



2025

**Climate and Nature-Related Financial
Disclosures Report**
TCNFD Report

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Message from the Executive Management: Advantech's Nature and Climate Vision

As a global leader in industrial automation and IoT solutions, Advantech acknowledges that climate change and biodiversity loss have a profound impact on the global economic system and business development. With the global decarbonization trend and green supply chain requirements becoming increasingly urgent, Advantech continues to deepen its sustainability governance system. Since designating 2019 as the baseline year for science-based carbon reduction targets, we have not only established a board-level ESG Corporate Sustainability Development Committee (SDC), but have also aligned with leading international initiatives such as RE100, TCFD, and TNFD. In the third quarter of 2025, Advantech integrated and published its first "Climate and Nature-related Financial Disclosure Report," conducting in-depth analyses of "dependencies, impacts" and "opportunities, risks" across the value chain. Looking forward to 2026, under the oversight of the Board of Directors, we will establish governance processes for sustainability information disclosure and fully align with the IFRS Sustainability Disclosure Standards, providing investors and stakeholders with highly transparent, consistent, and actionable decision-making information.

Enable an Intelligent and Sustainable Planet: Dual-Axis Transformation with Edge AI and Eco Products

Advantech's ESG sustainability vision is to "Enable an intelligent and sustainable planet." In 2025, Advantech achieved breakthrough progress in the field of Edge AI hardware and software, with revenue from AI computing-related products climbing from 8% in 2024 to 18%, and projected to surpass 30% by 2026. This strong momentum not only drove double-digit growth in both revenue and profitability, but also deepened strategic collaborations with global semiconductor giants to widely apply AI technologies across green energy, smart manufacturing, and climate adaptation solutions.

We acknowledge that over 90% of Advantech's greenhouse gas emissions originate from Scope 3 of our value chain, specifically from purchased goods and services and the use of sold products. Consequently, we are advancing a two-pronged strategy combining low-carbon design and digital carbon reduction:

Breakthroughs in Eco Design: In 2025, the proportion of new products achieving the Eco Design Silver Medal significantly increased to 87.07%, while mass-produced eco products and those bearing the Advantech Energy Saving Seal accounted for 18.73% of annual revenue. Looking forward to 2026, we challenge ourselves to achieve a Silver Medal rate of over 90% and launch the Gold Medal design program with a target of 5%. Furthermore, driven by our Sustainable Raw Material Task Force, we are introducing recycled plastics and metals, with the goal of increasing the usage of recycled materials in new products to 10%.

Intelligent Product Carbon Footprint Platform: Advantech's self-developed intelligent product carbon footprint platform officially went live in 2025. Utilizing AI technology to calculate carbon emissions, the platform optimizes procurement and R&D decision-making, and generates real-time carbon footprint reports, helping customers gain a comprehensive overview of product green performance.

Concurrently, by leveraging our core business to develop iEMS (Intelligent Energy Management System) solutions, Advantech empowers global customers to transition from passive compliance to market leadership amid the global net-zero wave.

Strengthening Carbon Risk Management to Build Resilient Low-Carbon Operations

To demonstrate our unwavering commitment to carbon reduction, Advantech updated its near-term and long-term net-zero targets in 2025, fully aligning with the 1.5°C climate warming scenario control path, and successfully passed the Science Based Targets initiative (SBTi) review in the first quarter of 2026. At the operational level, we have implemented a comprehensive multi-pronged strategy:

Internal Carbon Pricing (ICP): In 2025, a carbon fee pilot program was fully implemented, establishing an internal carbon price of NTD 3,000 per metric ton, which was prioritized within the Industrial IoT (IIoT) Business Group. In 2026, we will advance to the ICP carbon fee simulation run, using financial incentives to drive internal behavioral changes.

Advancement of Renewable Energy (RE100): In 2025, Advantech's global renewable electricity adoption rate grew steadily to 16.2%, while overseas locations in the United States, Japan, and South Korea met 70% to 80% of their electricity demand through solar energy. In 2026, we will raise the renewable electricity target for our global production sites to 24%, moving firmly toward our commitments of achieving 50% renewable electricity usage at our two major manufacturing hubs in Taiwan and Kunshan, China by 2030, and 100% global renewable electricity usage by 2040.

Green Operations Highlights: We continue to implement the ISO 50001 energy management system and ISO 14064-1 greenhouse gas (GHG) inventory, expanding the verification scope to our European facility (AESC) in 2025. In 2026, we plan to extend GHG inventory protocols and capacity building programs to major facilities in Advantech North America (ANA) to safeguard our sustainability disclosure progression and carbon reduction roadmaps. Over the past five years, Advantech has maintained a record of zero environmental regulatory violations. Notably, the Kunshan manufacturing park in China achieved the UL 2799 Zero Waste to Landfill Platinum Certification, and the Linkou plant in Taiwan initiated an on-site post-industrial plastic waste recycling project, demonstrating outstanding environmental management resilience.



Message from the Executive Management: Advantech's Nature and Climate Vision

Creating Positive Natural Impact and Inclusive Value

Beyond climate mitigation, Advantech actively fulfills its commitment to nature and is on track to publish its first complete TCNFD report in 2026. In 2025, we conducted a biodiversity survey at our intelligent campus base. Due to its critical geographical location, the campus has successfully served as an essential refuge and buffer corridor for wildlife. In addition to discovering the endangered and protected plant species *Spiranthes sinensis* (Chinese Ladies' Tresses), we captured surprising footage of protected wildlife species—including the Formosan pangolin, masked palm civet, and East Asian badger—via infrared cameras.

In response, Advantech has launched a series of eco-friendly practices: implementing bird-friendly window strike mitigation designs, addressing the issue of free-roaming stray dogs and cats at night, and protecting the growth habitats of *Spiranthes sinensis*. Concurrently, we are planning to leverage Advantech's smart IoT solutions to display real-time campus ecological insights, successfully transforming a technology corporate facility into an environmental education base for our employees.

Furthermore, we align our internal operations with a sustainable forestry and paper material procurement policy to extend our positive impact to external habitats, driven by global and local actions. Through our paid volunteer leave policy, Advantech partners with non-profit organizations (NPOs) to engage in invasive species removal and trail restoration deep within wetlands and mountainous areas. Concurrently, our overseas subsidiaries across North America, Europe, Brazil, India, and China have launched location-appropriate biodiversity initiatives tailored to local ecological contexts, while our 2025 forest restoration project in Taiwan successfully cultivated over 37,000 native tree seedlings in cooperation with local NPOs to restore forests adjacent to our operational sites.

Looking back at 2025, Advantech has officially upgraded its biodiversity governance from a passive defense of "mitigating negative environmental impacts" to a positive contribution of "proactive ecological restoration." Moving forward, Advantech will leverage verified quantitative achievements and technology-empowered initiatives, working hand-in-hand with global colleagues and value chain partners to co-create a sustainable future with ecological resilience.

