Advantech Sustainable Development Best Practice Principles

Chapter I: General Provisions

Article 1

To practice corporate social responsibility, promote economic, environmental, and social progress, and achieve the goal of sustainable development, Advantech Co., Ltd. (hereinafter referred to as "the Company") hereby establishes the Advantech Sustainable Development Best Practice Principles (hereinafter referred to as "the Principles") with reference to the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" promulgated by the competent authorities, in order to manage its economic, environmental, and social risks and impacts.

Article 2

The scope of the Principles covers the overall operational activities of the Company and its group enterprises.

While conducting business operations, the Company shall actively practice sustainable development to align with international trends. Through its role as a corporate citizen, the Company aims to enhance its national economic contribution, improve the quality of life for employees, communities, and society, and foster competitive advantages rooted in sustainable development.

Article 3

In promoting sustainable development, the Company shall respect social ethics and the rights and interests of stakeholders. While pursuing sustainable operations and profitability, the Company shall place significant importance on environmental, social, and corporate governance (ESG) factors, integrating them into the Company’s management and operational activities.

Based on the principle of materiality for sustainable development, the Company shall conduct risk assessments on environmental, social, and corporate governance issues related to its operations, and establish relevant risk management policies or strategies.

Article 4

The Company shall practice sustainable development in accordance with the following principles:

1. Implementing corporate governance.
2. Developing a sustainable environment.
3. Preserving public welfare.

4. Enhancing disclosure of corporate sustainable development information.

Article 5

The Company shall formulate sustainable development policies, systems, or relevant management guidelines and concrete promotion plans by taking into account domestic and international sustainability trends, correlation with the Company’s core business, and the impact of the operational activities of the Company and its group enterprises as a whole on stakeholders. These plans shall be approved by the Board of Directors and reported to the shareholders' meeting. When shareholders propose resolutions related to sustainable development, the Board of Directors is advised to consider including them as proposals for the shareholders' meeting.

Chapter II: Implementing Corporate Governance

Article 6

The Company shall establish its Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Code of Ethical Conduct in accordance with listing-related regulations to build an effective corporate governance framework, along with relevant ethical standards and matters, thereby strengthening corporate governance.

Article 7

The Board of Directors of the Company shall exercise the due care of a good administrator to urge the enterprise to practice sustainable development, review implementation results regularly, and drive continuous improvements to ensure the implementation of sustainable development policies. When promoting sustainable development goals, the Board of Directors is advised to fully consider the interests of stakeholders, including the following matters:

1. Defining the Company's sustainable development mission or vision, and formulating sustainable development policies, systems, or relevant management guidelines.
2. Integrating sustainable development into the Company’s operational activities and developmental direction, and guiding as well as approving concrete promotion plans for sustainable development.
3. Ensuring the timeliness and accuracy of sustainable development information disclosure.

Regarding the economic, environmental, and social issues arising from operational activities, the Board of Directors shall authorize senior management to handle them and report the status back to the Board. The operational processes and the specific personnel in charge of these issues must be clearly defined.

Furthermore, control shall be maintained in accordance with the requirements of the competent authorities and Advantech's internal control procedures for sustainability information to ensure the timeliness and accuracy of information disclosure.

Article 8

The Company shall hold annual educational training sessions on promoting sustainable development, which include advocating the matters specified in Paragraph 2 of the preceding Article.

Article 9

To refine sustainable development management, the Company shall strengthen its governance structure at the Board level by establishing a Sustainable Development Committee as a governing and supervisory body. A dedicated department for sustainable development shall also be established, responsible for corporate sustainability strategy development, system formulation, sustainability information disclosure, stakeholder engagement, or the proposal and implementation of relevant management guidelines and concrete promotion plans. This department shall report to the Board of Directors periodically and disclose sustainability information in accordance with the regulations of the competent authorities.

