

Other Supplementary Information of Risk Management

I. Strategies to promote an effective risk management culture

Advantech has below strategies and approaches to promote an effective risk management culture

- **Board of director's training:** The Company provide board of directors all available training courses hosted by the Company or external institutions in relation to risk management and directors are mandatory to take related courses. All such trainings are at the Company's expenses. The details training statistics is in P.3 Appendix I.
- **Employee's focused training:** The Company request all management and employee to take internal control and risk management courses every year. The Company also provide courses in relation to specific risk subject to all management and employee, and mostly as mandatory ones. The details training statistics is in P.4 Appendix II.
- **Risk Management mailbox:** All global employee may feedback their observation and suggestion on risk management from time to time.

II. Internal Audit of risk management processes in the last 2 years

Internal Audit team has conducted audit of the risk management processes in 2024&2025 for various aspects, and there have been reasonable enhancement for issues identified. Internal Audit team's audit of risk management processes was conducted according to Global Internal Audit Standards (GIAS) as set up by The Institute of Internal Auditors.

- ✓ Employee integrity issues
- ✓ RBU governance (delegation of authority) issues
- ✓ RBU financial controlling and reporting issues
- ✓ Customer order postponement & cancel issues
- ✓ High inventory issues especially for last time buy materials
- ✓ Product quality management issues
- ✓ China's risk regarding local material adoption requirement
- ✓ China's risk regarding channel price management
- ✓ Newly M&A's investee's governance and internal control issues
- ✓ Cyber security and IT infrastructure continuity

III. External Audit of Risk management in the last 2 years

The company engaged external advisors to audit the Company's 2025 risk management according to ISO 31000:2018 Guidelines. The Independent Evaluation Statement issued by external advisor is enclosed in Appendix III (P.6)

In addition, the Company had engaged other advisors to audit various risk mgmt. areas, including but not limited to business ethics, procurement/payment cycle, production cycle, IT

and cybersecurity, etc.

IV. Incorporation of risk criteria in the development of products and Services

In, Advantech, there are mainly two check points during the new product introduction processes:

1. PDCP (planning decision check point):

Before entering product development, establish preventive reviews for the following three risks and respond to countermeasures:

- 1) Material selection: material quality level and key parts health inspection;
- 2) Verification planning: provide certification design considerations to help reduce the risk of future product design changes
- 3) Risks of similar models: Provide quality case sharing and design improvement suggestions, and provide lesson learn for similar models for product development manager's reference

2. ADCP (availability decision check point):

Before entering trial production, establish quantitative review for the following three risks:

- 1) Material quality: material quality level and BOM (Bill of Material) health inspection
- 2) Design quality: completeness of design verification
- 3) Manufacturing feasibility: Design-for-Manufacture evaluation

V. Financial incentives which incorporate risk management metrics

1. For senior executives: Around 50%~70% of total compensation are variable incentives which include yearly performance bonus and performance stock options. The factors that may impact the incentives considers include both financial and strategic factors, while risk management is one of the strategic factors. Other strategic factors include innovation, ESG, talent cultivation, etc.
2. For line managers: Their compensation composed of fixed salary, group bonus, and performance bonus. Around 5%~22% of total compensation are performance bonus which depend on final ranking of appraisal results. Performance appraisal will consider two aspects with detail metrics as below:
 - Job Competence: annual goal achievement, level of expertise, management capability, etc.
 - Corporate requirement: ESG, risk management, and code of business conducts.

Appendix I: 2025 Risk Management Related Training for Board of Directors (including executives and non-executive directors)