Aspect	TC+NFD Recommended Disclosure Items	Advantech's implementation progress
Governance	A. The Board oversight of climate-related risks and opportunities and nature-related dependencies, impacts, and risks and opportunities	Advantech's Board of Directors serves as the highest supervisory body for the company's sustainability risk management, responsible for overseeing climate and nature governance-related matters. Under the Board, there is the Corporate Sustainability Development Committee (SDC), composed of the Chairman and other directors, as well as the ESG Corporate Sustainability Development Office, led by the President of the General Business Management Division, and other functional committees that collaborate to promote sustainability work and ensure steady progress. The Board members have long been concerned with nature and climate change issues, with related knowledge deeply embedded in their professional competencies. The Board's responsibilities encompass management of climate and nature risks and opportunities, monitoring of environmental indicators (such as water resources, electricity, waste, and greenhouse gases), internal carbon pricing, renewable energy procurement, ecological projects in neighboring communities, and supervision of related budgets and project implementation. Since 2023, Advantech has published its "No Deforestation and Biodiversity Commitment," formally incorporating biodiversity into the company's overall governance framework. Currently, climate and nature-related risk and opportunity assessments have been completed, and multiple projects are being promoted based on assessment results. Related progress and achievements are reported to the Board quarterly, with the Board providing decision-making and oversight.
	B. Management's role in assessing and managing climate-related risks and opportunities and nature-related dependencies, impacts, risks and opportunities	In corporate human rights practices, Advantech has established global human rights policies and commitments. Through the "Protect, Respect, and Remedy" aspects of the human rights management framework, employees, suppliers, contractors, partners, and our operating environment can all reduce human rights risks through Advantech's efforts or mitigate the impact of human rights incidents through remedial measures. Through a comprehensive supplier management mechanism, Advantech strictly ensures that existing suppliers continuously conform to the Company's stringent requirements for quality and sustainability. All critical suppliers are mandated to sign the "Supplier Code of Conduct Agreement" and undergo a rigorous supplier profile review to secure full alignment with our supply chain management standards. To systematically materialize our sustainability governance, Advantech conducts high-fidelity ESG sustainability risk assessments targeting key suppliers. These assessments address critical human-rights-related dimensions—including labor rights, occupational health, and safety—maintaining a 100% evaluation and assessment coverage rate. Looking forward, the Company strategically plans to elevate the proportion of on-site audits, strictly ensuring that our supply chain partners continuously refine and advance their performance across operational excellence and sustainability management. For supply chain human rights management, Advantech also reviews compliance with labor regulations and scans for negative social impact records to maintain positive impacts on human rights and social aspects.
	C. The organization's human rights policies and engagement activities with Indigenous Peoples, local communities, and other affected stakeholders when assessing and responding to nature-related dependencies, impacts, risks and opportunities, and the oversight by the board and management	In terms of conflict minerals sourcing and procurement management, Advantech strictly adheres to the "Responsible Business Alliance (RBA) Code of Conduct" and rigorously enforces a non-use conflict minerals policy. Advantech not only pledges itself to prohibit the procurement of metals sourced from Conflict-Affected and High-Risk Areas (CAHRAs) but also mandates that all suppliers comply with this directive, ensuring that the supply chain fully respects human rights and refrains from any complicity in conflict-financing activities. As of 2024, 100% of Advantech's critical suppliers have signed the "Declaration of Non-Use of Conflict Minerals," successfully ensuring that 100% of the Company's products are entirely free of conflict minerals. Detailed content can be found in Section 1.2 and 3.2 of this report

Aspect	TC+NFD Recommended Disclosure Items	Advantech's implementation progress
Strategy	A. Organization's identified short, medium, and long-term climate-related risks and opportunities and nature-related dependencies, impacts, risks and opportunities	Advantech follows the TCFD and TNFD frameworks to identify short, medium, and long-term climate and nature-related dependencies, impacts, risks and opportunities, and analyzes their effects on operations, value chains, strategy and financial planning. In terms of risk and opportunity identification, the climate aspect focuses on risks such as extreme weather, supply chain disruptions and market reputation that may be encountered in operations, while the nature aspect leverages the WWF BRF tool to evaluate 52 operational sites, 36 supplier sites, and downstream client segments (the scope of which is identified by selecting the top five revenue-generating clients across the top five annual product lines, alongside the top ten clients by consolidated revenue within the same fiscal year, with duplicate corporate entities rigorously excluded from this consolidated inventory) based on 33 biodiversity risk indicators to identify high-risk areas and potential impacts. Regarding financial and strategic impacts, Advantech incorporates different climate scenarios including STEP, IEA 1.5DS, RCP4.5, and RCP8.5 for various climate issues, and selects 3 climate risks and 1 low-carbon product opportunity for financial impact assessment as the basis for strategic resilience and resource allocation. In terms of natural opportunities, through cross-departmental discussions and questionnaires, Advantech has identified 4 major opportunities: flood protection facilities, green production, supplier due diligence and low-impact product design, strengthening sustainable competitiveness. Furthermore, Advantech has completed the inventory and risk assessment of operations and investment sites within protected areas, and established corresponding management mechanisms to ensure that corporate operational risks in ecologically sensitive areas are controllable and strategies have long-term resilience. Advantech utilizes the Biodiversity Risk Filter (BRF)—a specialized biodiversity risk analysis tool and database established by the World Wildlife Fund (WWF)—to evaluate biodiversity-related physical and reputational risks through localized regional methodologies. Target-focusing on our operational sites, supply chain partners, and downstream client segments, Advantech leverages the BRF system to score diverse risk indicators, rigorously identifying any "High" or "Very High" risk categories at any given site as a material risk. This standardized analysis generated 8 distinct risk outcomes alongside their corresponding risk severity distributions. In response to these identified high-risk areas, the Company executes comprehensive evaluations and formulates strategic subsequent action plans. Detailed content can be found in Section 2.1, 2.2 and 2.3 of this report.
	B. Impact of climate and nature-related dependencies, impacts, and risks and opportunities on the organization's operations, value chain, strategy, financial planning, transition plans or other analysis	
	C. Resilience of the organization's strategy, taking into consideration different climate and nature-related scenarios (including 2°C or more stringent scenarios)	
	D. Organization's upstream, own operations and downstream / investment and financing activities assets and operational activity locations in protected areas	

Aspect	TC+NFD Recommended Disclosure Items	Advantech's implementation progress
Risk management	A(i) Organization's processes for identifying and assessing climate-related risks in its operations and nature-related dependencies, impacts, risks and opportunities A(ii) Organization's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities in upstream and downstream / investment and financing activities	Advantech follows the TCFD and TNFD frameworks to construct systematic processes for identifying, assessing, managing climate and nature-related dependencies, impacts, risks and opportunities, covering our own operations, supply chains, customers, investment and financing activities, and formally integrates these processes into the overall corporate risk management framework. For our own operations, Advantech conducts risk factor collection and issue screening, and identifies potential impacts on operations, finance and strategy through materiality assessment, financial impact analysis and scenario modeling, while regularly monitoring risk changes and adjusting response strategies. Regarding natural issues, Advantech utilizes the WWF BRF tool to conduct biodiversity risk identification for operational sites in Taiwan and China, identifying the operation sites and risk types with high potential risk, and conducting in-depth analysis for supply chains and major customers, incorporating supplier due diligence and sustainable cooperation strategies. The company also regularly inventories and manages operations and investment activities located in highly sensitive areas (such as protected areas), assessing their dependencies and impacts on natural resources. The overall management process covers risk identification, analysis, tracking and strategy formulation. The decision maker is Sustainability Development Committee (SDC), and reports to the Board of Directors via the SDC, ensuring that climate and nature-related risk management is highly integrated with the company's overall strategy and operational planning, enhancing overall corporate resilience and sustainable competitiveness. For detailed content, please refer to sections 1.2, 2.1 and 2.3 of this report.
	B. Organization's processes for managing climate-related risks and nature-related dependencies, impacts, risks and opportunities	
	C. The methods that organization integrates climate and nature-related risk identification, assessment and management processes into its overall risk management system	
Indicators and targets	A. Indicators used by the organization to assess climate and nature-related risks and opportunities in line with its strategy and risk management processes	Advantech follows the TCFD and TNFD frameworks to establish assessment and management indicators and target systems for climate and nature-related risks and opportunities, incorporating them into the overall strategy and risk management processes. Climate indicators cover climate change strategy and action, greenhouse gas inventory and energy management action, eco design and sustainability liability of product, waste management and circular economy; nature indicators cover waste treatment, supplier due diligence and other aspects, with short, medium and long-term targets established based on various indicators to implement climate and nature risk control. To ensure effective management of climate and nature risks and target achievement, Advantech has established mechanisms and KPIs covering renewable energy, energy conservation, eco design, sustainable procurement, raw material traceability and supply chain management (including ESG management in various aspects, carbon management, etc.), and links executive level supervisors performance with ESG results to strengthen organizational commitment and execution. Progress and target achievement are regularly compiled and disclosed in sustainability reports, with gradual improvements in global site coverage and data quality, thereby enhancing risk transparency and management effectiveness. For detailed content, please refer to sections 1.1, 1.2, 2.3, 3.1, 3.2 and 4.1 of this report.
	B. Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and related risks, and indicators used by the organization to assess and manage nature-related dependencies and impacts	
	C. Targets and performance against targets used by the organization to manage climate-related risks and opportunities and nature-related dependencies, impacts, risks and opportunities	

Sustainability Governance



1.1 Climate and Nature Vision

Climate and Nature Commitments

As the world's largest provider of industrial computers and IoT technology and services, Advantech understands our responsibility to the global environment, having established the ESG Corporate Sustainability Development Office in 2020 and formally setting up the Board-level Sustainability Development Committee (SDC) in July 2022. Progressively improving sustainability performance according to the competent authority and internal and external stakeholders' expectations, our policy commitments are fully aligned with the Paris Agreement's goal to limit warming to 1.5°C, as we resolutely strive toward the long-term visions of Net-Zero emissions and a NaturePositive future.