Governance Level / Committee	**Core Responsibilities**
Board of Directors	**Highest Oversight and Decision-Making**: Approves high-level strategies, targets, and policies for sustainable development; monitors overall execution performance and risks. Simultaneously oversees broad strategic and global sustainability issues, such as management succession, information security, and climate transition risks.
Sustainable Development Committee	**Planning, Coordination, and Promotion**: Formulates medium-to-long-term strategies across the three pillars of ESG; integrates cross-departmental resources; and oversees the execution progress and performance of specific sustainability projects as assigned by the Board of Directors.
Audit Committee	**Risk Oversight**: Supervises broad operational risks related to sustainability (such as climate physical risks, ethical management, regulatory compliance, supply chain management , and geopolitical issues), as well as the

Governance Level / Committee	Core Responsibilities
	reliability of sustainability information management and disclosure.
Remuneration Committee	Integrates sustainability goals into senior executive compensation evaluations, talent recruitment, and talent retention issues.

Article 10

The Company shall establish reasonable compensation policies to ensure that remuneration planning aligns with organizational strategic goals and stakeholder interests. The Company's employee performance evaluation system shall be integrated with its sustainable development policies, and a clear and effective system of rewards and penalties shall be established.

Article 11

Based on respect for stakeholder rights and interests, the Company shall identify its stakeholders and set up a dedicated Stakeholder Section on the corporate website. Through appropriate communication channels, the Company shall understand the reasonable expectations and demands of stakeholders and respond properly to the key sustainable development issues they care about.

Chapter III: Developing a Sustainable Environment

Article 12

The Company shall comply with environment-related laws, regulations, and relevant international standards to appropriately protect the natural environment. It shall commit to achieving environmental sustainability goals during its operational activities and internal management.

Article 13

The Company is committed to improving energy efficiency and the use of renewable energy. It shall utilize recycled materials that have a lower impact on the environment to promote the sustainable use of Earth’s resources.

Article 14

The Company shall establish green design standards to ensure that shipped products comply with the requirements of their respective destination countries. These standards include product labeling , environmental information disclosure , hazardous substance management , energy consumption requirements , and other needs such as eco-labels and higher client standards.

Article 15

The Company shall establish an Environmental, Health, and Safety (EHS) Management Committee and environmental management systems in line with standard frameworks like ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). These systems shall include:

1. Collecting, assessing, and identifying the risks that the Company's activities, products, and services pose to the natural environment.
2. Establishing measurable environmental sustainability goals and periodically reviewing their continuity and relevance.
3. Formulating concrete action plans and regularly reviewing their operational effectiveness.
4. Establishing environmental management task forces to promote and maintain relevant environmental management systems and concrete action plans, and periodically holding educational programs for management and employees.

Article 16

The Company shall consider the impact of its operations on eco-efficiency, promote and advocate sustainability concepts, and engage in operational activities such as R&D, procurement, production, operations, and services in accordance with the following principles to reduce the impact of company operations on the natural environment and human beings:

1. Reducing resource and energy consumption of products and services through green product design and the Company's carbon reduction timeline ; increasing the use of recycled materials in products ; improving product energy efficiency ; and increasing product recyclability.
2. Minimizing the emissions of pollutants, toxic substances, and waste through corporate waste management mechanisms, and properly treating waste.
3. Enhancing positive contributions to issues such as early warning systems for natural disasters, smart factories, smart healthcare, energy management systems, biodiversity, and marine preservation through the Company's sustainable intelligent product solutions.
4. Improving conservation, sustainable resource use, and fair and equitable benefits of marine or terrestrial biodiversity and ecosystems.

Article 17

To enhance water efficiency, the Company shall properly and sustainably utilize water resources, and establish relevant management measures.

The Company shall utilize environmental protection treatment facilities to avoid polluting water, air, and land. It shall make its best efforts to reduce negative impacts on human health and the environment by adopting the best feasible pollution prevention and control technologies.

Article 18

The Company shall regularly assess the potential risks and opportunities that climate change poses to the business now and in the future, and take relevant response measures.

The Company shall adopt widely accepted domestic and international standards or guidelines to perform and disclose corporate greenhouse gas (GHG) inventories. The scopes shall include:

1. **Scope 1 (Direct GHG emissions)**: Greenhouse gas sources owned or controlled by the Company.
2. **Scope 2 (Indirect GHG emissions)**: Emissions generated from energy consumption, such as imported electricity, heating, or steam.
3. **Scope 3 (Other indirect emissions)**: Emissions generated by corporate activities that do not belong to energy indirect emissions, but originate from sources owned or controlled by other companies.

