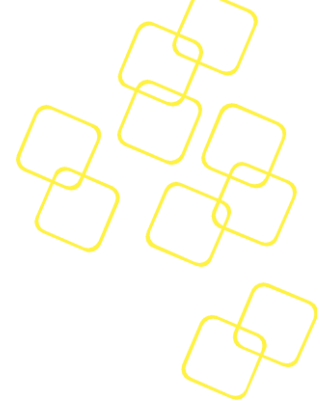




Sustainable Products Program

I. Core Statement: The Company Has Plans in Place to Increase Sustainable Products or Services

Advantech has embedded sustainability into its core business strategy. Through cross-departmental collaboration, R&D innovation, and infrastructure upgrades, the Company drives every product division to develop innovative sustainable products and integrates environmentally friendly design principles throughout the product development process. Specific evidence supporting each detailed requirement is provided below:

1. A classification system used to define sustainable or “green” products, based on specific and quantifiable benefits

Advantech voluntarily references the EU Taxonomy for Sustainable Activities to refine its classification of sustainable activities and to define sustainable or “green” products. This system is based on specific, quantifiable benefits and is benchmarked against the “Climate Change Mitigation” and “Climate Change Adaptation” indicators under the Taxonomy, and is used to calculate and disclose sustainability-related revenue and expenditure.

2. External verification of the sustainable product/service classification system

The financial figures calculated under the EU Taxonomy and the proportion of revenue from Smart Sustainable Solutions are fully disclosed in the **2025 Sustainability Report**. This report has been formally verified by the independent third-party assurance provider SGS, ensuring the accuracy of the data and the compliance of the classification system.

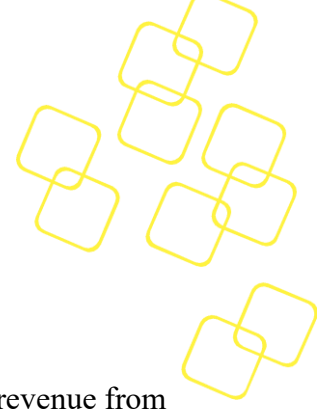
Based on the verified report, Advantech's 2025 financial disclosures under the EU Taxonomy are as follows:

Item / Economic Activity Classification	Revenue (NTD)	Capital Expenditure (NTD)	Operating Expenditure (NTD)
Total (100%)	70,882,362K	2,823,514K	16,630,630K
Taxonomy-Aligned Economic Activities (61.9%)	43,906,353K	1,748,957K	10,301,439K
Taxonomy-Non-Aligned Economic Activities (38.1%)	26,976,009K	1,074,557K	6,329,191K

Note: The proportions of capital expenditure and operating expenditure are estimated based on the revenue ratio.

3. Clear, time-bound, and quantified targets to increase revenue or volume of sustainable products and services

Advantech has established long-term, clearly defined, quantified revenue targets for products and solutions sold for sustainable purposes, supported by a robust tracking mechanism. The following data is disclosed in the 2025 Sustainability Report, which has been verified by the



independent third party, SGS.

- **2025 Target and Achievement:** The original target for the proportion of revenue from Smart Sustainable Solutions was **57%**; the actual result exceeded this target, reaching **61.9%**.
- **2026 Target:** **63%** of revenue is expected to come from products and solutions sold for sustainable purposes.
- **2030 Target:** **67%** of revenue is expected to come from products and solutions sold for sustainable purposes.

4. Investment (CAPEX, OPEX) made to enhance the portfolio of sustainable products or services

As shown in Table 3.1.1 of Chapter 3 of the 2025 Sustainability Report, in 2025 Advantech committed substantial capital expenditure (CAPEX) and operating expenditure (OPEX) – 1,748,957K and 10,301,439K respectively – to Taxonomy-aligned economic activities, accounting for 61.9% of total spending. This demonstrates the Company's commitment to expanding its sustainable product portfolio through capital investment.