In terms of climate management, Advantech has included climate change as one of the major risks in sustainable corporate operations, managing it across two critical dimensions: "mitigation" and "adaptation." Starting in 2025, the Company adopted the 1.5°C Science-Based Targets (SBT) as our core carbon reduction goal for the next decade. Furthermore, in response to new construction and facility expansion projects, we expanded our target boundary and successfully recalculated and passed the more ambitious SBTi 1.5°C Near-Term targets and Net-Zero targets in the first quarter of 2026. Under these updated parameters, we commit to reducing Scope 1, Scope 2, and Scope 3 greenhouse gas emissions by 90% by 2050, fully propelling the Group toward our long-term vision of net-zero emissions while continuously promoting RE100 and other relevant initiatives across global business units.

In terms of nature and biodiversity, Advantech identifies and manages material natural risks and physical negative impacts, including tropical cyclones, landslides, air quality, extreme heat, labor/human rights, and media scrutiny. Facing these negative impacts from natural and climate physical factors, Advantech will incorporate management mechanisms and take action. Having joined the Taiwan Nature and Biodiversity Initiative (TNPI) in 2022, Advantech proactively leverages its IoT expertise to empower nature conservation. We explicitly commit to fulfilling our "No Deforestation Commitment" across global direct operations by 2025, honoring our "Biodiversity Commitment" by 2030, and realizing a "Net Positive Impact (NPI) on Biodiversity" by 2050.



Confronted with these challenges, Advantech strategically allocates resources to concretely respond to the United Nations Sustainable Development Goals (SDGs), spanning Affordable and Clean Energy (SDG 7), Industry, Innovation and Infrastructure (SDG 9), Climate Action (SDG 13), Life Below Water and Life on Land (SDG 14 & 15), and Partnerships for the Goals (SDG 17). Advantech continues to invest in green energy, energy-efficient products and solutions, combining its core energy management business and dedicating to product carbon reduction, creating positive impacts and opportunities based on nature and climate; and strengthening connections with external stakeholders, including cooperation with universities and colleges, combining Advantech's core business to assist biodiversity protection, collaborating to co-create a resilient future for both climate and nature. Advantech's positions and global commitments on climate and natural issues are described as follows.

Advantech's Historical Response Process and Results to Nature and Climate Change

2019

- Initiate the ISO 14064 GHG inventory and verification plan for Taiwan and Kunshan
- Advantech's Science-Based Targets (SBT) base year
- CDP climate change rating of "B"

2020

- Formation of the ESG Corporate Sustainable Development Committee and ESG Corporate Sustainability Development Office
- Introduce the eco product plan to produce low-carbon products
- CDP climate change rating of "B"

2021

- Pass the international Science-Based Targets (SBT) of less than 2°C
- Commit to support the Task Force on Climate-related Financial Disclosures (TCFD)
- Low-carbon investment in a 10 MW solar power plant to supply ACL
- CDP climate change rating of "B"

2022

- Establishment of the Sustainable Development Committee (SDC) at the Board level
- Complete TCFD-related risks and opportunities assessment
- Launch the ISO 14064 Greenhouse Gas (GHG) Scope 3 full category inventory and verification plan
- Kunshan plant obtained green factory certification
- CDP climate change rating of "B"

2023

- Commitment to climate change strategy and net-zero vision
- Pass commitment to RE100 goals and actively promote the use of renewable energy in all RBUs around the world
- The Board of Directors approved the linkage of senior management compensation to ESG achievements
- Initiate the GHG inventory and verification plan of subsidiaries
- Initiate the collection of electricity consumption data for significant locations of operation in Taiwan and Kunshan using iEMS
- ACL obtained green factory certification
- Taiwan and Kunshan operating locations obtained ISO 50001 certification
- Obtained the first product carbon footprint ISO 14067 certification
- CDP climate change rating of "B"
- Starting to focus on biodiversity and forest protection issues, and joined the Taiwan Nature Biodiversity Initiative (TNPI), regularly participating in member learning activities and advocacy activities
- Published biodiversity commitment, setting environmental ecological Net Positive Impact (NPI) achievement target year as 2050
- Published no deforestation commitment, setting a target of fully implementing the no deforestation commitment at all direct operating locations worldwide by 2025
- Joined the TNFD commitment and committed to publishing the 2025 fiscal year TNFD report in 2026
- In forest conservation progress, sponsored the Association of Taiwan Forest Restoration
- 's "Taichung Dadu Plateau Ecological Afforestation Program," is expected to have environmental education, forest fire prevention benefits, and carbon sequestration benefits
- Collaborated with National Taiwan University on IoT for Biodiversity bird sound monitoring and AI automatic identification solutions

2024

- Link senior management compensation to the results of ESG climate change topics
- Implement the Internal Carbon Pricing (ICP) plan and define Advantech's carbon pricing
- Promote the GHG inventory and verification plan of subsidiaries in Asia
- Completed the global iEMS to monitor and analyze the electricity consumption of significant locations of operation around the world

2024

- Increase the use of renewable energy across global RBU locations
- Calculate the representative product's carbon footprint of each business group and complete the application of Advantech's methodology
- Develop eco packaging materials, eco materials, and energy-saving product design by including them in the LCA assessment
- CDP climate change rating of "B"
- First conducted biodiversity risk assessment, starting with own operational sites and upstream supply chain

2025

- Increase the quantification of the GHG inventory and verification ratio at overseas significant locations of operation
- Apply the latest IPCC assessment report to update climate scenarios and incorporated natural risk and opportunity assessments, with external disclosure of the 2024 Advantech Climate- and Nature-related Financial Disclosures Report
- Updated Science-Based Targets (SBT) to align with the 1.5°C control path to demonstrate our unwavering commitment to carbon reduction
- Continued to increase the use of renewable energy across global RBU locations
- Implemented the Internal Carbon Pricing (ICP) carbon fee pilot program, successfully completing operational mechanism planning and executive strategic alignment
- Utilize AI technology to complete the product carbon footprint calculation system 1.0 platform and apply it to the eco product promotion plan
- Launch a supply chain carbon management empowerment plan to train key suppliers
- CDP climate change rating of "B"
- Completed the greenhouse gas (GHG) emissions survey for high-carbon emission suppliers
- Achieved the UL 2799 Zero Waste to Landfill Platinum Certification for the Kunshan manufacturing park in China in 2025
- Initiated an on-site post-industrial plastic waste recycling project at the Taiwan Linkou plant in 2025, successfully establishing a circular economy case study
- Extended biodiversity risk assessment to downstream customers to complete the upstream, midstream, and downstream survey assessment

2025

- First conducted biodiversity survey at the Advantech Linkou plant to understand the basic biodiversity status of the plant site and the surrounding areas; survey results used as basis for planning and implementing Advantech Linkou plant biodiversity projects
- First published TC(N)FD report
- Strengthened biodiversity conservation around Advantech's operational sites and maintained urban green spaces, will fully utilize adopted sites for employee volunteer activities or ESG-themed activities in the future
- Achieved the Green Building Label (Gold Medal) and the Intelligent Building Label (Certified Level) from the Ministry of the Interior for the Advantech Linkou Campus, highlighting our leadership in developing smart green campuses
- Organized diverse biodiversity volunteer service activities across Advantech Taiwan and global offices to assist in local biodiversity protection
- Established a recycled material management mechanism within the supplier management platform, introducing recycled raw materials into the Company's product design evaluation workflows