The Company shall compile statistics on GHG emissions, water consumption, and total waste weight in accordance with the requirements of competent authorities. It shall formulate policies for energy saving, carbon reduction, GHG mitigation, water reduction, or other waste management. Furthermore, the acquisition of carbon credits shall be integrated into the Company's carbon reduction strategic planning and actively promoted to reduce the impact of the Company’s operational activities on climate change.

Chapter IV: Preserving Public Welfare

Article 19

The Company shall comply with relevant regulations and international human rights conventions, protecting rights such as gender equality, the right to work, and prohibition of discrimination.

To fulfill its responsibility to protect human rights, the Company shall formulate relevant management policies and procedures, including:

1. Formulating a Code of Conduct.

2. Establishing corporate human rights policies in accordance with regulatory requirements and international trends.
3. Assessing the impact of the Company's operational activities, supply chain management, and internal management on human rights, and establishing corresponding processing procedures.
4. Periodically reviewing and updating the Code of Conduct and human rights policies, executing human rights due diligence, and following up on mitigation and improvement action plans.
5. Disclosing processing procedures for affected stakeholders in the event of human rights violations.

The Company shall adhere to internationally recognized labor rights, such as freedom of association, the right to collective bargaining, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and elimination of employment and occupation discrimination. It shall ensure that human resource policies do not involve discriminatory treatment based on gender, race, socio-economic class, age, marital status, or family status, so as to implement equality and fairness in employment, job conditions, compensation, benefits, training, evaluation, and promotion opportunities.

Regarding incidents that jeopardize labor rights, the Company shall provide effective and appropriate grievance mechanisms, ensuring that the grievance process is equitable and transparent. It shall ensure that grievance channels are simple, convenient, and clear, and shall respond appropriately to employees' grievances.

Article 20

The Company shall provide employees with information to ensure they understand their rights under the labor laws of the countries where the Company operates.

Article 21

The Company shall provide a safe and healthy working environment for employees, including necessary health and first-aid facilities. It shall strive to reduce risk factors that threaten employee safety and health, organize first-aid personnel to prevent occupational hazards, and regularly conduct safety and health educational training.

Article 22

The Company shall create a favorable environment for employees' career development and establish effective training programs for career competency development. Leveraging its core technology expertise, the Company shall narrow the gap between academia and industry and cultivate industry talent through hosting innovation competitions, online academy courses, project internships, academic research sponsorships, and research project collaborations.

The Company shall formulate and implement reasonable employee benefit measures (including compensation, leave, and other benefits). It shall also properly reflect corporate business performance or results in its employee compensation policy to ensure the recruitment, retention, and encouragement of human resources, thereby achieving the goal of sustainable operations.

Article 23

The Company shall listen to employee opinions and strengthen two-way communication and engagement. It shall establish regular communication and dialogue channels to ensure that employees have the right to receive information and express opinions regarding the Company's business management activities and decisions.

The Company shall respect the rights of employee representatives to negotiate working conditions, and shall provide employees with necessary information and physical facilities to promote negotiation and cooperation between employers, employees, and employee representatives.

The Company shall notify employees in a reasonable manner of any operational changes that may have a significant impact on them.

Article 23-1

The Company shall treat clients or consumers of its products and services in a fair and reasonable manner. This includes adhering to principles such as fair and honest contracting , duty of care and loyalty , truthfulness in advertising and solicitation , suitability of products or services , notification and disclosure , balance between compensation and performance , grievance protection , and professionalism of sales personnel. The Company shall also formulate relevant implementation strategies and concrete measures.

Article 24

The Company shall be responsible for its products and services and place high importance on marketing ethics. Its R&D, procurement, production, operational, and service processes shall ensure the transparency and safety of product and service information. The Company shall formulate and publish consumer rights policies and implement them in operational activities to prevent products or services from damaging consumer rights, health, and safety.

Article 25

The Company shall ensure product and service quality in accordance with government regulations and industry-related standards.

