

The Company's implementation of corporate governance and its deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause

| Evaluation Item | Implementation Status | | | Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 1.Does the Company base on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles? | V | | The Company has based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles for guidelines on the MOPS. | None |
| 2.The Company's equity structure and shareholders' equity (1) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (2) Does the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders? (3) Does the Company establish and implement the risk control and firewall mechanism with the related parties? (4) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities? | V V V V | | (1)The Company has a spokesperson, stock affairs supervisor, and associated person assigned to effectively handle shareholder's suggestions or disputes. Legal issues, if any, will be handled with the assistance of the legal affair personnel. (2)Regularly disclose the pledge, increase or decrease of shareholding, or the occurrence of other events that may cause significant changes in the shares of the shareholders with over 10% shareholding; also, maintain a good relationship with the major shareholder at any time for control. (3)The management responsibilities of the Company and the affiliated enterprises are clearly defined; also, business transactions are conducted in compliance with the Company's internal control system and the relevant requirements. For strengthening the control mechanism, the procedures for monitoring subsidiaries are regulated with proper risk control. (4)The company has established "Prevention of Insider Trading Management Measures" and " Procedures for Handling Material inside information" and related legal education and promotion. At least once a year, we provide 10-minute E-learning online education and training to current directors, managers, and all | None |

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| | | | employees, totaling 2,446 people. They are required to read the digital materials on preventing insider trading and related penalties thoroughly. The content of the course covers the definition, purpose, and essential elements of internal major information and prevention of insider trading, including the subjects, abnormal situations, and violation handling. The video also includes storytelling of practical cases to deepen the understanding of the importance of internal major information and prevention of insider trading among all employees and directors. Furthermore, in response to the amendments to Article 10 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" by the competent authority, the Company has amended Article 10 of the "Corporate Governance Best Practice Principles" on February 24, 2022, stipulating that directors may not trade the Company's stock during the closed period within 30 days of announcing the annual financial reports and within 15 days of announcing the quarterly financial reports. | |
| <p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members?</p> <p>(2) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(3) Does the company establish standards and method</p> | <p>V</p> <p>V</p> | | <p>(1) The Company has the board directors diversification policy defined in the “Corporate Governance Best-Practice Principles.” The Company’s board members must be equipped with the finance and economics, accounting, regulatory and leadership, decision-making, and operational management abilities for performing job duties that is beneficial to the development and operations of the Company.</p> <p>(2) According to July 29th resolution, the Board of directors approved the establishment of the Corporate Sustainability Committee responsible for formulating</p> | None |

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| <p>for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?</p> <p>(4) Does the Company have the independence of the public accountant evaluated regularly?</p> | V | | <p>sustainability policies, decisions, and talent development, as well as the enterprise succession plan. The Sustainable Development Committee will implement from environment, society, and governance(ESG) aspects including communication and information disclosure and report to board of directors.</p> <p>(3)The Company has established the Regulations Governing the Board Performance Evaluation. The Company shall conduct the evaluation of board performance before the end of every year. The scope of evaluation may cover the evaluation of the Board as a whole, individual directors and functional committees. An evaluation report shall be submitted to the Board for discussion and improvement. The evaluation report in 2022 has been submitted to the Board in February 2023 to discuss the operation of the Board as a whole, individual directors and functional committees and to propose recommendations for improvement. Board members received more than 90% of satisfaction, and the evaluation of board performance was graded excellent. In the future, the Company will continue to improve the operation of the Board and its participation in the Company’s operation.</p> <p>From September to November 2020, the Company employed Taiwan Corporate Governance Association to conduct the evaluation of Board performance in 2021. The evaluation contained in eight aspects, namely composition, guidance, authorization, supervision, communication, self-regulation, internal control, and</p> | |