2026

- Complete the global ISO 14064 GHG inventory and verification plan
- Optimize global environmental data management KPIs to reinforce monitoring and performance tracking
- Achieve official validation and approval for the updated international Science-Based Targets (SBT) aligned with the 1.5°C net-zero goal
- Execute the ICP carbon fee simulation run and integrate it with management reporting systems, driving internal behavioral changes to enhance carbon reduction efforts
- Strengthen supply chain carbon management and drive a categorized supplier empowerment and counseling initiative
- Continuously update the integrated TCNFD (Taskforce on Climate- and Nature-related Financial Disclosures) report on the official website, and publicly disclose Advantech's Biodiversity Commitment
- Incorporate recycled raw materials into the mechanism casings of Gold Medal design products, achieving up to 30% recycled plastic and 10% recycled metal based on specific material categories
- Promote the introduction and application of recycled materials in specific product lines, raising the proportion of new products utilizing recycled materials to 10%
- Achieve a 90% waste conversion rate at both the Taiwan Linkou plant and the Kunshan plant in China

2030

- Achieve the SBT targets of 42% reduction in Scope 1 and 2 carbon intensity; 51.6% reduction in Scope 3 product carbon intensity
- Achieve 50% renewable energy usage in Taiwan and Kunshan
- Reduce energy intensity at production sites by 10% compared to 2024
- Set goal to fully implement biodiversity commitment at all global direct operational sites by 2030

2040

- Achieve the RE100 target of 100% global renewable energy use

2050

- Achieve net-zero carbon emissions across the entire value chain
- Executed biodiversity risk assessment work in 2023-2024, and set the environmental ecological Net Positive Impact (NPI) achievement target year as 2050 based on assessment results

Net-Zero Roadmap and Targets

Advantech's climate change policy is consistent with the Paris Agreement's goal of limiting global temperature rise to below 1.5°C. Following the adoption and commitment to the international Science-Based Targets (SBT) in 2021, Advantech joined the RE100 initiative in 2023, committing to achieving the goal by 2040, viewing renewable energy as a crucial strategy for moving towards net zero, and setting a net-zero target for 2050.

Starting in 2025, to implement carbon reduction plans more vigorously and expand our target boundary in response to new construction and facility expansion projects, Advantech recalculated and successfully passed the more ambitious SBTi 1.5°C Near-Term targets and Net-Zero targets in the first quarter of 2026. Under this newly established framework, Advantech commits to achieving a 50% renewable energy usage rate at our Taiwan and Kunshan manufacturing centers by 2030; realizing 100% renewable energy usage across all global sites by 2040 (RE100); and ultimately achieving net-zero carbon emissions company-wide by 2050 by significantly reducing Scope 1, Scope 2, and Scope 3 greenhouse gas emissions by 90%, thereby demonstrating our steadfast determination to lead the industry's green transformation.

Important Climate Transition Milestones



RE 100

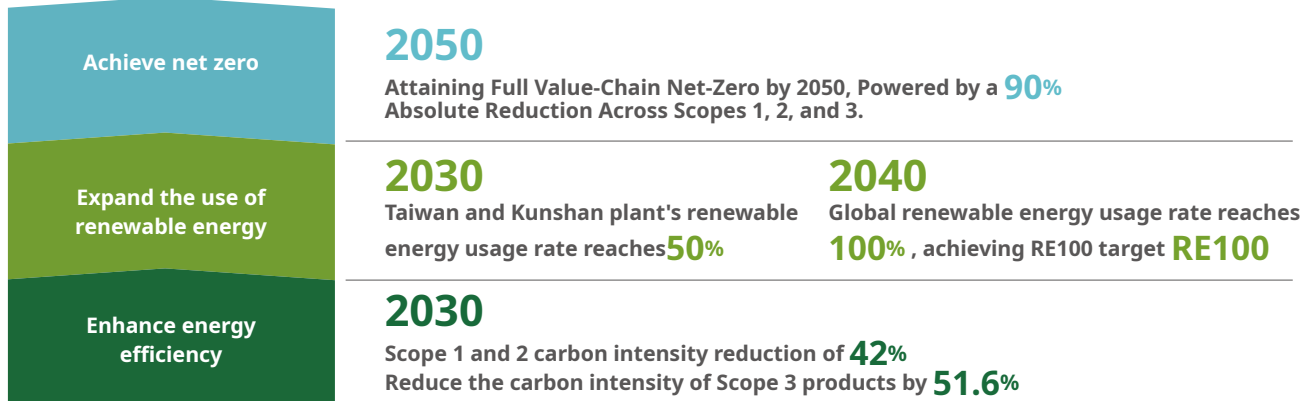
Net Zero

Joined Science Based Targets initiative and committed to achieving the target by **2030**

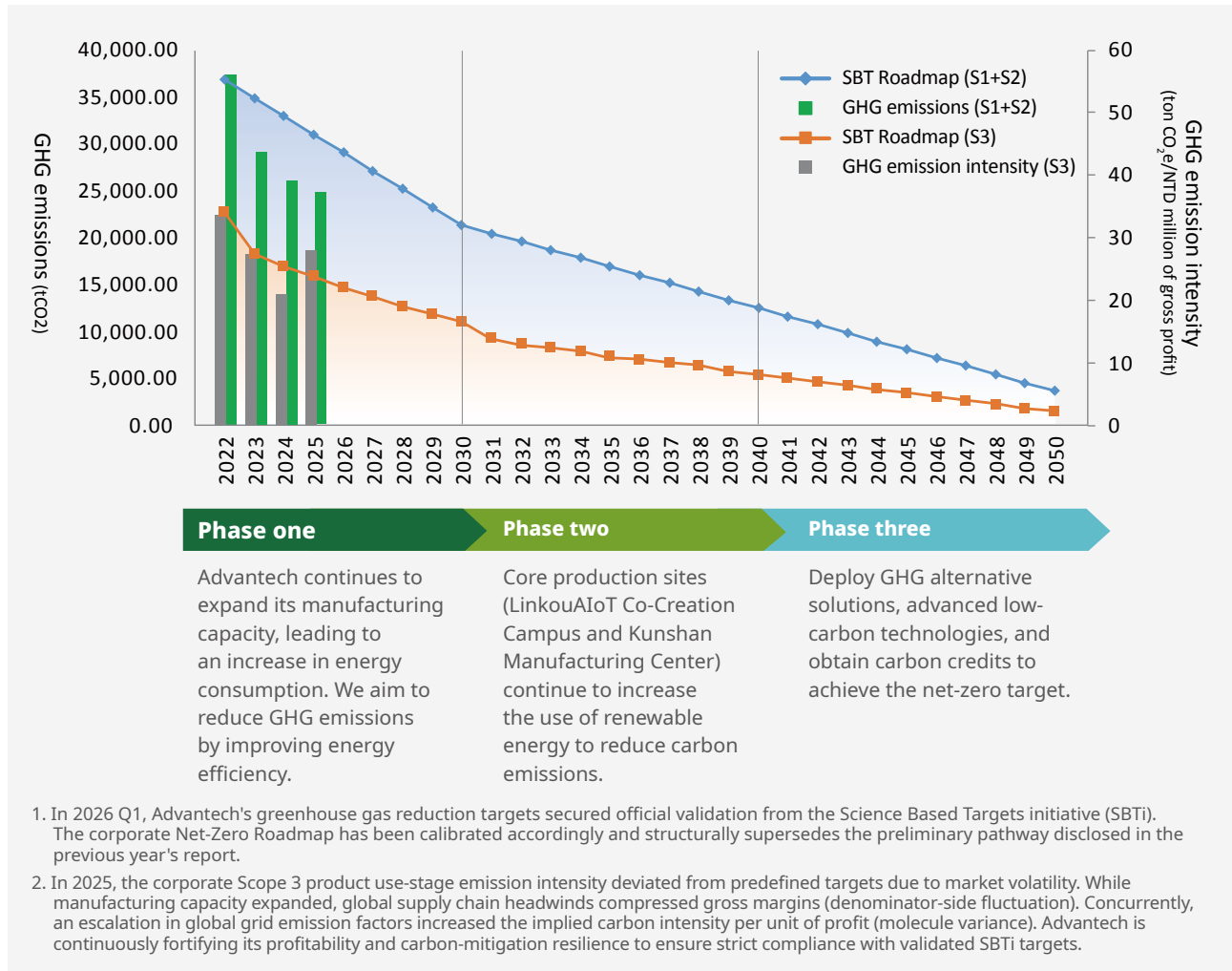
Joined the **RE100** initiative and committed to achieving the target by **2040**