Director Type	Name	Study Date	Organizer	Courses	Hours	Risk Mgt relate	Risk Subject
Executive	KC Liu	2025/1/17	Taiwan Institute of Directors	M&A Strategy and Post-Merger Integration	3	Yes	M&A
		2025/2/14	Taiwan Institute of Directors	Experience Sharing on the M&A Process and Strategic Org. Integration	3	Yes	M&A
		2025/10/31	Taiwan Institute of Directors	Diversified Growth under Globalization: End-to-End Thinking from Strategy to Results	3	No	
Executive	Wesley Liu	2025/1/17	Taiwan Institute of Directors	M&A Strategy and Post-Merger Integration	3	Yes	M&A
		2025/2/14	Taiwan Institute of Directors	Experience Sharing on the M&A Process and Strategic Org. Integration	3	Yes	M&A
		2025/7/4	Taiwan Institute of Directors	Key Success Factors in Corporate Investment and M&A	3	No	
		2025/10/31	Taiwan Institute of Directors	Diversified Growth under Globalization: End-to-End Thinking from Strategy to Results	3	No	
		2025/5/26	Advantech Corp.	Advanced Internal Control and Risk Management	0.5	Yes	Risk Mgt
Executive	Tony Liu	2025/1/17	Taiwan Institute of Directors	M&A Strategy and Post-Merger Integration	3	Yes	M&A
		2025/2/14	Taiwan Institute of Directors	Experience Sharing on the M&A Process and Strategic Org. Integration	3	Yes	M&A
		2025/3/7	Taiwan Institute of Directors	M&A Transactions, Corporate Valuation, and Due Diligence	3	Yes	M&A
		2025/7/4	Taiwan Institute of Directors	Key Success Factors in Corporate Investment and M&A	3	No	
		2025/10/31	Taiwan Institute of Directors	Diversified Growth under Globalization: End-to-End Thinking from Strategy to Results	3	No	
Non-Executive	Chaney Ho	2025/7/9	Cathay Financial Holdings	2025 Cathay Sustainable Finance and Climate Change Summit	6	Yes	Climate Change
		2025/5/26	Advantech Corp.	Advanced Internal Control and Risk Management	0.5	Yes	Risk Mgt
Non-Executive	Jeff Chen	2025/2/21	Taiwan Corporate Governance Association	Current Global Economic Outlook	1	Yes	Economic
		2025/3/11	Taiwan Corporate Governance Association	Trump 2.0, the Death of Globalization, and Regional Wars	3	Yes	Geopolitics
		2025/3/27	Taiwan Corporate Governance Association	Corporate Mindset and Strategy in a New Era of Change	3	Yes	M&A
		2025/5/26	Advantech Corp.	Advanced Internal Control and Risk Management	0.5	Yes	Risk Mgt
Non-Executive	Ji-Ren Lee	2025/5/22	Taiwan Corporate Governance Association	Introduction to and Analysis of the Global Minimum Tax Regime	3	Yes	Taxation
		2025/10/29	Taiwan Corporate Governance Association	Sustainability, Risk, and Cybersecurity Issues in the AI Era	3	Yes	Sustain./AI
Non-Executive /Independent	Ming-Hui Chang	2025/4/14	Taiwan Institute of Directors	Cross-Strait Political and Economic Risk Outlook amid U.S.–China Geopolitical Competition	3	Yes	Geopolitics
		2025/10/23	Taiwan Institute of Directors	Data-Driven and Intelligent Transformation	3	Yes	Digital Trans.
		2025/5/26	Advantech Corp.	Advanced Internal Control and Risk Management	0.5	Yes	Risk Mgt
Non-Executive /Independent	Benson Liu	2025/3/26	Taiwan Corporate Governance Association	Creating a New Sustainable Future Seminar	2	Yes	Sustainability
		2025/4/23	Taiwan Corporate Governance Association	Management Accounting and ESG Innovation	1	Yes	Sustainability
		2025/5/21	Taiwan Corporate Governance Association	Enhancing Board and Functional Committee Performance Evaluation	2	No	
		2025/9/3	Taiwan Corporate Governance Association	The Role of the Board in Shaping Corporate Strategy amid Global Upheaval	6	Yes	Governance
		2025/5/26	Advantech Corp.	Advanced Internal Control and Risk Management	0.5	Yes	Risk Mgt
Non-Executive /Independent	Chan-Jane Lin	2025/3/26	Taiwan Corporate Governance Association	Creating a New Sustainable Future Seminar	2	Yes	Sustainability
		2025/6/27	Taiwan Corporate Governance Association	The Future Direction of Diversity, Equity, and Inclusion (DEI) Policies	1	Yes	Sustainability
		2025/9/3	Taiwan Corporate Governance Association	The 21st (2025) International Corporate Governance Summit – The Role of	6	Yes	Governance
		2025/10/28	Taiwan Corporate Governance Association	Low-Carbon Economy and Corporate Sustainability Strategy	3	Yes	Sustainability
		2025/12/5	Taiwan Corporate Governance Association	Sustainability Equals Innovation: Trends in Corporate Sustainability and	3	Yes	Sustainability
		2025/12/29	Taiwan Corporate Governance Association	Sustainability, ESG, and Competition Law	1	Yes	Sustainability
		2025/5/26	Advantech Corp.	Advanced Internal Control and Risk Management	0.5	Yes	Risk Mgt

2025 Total Training Hours for All Directors: All Subjects

91.5 hours

2025 Total Training Hours for All Directors: Risk Management Related

74.5 hours

2025 Total Training Hours for Non-Executive Directors: Risk Management Related

52.5 hours

Appendix II: 2025 Risk Management Related Training for Employee

Risk category	Name of training course	Coverage	Person/Times
Internal Control & Risk Mgt	Internal Control & Enterprise Risk Management	Global employee	5310
Cyber Security Risk	Information Security Awareness training	Global employee	7734
Integrity/Corruption Risk	Code of Conduct Annual Review and Confirmation	Global employee	6098
EHS	EHS (Environment/Health/Safety) related trainings	HQ employee	10010

Appendix III: External Advisor's Independent Evaluation Statement

Deloitte.

勤業眾信

勤業眾信
永續發展與風險管理顧問股份有限公司
110016 台北市信義區松仁路 100 號 21 樓

Deloitte & Touche
Sustainability and Risk Advisory Co., Ltd.
21F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel : + 886 (2) 2725 - 9988
Fax : + 886 (2) 4051 - 6888
www.deloitte.com.tw

Date of issuance: 16th April 2026

This Independent Evaluation Statement is granted to :

Advantech Co., Ltd.

No.1, Alley 20, Lane 26, Rueiguang Road, Neihu District, Taipei, Taiwan

An independent audit of the risk management process has been conducted for Advantech Co., Ltd. The audit was performed with reference to the following standard:

ISO 31000:2018 Risk management – Guidelines

As part of this audit, selected enterprise risk management related practices were reviewed and observed. The scope of the audit included the following aspects:

- leadership and commitment toward risk management;
- integration of risk management considerations into governance, strategy ,and business operations;
- definition of scope, context and risk criteria;
- selected elements of the risk management process; and
- related communication, monitoring, review and reporting practices.

The audit procedures included interviews, inquires, observations, surveys, and a review of selected documents and records. The document sampling covered a 12-month period within the 2025 fiscal year.

Last Assessment Day: 1st April 2026

Signed for and on behalf of

Deloitte & Touche
Sustainability and Risk Advisory Co., Ltd.



Chia-Han Wu