5. R&D resources invested in developing sustainable products or services

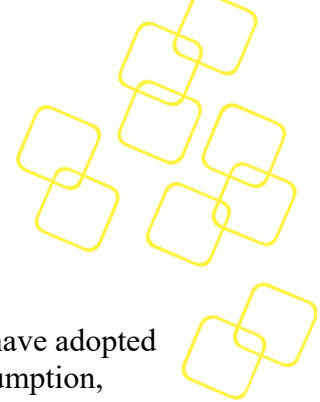
Advantech continues to invest R&D resources in developing sustainable products, and has implemented the following mechanisms across its organizational structure and infrastructure:

- **Cross-Departmental Green Design Committee:** Composed of representatives from R&D, product management, procurement, manufacturing, quality, the Green Product department, and the supply chain, this committee regularly reviews implementation progress and identifies areas for improvement.
- **Adoption of Low-Carbon and Circular Materials:** All newly developed models are required to use low-halogen materials, while flagship products incorporate recycled plastics (with a phased target of over 30%) and recycled metals (recycled steel exceeding 10%) into mass production.
- **Integrated Hardware/Software Energy Efficiency:** The Company adopts designs that meet Energy Star or its internal Energy-Saving Gold Standard, with the R&D team developing software modules for intelligent power management.
- **Smart Product Carbon Footprint Solutions:** Advantech has built an internal smart data platform powered by AI, creating a digital infrastructure capable of generating one-click product carbon footprint reports, thereby operationalizing Life Cycle Assessment (LCA).

6. Infrastructure improvements to ensure products or services are sustainably produced, manufactured, or maintained

Advantech has comprehensively upgraded infrastructure across its global product sustainability lifecycle and manufacturing sites, including:

- **Renewable Energy Installations:** Solar photovoltaic power generation systems have been installed on Company-owned buildings at the Linkou and Kunshan campuses, as well as facilities in North America and Japan.



- **Intelligent Energy Management System (iEMS):** Manufacturing sites have adopted ISO 50001 and implemented the iEMS platform to visualize energy consumption, alongside an internal carbon pricing (ICP) mechanism.
- **Process Waste Reduction and Upgrades:** A dedicated separator has been introduced to recover and reprocess tin dross into tin ingots; a circular recycling system for PE waste has been established; the Kunshan facility in China has fully transitioned from liquid paint to a powder coating process, significantly reducing VOCs and paint sludge; and the Company's service center in the Netherlands has installed heat pumps to replace gas heating systems.
- **Digitally Driven Smart Manufacturing:** Autonomous Mobile Robots (AMR) and a Warehouse Execution System (WES) have been deployed to optimize intelligent warehousing; AI inference systems and Vision-Language Models (VLM) are used in cleanrooms for smart PPE detection and an AI 3D packaging assistant; and the iFactory SRP platform integrates equipment data to optimize Overall Equipment Effectiveness (OEE) on SMT production lines.
- **Reverse Logistics and Recycling Network:** The Company practices Extended Producer Responsibility (EPR), leveraging its existing global RMA (Return Merchandise Authorization) units as core hubs and adapting recycling methods to local conditions, thereby advancing a global closed-loop circular economy.
- **Low-Carbon Transportation Infrastructure:** In logistics planning, the Company seeks suitable low-carbon transportation options, such as prioritizing air freight using Sustainable Aviation Fuel (SAF), to reduce downstream Scope 3 transportation emissions.

7. Internal training on sustainable design for departments involved in product or service development

To strengthen understanding of sustainable products and international environmental regulations across the organization, Advantech regularly conducts training sessions and internal awareness programs for all Business Groups (BGs), R&D units, and related functional departments. The curriculum and outreach comprehensively cover green design, low-carbon materials, hazardous substance management, the adoption of recycled materials, and product lifecycle execution capabilities, ensuring that R&D and innovation teams are fully equipped to implement sustainable design.

8. Incentive mechanisms for sales personnel to promote sustainable products or services

Advantech has established clear, quantifiable Key Performance Indicators (KPIs) and reward mechanisms for its sales personnel, with performance bonuses awarded based on achievement levels. Taking a specific business unit (Intelligent Energy Management Systems) as an example, its KPIs combine product promotion with business development and include:

- Individual sales targets based on years of experience (Sales Target)
- Market Segment Reference indicators
- Ecosystem Building



- Business Development – Pull & Push strategies, including total number of deals, number of orders exceeding NT\$10 million, an exposure/opportunity generation index, and number of customer touchpoints.

Examples of KPIs include:

- Ecosystem Building: 20% of orders target
- Business Development – Pull: 12 exposures & 500 audiences

This mechanism effectively drives the sales team to actively promote the Company's sustainable products and smart solutions (Intelligent Energy Management Systems).

II. Conclusion

In summary, Advantech Co., Ltd. has not only established a Cross-Departmental Green Design Committee and allocated dedicated CAPEX and OPEX budgets, but has also set quantified targets through 2030. The Company has furthermore delivered concrete, third-party-verified (SGS) achievements in R&D, manufacturing infrastructure, internal employee training, and sales incentive mechanisms.

Reference: 2025 Sustainability Report – [Sustainability Report - ESG](#)