Announced **2050** net-zero emissions target

Net-Zero Commitment



Advantech's Roadmap to Net-Zero GHG Emissions



Climate Transition Plan

To proactively address global climate change trends and advance toward our net-zero emissions targets, Advantech has formulated a robust Climate Transition Plan to serve as the strategic blueprint for our transition to low-carbon operations. We are systematically driving corporate transformation by optimizing operational models, restructuring energy consumption frameworks, and upgrading supply chain management mechanisms, strictly aligning with the global mandate to limit warming to 1.5°C and navigating toward our 2050 Net-Zero vision.

To provide solid structural and financial backing for this transition plan, Advantech has established time-bound targets for capital investment and fund allocation. Building upon our historical investments in energy-saving equipment retrofits, the implementation of Energy Management Systems (EMS), renewable energy adoption, and low-carbon technological innovations, we pledge to continuously invest in and annually elevate the proportion of carbon-transition-related Capital Expenditures (CapEx) and Operational Expenditures (OpEx) over the next five years, strictly ensuring the effective execution of our transition strategies. Furthermore, the Company is progressively enforcing an Internal Carbon Pricing (ICP) carbon fee mechanism, seamlessly integrating carbon costs into investment feasibility assessments and core operational decision-making. By reflecting the tangible costs of carbon emissions, this pricing structure maximizes carbon-reduction incentives across business units and accelerates the deployment of low-carbon pioneering technologies and mitigation initiatives, thereby fortifying our climate resilience and net-zero performance. In fiscal year 2025, Advantech achieved a 16.2% renewable energy utilization rate globally (totaling 7,284,651 kWh), with off-site green power procurement accounting for 10.6% of global electricity consumption. Notably, Advantech Headquarters has successfully entered into a green power purchase agreement (PPA) with an integrated energy service provider, securing a projected supply of approximately 40 million kWh of renewable electricity over the next five years.

In terms of direct carbon mitigation, the Company has instituted granular management measures targeting Scope 1, Scope 2, and Scope 3 greenhouse gas emissions. For Scope 1 emissions, we continuously drive manufacturing equipment improvements and optimize fuel utilization efficiency. For Scope 2 emissions, we introduce rigorous energy management workflows and systematically escalate the proportion of renewable energy consumption. For Scope 3 emissions, we mitigate value chain carbon footprints through close supplier collaboration, low-carbon sourcing, and total product lifecycle management, positioning the upcoming five years as a critical near-term implementation window. Please refer to the executive summary below; comprehensive details are disclosed in Chapters 3.1 and 3.2 of this report.

Additionally, the Company maintains active, ongoing engagement and collaboration with employees, suppliers, customers, investors, and other stakeholders. Through tailored educational training, proactive supply chain engagement, and transparent information disclosure, we collectively accelerate the attainment of our shared net-zero transition targets, as detailed below.

Recognizing the broader socio-economic implications of the climate transition, Advantech heavily emphasizes the social impacts of its transformation. We continuously assess potential risks and opportunities confronting our employees, supply chains, and local communities to fully materialize the principles of a "Just Transition." We are steadfastly committed to safeguarding labor rights, human rights, and the equitable participation of all stakeholders, successfully driving a low-carbon development path that harmonizes environmental sustainability with robust corporate social responsibility, as detailed below.

Key Carbon Mitigation Actions and Interventions

Advantech has activated tailored management strategies and targeted mitigation measures addressing greenhouse gas emissions across different scopes:

1. Direct Operational Dimensions (Scope 1 and Scope 2)

Guided by our validated Science Based Targets (SBTi) pathway, Advantech leverages advanced technology and rigorous data governance to systematically drive decarbonization across our own operations:

- **Global Data Governance and GHG Verification Scaling:** Having successfully completed greenhouse gas inventories and third-party verifications across key operational hubs—including Taiwan, Kunshan, Japan, South Korea, and the Netherlands—the Company is track to secure full corporate greenhouse gas verification across its 6 major global operating nodes by 2026, while comprehensively optimizing environmental data management KPIs.
- **Core Technology-Driven Energy Conservation (iEMS Implementation):** Advantech has fully deployed its self-developed intelligent Energy Management Solution (iEMS) across its global footprints spanning the Americas, Europe, and Asia. By leveraging AIoT data analytics to monitor and optimize the energy efficiency of HVAC and air compressor systems, we have successfully guided our core manufacturing hubs in Taiwan and Kunshan, China, to attain ISO 50001 Energy Management Systems certification.
- **Energy Creation and Strategic Green Power Procurement:** Operating via our dedicated RE100 Global Task Force, Advantech orchestrates a comprehensive "Energy Saving, Energy Creation, and Power Sourcing" paradigm. This strategy integrates direct green power procurement, on-site solar self-generation, and a strategic investment in a 10MW solar power plant, accelerating our trajectory toward the ultimate milestone of 100% renewable electricity utilization across all global sites by 2040.
- **All-Inclusive Resource Conservation and Waste Mitigation:** Extending our mitigation boundaries to all-inclusive environmental indicators, we have instituted aggressive reduction targets for water consumption, waste generation, and volatile organic compounds (VOCs). Concurrently, our Linkou manufacturing

plant actively pioneers circular economy practices, spearheading initiatives such as hazardous tin dross metal recycling and the re-manufacturing of PE waste into 100% recycled packaging materials.

- **Deepening Internal Carbon Pricing (ICP) Infrastructure:** Building upon the corporate carbon fee mechanism initiated in 2024, Advantech is driving full carbon fee simulation operations and management reporting integration in fiscal year 2026. This infrastructure leverages internal economic incentives to steer strategic business decisions, significantly reinforcing our organizational carbon-mitigation velocity.

2. Full Value Chain Dimensions (Scope 3)

Confronted with the inherent complexities of the industrial computing sector—characterized by high product diversification and extensive customization—Advantech pivots its management paradigm from passive compliance auditing to proactive ecosystem co-creation, building a low-carbon, sustainable value chain network:

- **Product Carbon Footprint AI Platform:** Spanning the critical development window from 2024 to 2026, Advantech has officially engineered and launched its proprietary "Product Carbon Footprint AIPlatform," successfully institutionalizing automated, data-driven Product Lifecycle Assessments (LCA).
- **Green and Low-Carbon Eco-Design Innovation:** Integrating low-carbon principles directly at the R&D source, we establish elevated benchmarks for low-power product research and energy-efficiency targets. In 2025, the Company successfully pioneered the introduction of post-consumer recycled (PCR) plastics and recycled metals across three flagship product lines, advancing them into commercial mass production; in 2026, we further screen designated product categories to systematically elevate the integration ratio of sustainable materials year over year.
- **Supplier Timed Carbon Inventory Mandate:** Enforcing a high-precision, time-bound carbon inventory initiative, Advantech achieves full digitalization and data-driven integration through our Supplier Relationship Management (SRM) platform. We explicitly mandate and support our supply chain partners in gradually achieving full carbon inventory targets before the 2027 statutory deadline.
- **Supplier Mentorship and Capacity Building Programs:** Launching our structured "Supplier Mentorship and Capacity Building Program," we implement granular, tiered group management based on supplier categories and their respective sustainability maturities. We provide professional consultant-led guidance and advanced low-carbon technical support, while concurrently kicking off joint sustainability initiatives for new products (such as scaling up the sourcing of circular and sustainable raw materials) to collaboratively engineer low-carbon product innovations.