Regarding customer health and safety, customer privacy, product information security, marketing, and labeling of its products and services, the Company shall comply with relevant regulations and international standards. It shall not engage in deceptive, misleading, fraudulent, or any other behaviors that destroy consumer trust or damage consumer rights.

Article 26

The Company shall assess and manage various risks that may cause business interruption, and formulate a Business Continuity Plan (BCP) to strictly regulate operations when risks occur.

The Company shall provide transparent and effective consumer grievance procedures for its products and services, handle consumer grievances fairly and promptly, and strictly comply with relevant laws such as the Personal Data Protection Act to respect consumer privacy and protect personal data provided by consumers.

Article 27

The Company shall evaluate the environmental and social impacts of its procurement practices on supply-source communities. It shall cooperate with suppliers to jointly commit to corporate social responsibility through the signing of Supplier Codes of Conduct and mechanisms for supplier management, elimination, and incentives.

The Company shall formulate supplier management policies requiring suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor human rights. Prior to commercial dealings, the Company shall evaluate whether suppliers have a record of impacting the environment and society, and avoid transactions with those whose actions conflict with the Company's social responsibility policy.

When entering into contracts with major suppliers, the contract content shall include compliance with both parties' corporate social responsibility policies, and terms stating that if the supplier is involved in policy violations that significantly impact the environment and society of the supply-source community, the contract may be terminated or rescinded at any time.

Article 28

The Company shall evaluate the impact of its business operations on the community. Under the premise of prioritizing talent alignment, it shall appropriately hire local labor from the locations where the Company operates to enhance community identity and connectivity. The Company shall actively participate in various local public affairs. Through donations, corporate volunteer services, or other professional public welfare services, the Company shall direct resources to organizations that solve social or environmental problems through business models, or participate in activities held by civic organizations, charitable groups, and government agencies dedicated to community development and community education, thereby promoting community development and benefiting community groups.

Article 28-1

The Company shall continuously inject resources into cultural and artistic activities or cultural and creative industries through donations, sponsorships, investments, procurement, strategic collaborations, corporate volunteer technical services, or other support models to promote cultural development.

Chapter V: Enhancing Disclosure of Corporate Sustainable Development Information

Article 29

The Company shall handle information disclosure in accordance with relevant regulations and Corporate Governance Best Practice Principles, and fully disclose material and reliable sustainability-related information to enhance information transparency.

The Company shall disclose sustainable development-related information as follows:

1. Sustainable development policies, systems, or concrete promotion plans resolved and approved by the Board of Directors.
2. The risks and impacts on the Company's operations and financial status arising from factors such as implementing corporate governance, developing a sustainable environment, and preserving public welfare.
3. The promotion goals, measures, and implementation performance formulated by the Company for sustainable development.
4. Disclosing stakeholder communication results and the progress of key issues they care about.
5. Management and performance information of major suppliers regarding material environmental and social issues.
6. Other sustainable development-related information.

Article 30

The Company shall adopt widely recognized international standards or guidelines to compile its Sustainability Report to disclose its promotion of sustainable development. It is advised to obtain third-party assurance or validation to improve the reliability of the information. The content shall include:

1. Implementation of sustainable development policies, systems, or relevant management guidelines and concrete promotion plans.

2. Stakeholder engagement results and key issues they care about.
3. The Company's performance and review in implementing corporate governance, developing a sustainable environment, preserving public welfare, and promoting economic development.
4. Future directions and goals for improvement.

Chapter VI: Supplementary Provisions

Article 31

The Company shall constantly monitor the development of domestic and international sustainability-related standards and changes in the corporate environment to review and improve its established sustainable development systems, thereby enhancing the effectiveness of its sustainable development efforts.

Article 32

The Principles shall be implemented after being approved by the Board of Directors; the same shall apply to any amendments.

- The Principles were established on March 6, 2015, originally named the *Corporate Social Responsibility Best Practice Principles*.
- The first amendment was made on March 6, 2020.
- The second amendment was made on February 25, 2022, and concurrently renamed the *Sustainable Development Best Practice Principles*.
- The third amendment was made on July 30, 2026.