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| | | | <p>risk management of the Board and was conducted by survey and field review. The result of the evaluation was reported to the Board in March 2021 to further improve the functions of the Board.</p> <p>Overall Assessment Results of Advantech Board of Directors:</p> <p>I. The Board of Directors Meeting has a positive atmosphere, where the Chairman fully respects opinions from members of the Board of Directors. All directors participate in the formulation of corporate vision and long-term strategic objectives through various meeting occasions, contributing their professionalism and expressing opinions to fully exercise the directors’ advisory and supervisory functions.</p> <p>II. The Board of Directors has fulfilled the responsibility in the supervision of corporate strategy development and operational performance. The Board of Directors also adopts the diverse professionalism and the management experience in corporate business from the members, who are also invited to participate and guide the incubation program of senior managers. Consequently, the program strengthens the depth and width of training successors and continues to create the dynamics for corporate sustainable development.</p> <p>III. The Board’s meeting section plans the meeting agenda for the following year every September and develops the key quarterly agenda for the Board of Directors and functional committees according to the</p> | |

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| | | | <p>management of objectives, which will facilitate the performance of Board of Directors meetings and upgrade the decision-making quality.</p> <p>(4)The Audit Committee evaluates the independence and competency of the company's certified public accountants and require the certified public accountants provide "declarations of impartiality and independence" every year. The company has confirmed that apart from the certification and finance and tax related handling charges between the CPA and the company, there exist no financial interest or business relationship between any of the CPA and the company, and none of the CPA's family members is in violation of the independence requirement. The recent year's evaluation result of the CPA's independence was approved by the board of directors on February 24, 2023.The criteria for CPA independence review are detailed in Note.</p> | |
| 4.Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)? | V | | <p>It has been reported to the Board that the Company will set up a full-time corporate governance unit as the corporate governance team under the Corporate Social Responsibility Steering Committee, and that a person will be selected from the corporate governance team to be in charge of corporate governance affairs, including matters related to the Board and shareholders' meeting, corporate registration and amendment registration, and information disclosure.</p> <p>i. Arrangement of the meetings of the board of directors according to law/regulation: Notify all directors seven days in advance and provide</p> | None |

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| | | | <p>related data, to facilitate their understanding of items on the agenda; remind directors avoiding interest of conflict, should the items be related to their interests or the interests of legal entities they represent; distribute minutes for the meeting within 20 days.</p> <p>ii. Arrangement of shareholders' meeting according to law/regulation: Register date for shareholders' meeting by legal deadline, produce and submit notice, manual, and minutes of the meeting by deadline, and change corporate registration after revision of corporate charter or election of directors and supervisors.</p> <p>iii. Based upon “Regulations Governing the Board Performance Evaluation,” board secretary collects the information related activities of the board, distributing the questionnaire to collect self evaluation of the board of directors, turning in to the board to review and improve at the end of the year.</p> <p>iv. Oversee the establishment of "administrative platform for corporate governance," in order to integrate and track various corporate-governance indicators and have a firm grip of the progress of corporate governance. Starting from the company's vision for corporate governance and based on the evaluation indicators of the "corporate governance evaluation," drafted by the Taiwan Stock Exchange, the platform reviews regularly, alongside various related units, various corporate-governance items, sets various corporate-governance goals, and tracks the execution, as well as results, of various corporate-</p> | |

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| | | | governance items by units in charge, so as to sustain performance. v.Handle related issue about investor relations: investor relations team provides AGM information, material information announcement, financial statements,presentation material about finance and operation, information about domestic and overseas conferences. | |
| 5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities? | V | | (1) The Company has a spokesperson, stock affairs supervisor, and associated person assigned to establish a comprehensive communication channel, and regularly or irregularly held briefings to offer a face-to-face and comprehensive communication interface targeting on various issues and inquiries. (2) The Company sets up the Advantech CSR website in English and the stakeholder section on the Company’s website, assigns contact person to communicate with the stakeholders. The Company also responds to the stakeholder’s concern over CSR issues through stakeholder questionnaire, notice of collection, website, and CSR reports. | None |
| 6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs? | V | | The Company commissioned a professional stock affairs service agent - KGI Securities Co., Ltd. Shareholder Service Department to handle the Company’s stock service matters, and with the “Guidelines for Handling of Stock Affairs” stipulated to regulate the relevant operations. | None |
| 7.Information disclosure (1)Does the Company have a website setup and the financial business and corporate governance | V | | (1)The company profile and business information is disclosed in the Company’s website with the shareholder’s section setup to disclose financial | None |