- **Localized Procurement to Mitigate Logistical Footprints:** Deepening our commitment to localized sourcing, Advantech has driven its localized procurement ratios to 82% across Taiwan manufacturing sites and 68% globally, successfully compressing upstream logistics carbon footprints.

Net-Zero Transformation and Stakeholder Engagement

Throughout the journey of net-zero transformation, Advantech heavily emphasizes a top-down governance paradigm, employee incentive structures, and diversified multi-channel communications with both internal and external value chain stakeholders.

1. Internal Stakeholders (Senior Executives and All Employees):

- **Executive Compensation Tied to ESG Metrics:** Advantech directly links senior executive compensation with corporate ESG performance and climate-change mitigation milestones, strictly ensuring that management-level incentives are fully aligned with our long-term transformation goals.
- **Green General Education and Employee Capacity Building:** The Company actively drives comprehensive ESG educational training for all staff members. By leveraging our internal carbon pricing mechanism, we systematically elevate frontline employees' literacy in carbon asset management, successfully enhancing employee up-skilling under the global wave of green transition.

2. External Stakeholders (Investors, Customers, Supply Chains, Governments, International Initiatives, etc.):

- **Strategic Consensus with Investors and Customers:** Advantech proactively discloses climate-related financial insights in strict alignment with the TCFD and ISSB frameworks, maintaining highly transparent stakeholder engagement. Furthermore, our Board of Directors rigorously reviews, confirms, and officially publishes all climate transition policies and actionable roadmaps on our official corporate website. This proactive approach directly addresses the expectations of employees, customers, suppliers, and investors regarding our low-carbon core competitiveness.
- **Supply Chain Co-Prosperity and Sourcing Alignment:** We mandate that all supply chain partners strictly adhere to the Advantech Supplier Code of Conduct. The Company hosts regular Supplier Summits to execute targeted carbon management engagement, fully materializing our localized procurement and green supply chain directives. Comprehensive details are disclosed in Chapter 3.2 (Supply Chain Management and Sustainable Procurement) of this report.
- **Responsive Engagement with Governments, Public Sectors, and Civil Society:** Confronted with tightening global carbon regulations and rigorous public

scrutiny, Advantech deploys a combination of "digital enablement" and "tangible actions" as its baseline response. Beyond securing ISO 14064 greenhouse gas verifications across core manufacturing hubs, we champion our internal carbon pricing (ICP) framework to proactively navigate Taiwan's domestic carbon fee structures and the European Union's Carbon Border Adjustment Mechanism (CBAM). Concurrently, we leverage our proprietary AI platform to implement rigorous product carbon footprint inventories and transparent sustainability reporting disclosures, showcasing high-fidelity compliance and engagement outcomes to public sectors and civil society.

- **Active Responsiveness to International Initiatives and Industry Associations:** Advantech actively joins and supports premier international frameworks, including RE100, the Science Based Targets initiative (SBTi), TCFD, and ISSB. Demonstrating our unwavering commitment, Advantech calibrates and updates its validated SBTi targets to align with the strictest global warming pathway of 1.5°C, while modifying our climate scenario analysis according to the latest IPCC Assessment Reports to integrate "Nature and Biodiversity Risks" directly into our disclosure framework. Operating as an active corporate member, Advantech participates in over 11 climate-related industry associations and sustainability networks. To prevent any participating organizations from engaging in activities counterproductive to the Paris Agreement, Advantech has instituted a rigorous, formal monitoring and oversight process.

Social Just Transition Strategies Amid Net-Zero Transformation

Operating within the industrial computing manufacturing and Artificial Intelligence of Things (AIoT) sectors, Advantech's operational activities and climate transition pathways do not inherently impose immediate, severe direct impacts or socio-economic upheavals—such as mass unemployment from facility closures or local community ecosystem degradation from plant relocations—that are characteristically associated with traditional high-emission and high-pollution sectors like petrochemicals, steel, or mining. Nevertheless, even though the direct social footprint of our climate transition remains relatively low, Advantech systematically embeds the core tenets of a "Just Transition" and "Social Co-Prosperity" into its corporate governance, orchestrating the following responsive strategies and concrete actions:

1. Enforcing RBA Standards to Safeguard Full Value Chain Equities:

Advantech comprehensively operationalizes the standards of the Responsible Business Alliance (RBA). Internally, all personnel adhere to our RBA-aligned Code of Employee Conduct, while external supply chain partners are mandated to sign the Supplier Code of Conduct. Throughout our climate transition, we strictly enforce rigorous oversight across human rights, occupational health and safety, and labor conditions, securing absolute

regulatory compliance and safeguarding social equities across the entire value chain.

2. Mentoring Supply Chain Carbon Governance to Propel Localized Smooth Transition:

Although our corporate transformation bypasses abrupt social disruptions, Advantech proactively addresses the risks faced by small and medium-sized enterprise (SME) suppliers vulnerable to supply-chain exclusion under tightening low-carbon regulations. Rather than deploying punitive or immediate disqualification measures, Advantech implements structured carbon management capacity-building initiatives and professional energy-saving diagnostics. We actively mentor and assist critical suppliers to progressively upgrade their capabilities, collaboratively achieving low-carbon co-prosperity across the supply chain ecosystem. Comprehensive details are disclosed in Chapter 3.2 (Supply Chain Management and Sustainable Procurement) of this report.

3. Deploying Core Technologies to Facilitate Broad Social Just Transition:

We pivot our strategy from passive compliance to proactive societal empowerment. Internally, the Company orchestrates green skill up-skilling programs for our workforce. Externally, we leverage our core proprietary WISE-iEMS (Intelligent Energy Management Solution) technology to directly assist diverse social and industrial segments—including chemicals, healthcare, and educational institutions—in executing granular carbon mitigation. By utilizing digital enablement (AIoT), Advantech effectively cushions the cross-industry friction of carbon reduction, successfully materializing the principles of a social just transition. Comprehensive details are disclosed in Chapter 3.2 (Providing Climate and Nature Adaptation Solutions) of this report.



Reinforce internal carbon pricing and low-carbon product promotion strategy

Furthermore, to expedite the achievement of the net-zero target, Advantech launched the Internal Carbon Price (ICP) project in 2024. By calculating and evaluating the cost of carbon emissions and introducing an internal price, incorporating it into the organization's cost-benefit evaluation mechanism, a shadow price was set at NTD 1,700-3,000/metric ton of CO₂e. In 2025, the Company further implemented a carbon fee pilot program, establishing a projected carbon fee of NTD 3,000 per metric ton of CO₂e (approximately USD 100 per metric ton of CO₂e). This milestone successfully finalized the ICP operational mechanism planning and achieved consensus among executive management, ensuring deep alignment between the mechanism and the overall ESG strategy. Concurrently, carbon emission costs were integrated into low-carbon production and investment decisions to reinforce risk management and prepare for international carbon trading mechanisms. Looking forward to 2026, Advantech plans to drive the integration of the ICP carbon fee simulation run with management reporting systems, while establishing comprehensive evaluation metrics and supporting measures. This initiative aims to utilize financial incentives to drive internal behavioral changes, thoroughly enhancing carbon reduction efforts and laying a solid foundation for regulatory compliance and net-zero transition.

