievement exceeded the original target of 6%-7%.</p> <p>B. In 2022, Advantech received a B-level rating in the CDP climate change questionnaire competition and plans to continue to improve its performance in the coming year.</p> <p>C. Completed the assessment of Task Force on Climate-Related Financial Disclosures (TCFD) risks and opportunities and quantitative data reporting.</p> <p>D. Launched and completed the ISO 14064 greenhouse gas scope 3 full category inventory and verification program, and plans to disclose data in June 2023.</p> <p>E. Launched the certification plans for ISO 50001 and ISO 14067, and plans to obtain certification and the first product carbon footprint certification in May 2023. Advantech will gradually establish internal methodology and complete the representative product carbon footprint inventory to develop a low-carbon product selection mechanism and achieve long-term green product development goals.</p> <p>Social:</p> <p>1. IoT and industry-academia education:</p> <p>A. IoT career exploration: Elite 100 IoT internship program - In 2022, a total of 35 students in Taiwan participated in the summer internship, producing 14 project proposals, and 7 students obtained extended internship contracts after the summer. In China, 12 interns participated in the program, and 10 students were hired after graduation.</p> <p>B. InnoWorks Developer Program Competition: AIoT InnoWorks is an IoT project competition for students and developers worldwide. Based on the Advantech WISE-IoTSuite IoT cloud platform, participants learn about innovative industrial IoT applications in various industries and fields, solve social and environmental challenges, and receive substantial prizes. The themes cover public health, solar and wind energy, smart agriculture, smart factories, smart campuses, and smart cities. In 2022, 90 student teams from 6 countries with over 360 participants joined the competition.</p>				

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<p>C. IoT online learning platform [AIoT Academy IoT Higher Education Courses and Certifications]: In total, over 800 technical certifications were issued through campus partnerships in 2021-2022.</p> <p>2. Sustainable innovation education and cultural support: The Advantech Cultural and Educational Foundation has long supported sustainable and innovative education, hoping to provide better learning experiences and benefits for Taiwanese children and youth. Through various projects, the foundation is committed to cultivating future talent in areas such as:</p> <p>A. ACT Dreamer: Implemented the PBL model, with the main spirit of the ACT Dreamer program being "to cultivate sustainability awareness for children through creativity and collaboration for deep learning." ACT/BPL Sustainability Teachers and Lesson Plans: Collaborated with relevant units to cultivate seed teachers and develop lesson plans, enabling young students to gain a deeper understanding of ESG issues through the PBL model and propose sustainable solutions, working together for a better future and to contribute to the next generation.</p> <p>B. Sponsorship of high-quality sustainable education platforms: Funding is provided to support education programs by quality education teams such as the Junyi Academy, Yingguang Education Association, and Chengzhi Education Foundation. Additionally, the foundation sponsors programs such as the PaGamO to improve reading abilities in rural schools.</p> <p>C. Supporting the cultivation of top creative talents in academia: Supporting the cultivation of elite talents in musical play at the Graduate Institute of Performing Arts of National Taiwan Normal University.</p> <p>D. Various Care and Scholarship Programs: Collaborated with schools in remote mountainous and underprivileged areas such as Hsinchu, Miaoli, and Nantou to establish scholarship programs. The school set up a selection committee to select outstanding and hardworking students, encouraging them and increasing their motivation to learn, and transforming their lives.</p> <p>E. Sponsorship of traditional cultural revival: Supporting the graduation performances of folk art departments, and the skills improvement and imparting of skills by Beijing opera and stunt teams. The foundation aims to expand the stage for students engaged in traditional art and cultural performances and raise the visibility of traditional opera. To encourage students with outstanding skills to continue to work hard and excel in their studies, Advantech sponsored the establishment of</p>				

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<p>the Advantech Elite Award in Folk Arts and Crafts at the Department of Folk Arts and Crafts, which recognizes outstanding students. In addition, Advantech also supported the GuoGuang Opera Company's youth talent cultivation program.</p> <p>F. Support for potential athletes: Sponsoring the necessary training equipment and related expenses for athletes.</p>				