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| <p>information disclosed?</p> <p>(2) Does the Company have adopted other information disclosure methods (such as, establishing an English website, designating responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company’s website, etc.)?</p> <p>(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p> | V | | <p>information and corporate governance; also, to establish a communication channel for communicating to investors.</p> <p>(2) The Company has information fully disclosed through the English website, assigning the Investor Relations Commissioner for information collection and disclosure, a clear spokesperson system, and the investor conference on the Company’s website.</p> <p>(3) The Company announces and reports annual financial statements Within two months of the end of each fiscal year, and announces and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.</p> | |
| <p>8. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company’s directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?</p> | V | | <p>(1). The interests of employees and employee care: Offer staff salaries higher than the minimum wage defined in the Labor Standards Act, better employee benefits than the industry standard, insurance coverage and pension benefits according to the law; also, group insurance and overseas business traveling insurance in order to protect the work and life safety of colleagues. Regulate labor safety and health code, exercise Job Equality Act, provide safe, healthy, and harassment-free working environment and culture, and achieve ISO-14001 (Environmental Management International Standard) and ISO-45001 (Occupational Health and Safety Management System) certification. Initiate two performance evaluations of the colleagues during the middle of the year and at the end of the year in order</p> | None |

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| | | | <p>to achieve the overall business plan and as a reference for staff promotion, employee training and development, and payment of salaries. Ensure all employees are protected by the Collective Bargaining Agreement through labor meetings, department meetings, seminars, Suggestion Box, and other communication channels.</p> <p>(2)Supplier relation: On the supplier management, the ADVANTECH had introduced the “Responsible Business Alliance (RBA) (past be known as Electronic Industry Code of Conduct (EICC))” since 2010,and strictly brought the principle of the environmental protection into the mechanism of supplier management to establish the Green Supply Chain Management System. The suppliers are managed via the Supplier Management System (SMS), and the behavior review/verification for the important suppliers, including supplier add/change as well as the procedures to evaluate the suppliers are specified in the Management Document (M-001_purchase procedure). The “Purchase Behavior Criteria”worked out in the ADVANTECH specifies the purchase behavior. Meanwhile, the suppliers must sign the Commitment to Honesty to follow the honesty.</p> <p>(3)Investor Relations: Information is fully disclosed through the MOPS and the Company’s Website to help investors understand the Company’s operating conditions and to communicate with investors through the shareholders’ meeting and the spokesman.</p> <p>(4)Continuing education of directors and supervisors:</p> | |

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| | | | <p>The Company actively encourages directors to participate in continuing education as scheduled below.</p> <p>(5)Customer Policy: The Company keeps in contact with customers regularly and communicates the needs of the customers through online/telephone, customer service, and Account Manager System; also, a Suggestion Box is setup to respond to customer complaint promptly.</p> <p>(6)The acquisition of liability insurance for directors : The Company has acquired liability insurance for directors and supervisors .</p> | |
| <p>9.Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment report issued by the commissioned professional institutions? (If yes, please state the opinion of the board of directors, the self-assessment or outsourcing evaluation results, the main nonconformity or suggestion, and implementation of improvement)</p> <p>1. The company was awarded the highest level of evaluation for corporate governance in the top 5% ranking in the 2021 (8th) corporate governance assessment. The company will strengthen the disclosure of relevant information on the company's official website to comply with corporate governance regulations.</p> <p>2. ACL particularly disclosed the information on our website to meet the corporate governance requirements.The Company will make improvement progressively according to the plan to be made for the matters that have not been improved.</p> | | | | |