Considering that Advantech primarily operates on a final-product assembly and manufacturing model, the greenhouse gas emissions generated from direct operations (Scope 1 and Scope 2) are relatively low. The majority of our emissions

originate from Scope 3 across the value chain, heavily concentrated within the purchased goods and services and product use stages, which together account for over 90%. Consequently, when advancing internal carbon pricing and carbon reduction management, Advantech maintains its focus on Scope 1 and Scope 2 while steering its core strategic emphasis toward Scope 3, particularly regarding product eco-design. By developing and promoting low-carbon products, we aim to progressively reduce overall carbon emissions and accelerate the company's trajectory toward decarbonization goals. In terms of green products and sustainability liability, Advantech has published its sustainable product strategy and developed an intelligent product carbon footprint inventory platform utilizing AI technology, integrating these efforts to drive the overarching eco product program. Furthermore, we established a Sustainable Raw Material Task Force to propel our four major business groups in executing pilot projects, introducing recycled materials, and optimizing sustainable packaging. Working hand-in-hand with suppliers and green product teams, this initiative fosters the collaborative R&D of low-carbon products, accelerating the realization of net-zero targets while continuously promoting low-carbon economic growth with value chain partners. Crucially, the core execution behind this extensive series of major projects—ranging from eco-design to supply chain transformation—relies entirely upon a robust sustainability governance framework. In recent years, ESG has become an unavoidable issue for enterprises, and Advantech's board members have actively acquired ESG-related knowledge to ensure their strategic development recommendations for Advantech can keep pace with the times and support continuous corporate growth.

Overview of directors' ESG continuing education for 2025:

Director	Organizer	ESG continuing education	Total hours of continuing education
Chaney Ho	Cathay Financial Holdings	2024 Cathay Sustainable Finance and Climate Change Summit	6
Wesley Liu	Taiwan Corporate Governance Association	21th (2025) Corporate Governance Summit	6
	Taiwan Corporate Governance Association	Seminar on Optimizing Performance Evaluations for the Board of Directors and Functional Committees	2
	Taiwan Corporate Governance Association	Integrating Management Accounting with ESG Innovation	1
	Taiwan Corporate Governance Association	Symposium on Pioneering New Horizons for Corporate Sustainability	2
Chan-Jane Lin	Taiwan Corporate Governance Association	Balancing Corporate Sustainability, ESG, and Antitrust / Competition Law	1
	Taiwan Corporate Governance Association	Sustainability Equals Innovation: Formulating Indicators for Corporate Sustainability and ESG Value Management	3
	Taiwan Corporate Governance Association	Low-Carbon Economy and Corporate Sustainability Strategies	3
	Taiwan Corporate Governance Association	21th (2025) Corporate Governance Summit: The Role of the Board of Directors in Shaping Corporate Strategy Amid Global Environmental Upheaval	6
	Taiwan Corporate Governance Association	Where is Diversity, Equity, and Inclusion (DEI) Heading? Navigating the Future of Corporate DEI Policies	1
	Taiwan Corporate Governance Association	Symposium on Pioneering New Horizons for Corporate Sustainability	2
Ji-Ren Lee	Taiwan Corporate Governance Association	The Intersections of Sustainability, Strategic Risk, and Cybersecurity in the AI Era	3

ESG Performance and Incentive Mechanism

Advantech has continued to advance its vision of being an "Enable an Intelligent and Sustainable Planet." Since establishing and implementing the ESG KPI mechanism for senior executives in 2022, we have comprehensively integrated sustainability indicators spanning environmental, social, and governance aspects into the performance evaluations of the Chairman, Co-Governance Presidents, senior, middle, and junior management, responsible managers, members of the ESG Corporate Sustainability Development Office, and other accountable colleagues. In planning the material performance evaluation items for 2025, Advantech benchmarks against domestic and international sustainability trends while integrating corporate operations and risk management mechanisms to thoroughly design quantitative targets across E, S, and G dimensions, implementing rigorous and regular evaluations. Regarding the incentive mechanisms, remuneration and rewards are primarily based on Employee Stock Option Plans (ESOPs), supplemented by cash incentives (performance bonuses). The calculation and settlement period takes place in the first quarter (Q1) of each year, with distributions taking place during the second and third quarters (Q2 and Q3).

1.2 Governance Structure**Nature and Climate Governance and Management Structure**

Advantech's ESG organizational structure is based on clear division of responsibilities to ensure effective management of climate and nature-related risks and opportunities. The Board of Directors serves as the highest risk management institution, responsible for overseeing all major risks including climate change and nature-related risks. The Chairman, as SDC Chair, leads and oversees the strategy formulation and implementation of climate and nature-related issues. SDC is composed of senior management personnel, responsible for reviewing analysis results of climate and nature risks and opportunities, and monitoring the implementation of targets. The ESG Corporate Sustainability Development Office and other functional committees (including compensation, audit committee, and internal audit units) are responsible for specifically implementing climate and nature risk assessment, strategic planning, and monitoring, with the ESG Corporate Sustainability Office coordinating departments to ensure response measures are implemented. The responsibilities of each unit, along with recent implementation details, are summarized below.

[Governance] Advantech Climate and Nature Governance Mechanisms and Recent Implementation Results



2021	Initiating the Energy Transition: Green Power Commitment and Infrastructure Development The Board of Directors approved the Company's green electricity targets and the budget for renewable energy Power Purchase Agreements (PPA), while also launching partnerships with solar power plants.		Nature - Conducted nature-related risk and opportunity identification and qualitative analysis, including supply chain considerations. - Reported the above nature-related performance at the fourth-quarter meetings of the Board of Directors and the Sustainability Development Committee (SDC).
2022	Deepening ESG Awareness: Building Capabilities in ESG Risk Governance The Board of Directors participated in training on climate change, sustainability trends, and risk management in the ICT industry.	2024	
2023	Governance Evolution: Institutionalizing ESG Performance and Strengthening Nature Commitments - The Chairman approved the 2024–2026 ESG KPI-linked financial incentive mechanism, integrating performance metrics related to nature, RE100, and environmental indicators, while establishing quarterly reporting and engagement with management. Climate - The Board of Directors reviewed the Company's annual ESG performance, including progress toward RE100, carbon footprint management, greenhouse gas (GHG) inventory results, and preparedness for the EU Carbon Border Adjustment Mechanism (CBAM). Nature - Declared the Company's No Deforestation Commitment and Biodiversity Commitment. - Launched biodiversity volunteer programs at the Taiwan headquarters and Regional Business Units (RBUs). - Leveraged Advantech's expertise through a collaborative AIoT for Biodiversity project with National Taiwan University to support forest research and species conservation. - Reported the above nature-related performance at the fourth-quarter meetings of the Board of Directors and the Sustainability Development Committee (SDC).	2025	Expanding Action: Advancing Nature Risk Assessment and TCNFD Disclosure - Published the TCNFD Report. - Adopted the nearby Ruiguang Park and implemented an Advantech ESG smart station equipped with Advantech solutions to provide real-time updates on environmental health and municipal information. Climate - Implemented a pilot program for Internal Carbon Pricing (ICP) and carbon fee mechanisms. - Updated the Science Based Targets (SBT) emissions reduction targets in alignment with the 1.5°C pathway. - Launched a supply chain carbon management capability-building program. - Achieved a "B" rating in CDP Climate Change Assessment. Nature - Conducted biodiversity risk assessments for downstream customers. - Completed a biodiversity survey at the Advantech Linkou Smart Co-Creation Park. - Advantech headquarters and overseas subsidiaries launched multiple biodiversity-related initiatives. - The Advantech Linkou Campus obtained the Green Building Label Certificate and Smart Building Label Certificate issued by the Ministry of the Interior.
2024	Integrated Implementation: Advancing ESG Capacity Building, Quantitative Analysis, and Project Execution - ESG Performance Review: Established quarterly reporting and engagement with management on ESG performance evaluation. - Board members participated in training programs related to nature and climate issues. Climate - Conducted climate-related risk and opportunity identification, including financial impact quantification. - Updated the Science Based Targets initiative (SBTi) climate targets. - Signed renewable energy procurement agreements (40 million kWh over six years).	2026	Deepening Low-Carbon Transformation and Advancing Nature-Positive Value Chain Integration Climate - Completed the application and approval process for the Science Based Targets initiative (SBTi) 1.5°C Net-Zero Target. - Implemented Internal Carbon Pricing (ICP) carbon fee simulation operations and integrated results into management reporting. - Strengthened supply chain carbon management by implementing a supplier tiered support and capability-building program. Nature - Publicly disclosed Advantech's Biodiversity Commitment on its official website and continued to enhance the integrated TCNFD (Climate- and Nature-related Financial Disclosures) Report. - Continuously increase the proportion of recycled materials used in products.

[Strategy] Advantech Climate and Nature-related Risk and Opportunity Identification and Analysis Process

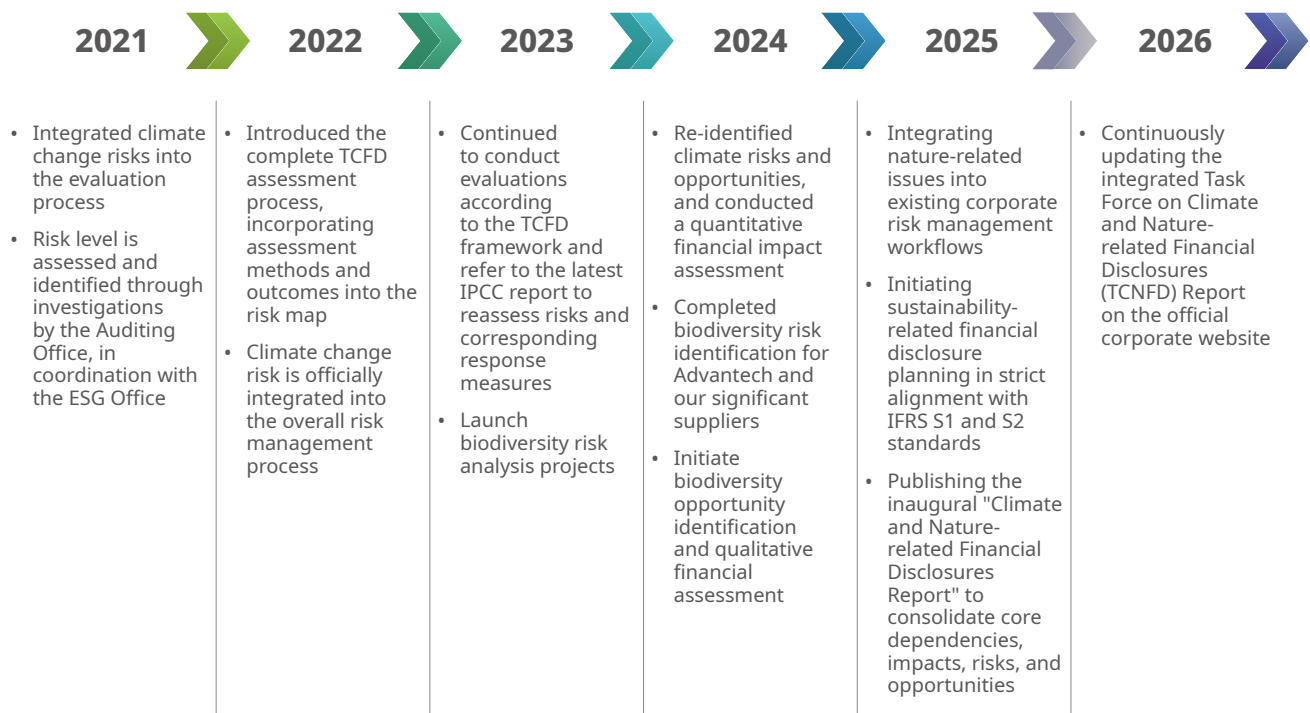
	Climate change	Biodiversity
Risk and opportunity identification	Referring to risk and opportunity topics in TCFD guidance and industry analysis, the Company summarized 13 risks and 10 opportunities	Using the Biodiversity Risk Filter (BRF) tool, Advantech analyzed biodiversity risks and identified 8 key biodiversity risk topics across the locations of operation for the Company and our main suppliers.
	Through physical workshops supplemented by the materiality risk matrix, the Company selected 7 major risks and 3 opportunities	Referring to the TNFD guidelines and considering the identified major risks along with the Company's resources, such as product development and external collaborations, summarized 13 potential opportunities
	Selected 4 risk and opportunity topics for financial quantification	Through physical workshops supplemented by the materiality risk matrix, the Company selected 4 major opportunities
Impact assessment	Assessed potential financial impacts of major risks and opportunities	Assess potential impacts of major risks and opportunities
Financial assessment & scenario analysis	- Qualitative: The Company developed prevention and improvement measures and formulated KPIs based on the foregoing evaluations - Quantitative: Analyzed carbon reduction potential and financial impact using the IEA's 1.5DS and STEP analysis. Furthermore, the Company applied the IPCC's RCP4.5 and RCP8.5 scenarios to assess the financial impact of physical risks on Advantech, incorporating resilience evaluation of its adaptation strategies.	Qualitative: The Company developed prevention and improvement measures and formulated KPIs based on the foregoing evaluations

[Risk Management] Advantech Climate and Nature Risk Management Process and Management Status

Evaluation and management process



Advantech's annual progress



Climate and Nature Metrics and Targets

Advantech Nature and Climate Implementation Metrics and Implementation Status

Indicators and targets	
Disclosure aspect	Advantech's implementation progress
Scope 1, 2, and 3 GHG emissions and targets	- First secured official Science Based Targets (SBT) approval in 2021; successfully set and obtained official validation for more ambitious value-chain 1.5°C Net-Zero targets spanning 2025 to 2026 Q1. - Advantech Taiwan and Kunshan manufacturing centers rigorously complete ISO 14064-1 greenhouse gas inventories, third-party verifications, and milestone tracking annually. - Progressively expanded the verification boundary from 2024 to 2025 by completing greenhouse gas inventories and third-party verifications for subsidiaries in Japan, South Korea, and the Netherlands, systematically broadening the tracking scope of overseas significant locations of operation. - Enforcing global greenhouse gas inventory workflows to achieve a 21% reduction in Scope 1 and Scope 2 emission intensity by 2026 compared to the 2022 baseline; navigating our decarbonization pathways based on the validated SBTi 1.5°C net-zero target, while enhancing KPI monitoring and tiered supplier engagement and guidance through our optimized environmental data platform. - Pledging to achieve a 42% absolute reduction in Scope 1 and Scope 2 emissions, alongside a 51.6% reduction in Scope 3 product-use-phase carbon intensity by 2030; driving toward a comprehensive value-chain net-zero destination by 2050 through a 90% absolute reduction across Scopes 1, 2, and 3, strictly advancing toward our near-term 2030 and long-term 2050 validated SBTi commitments.
Other climate-related management indicators and targets	- RE100 Renewable Acceleration: Active participant in the global RE100 initiative, formally declaring a 100% renewable electricity utilization target across all global operations by 2040, while anchoring our ultimate net-zero emissions destination by 2050. - Granular Environmental KPIs: Instituting quantitative targets for energy conservation, renewable energy usage ratios, water conservation, waste reduction, green products' percentage of total revenue, and energy efficiency optimization for product power supplies. - Energy Management Systems Integration: Utilizing the institutionalized ISO 50001 energy management system to conduct rigorous energy efficiency oversight, while continuously formulating targeted management indicators and milestones for matching sustainability strategies. - Data-Driven Lifecycle Assessments (LCA): Embedding Life Cycle Assessments (LCA) and product carbon footprint evaluations into key products; developing our proprietary Product Carbon Footprint AI Smart Platform to dynamically empower green, low-carbon product initiatives.
Promoting Global Direct Operations Biodiversity Commitment Targets	- Biodiversity Commitment Disclosure: Officially disclosing our corporate Biodiversity Commitment on the corporate website, while continuously publishing our comprehensive Task Force on Climate and Nature-related Financial Disclosures (TCNFD) Report. - External Partnerships for Biodiversity: Continuously evaluating and partnering with specialized external institutions across global operating nodes—including academic campuses, non-profit organizations (NPOs), and other corporate partners—to joint-execute strategic projects and volunteer campaigns that deliver positive biodiversity impacts.
Promoting Global Direct Operations No-Deforestation Commitment Targets	- Advantech globally promotes a paperless office environment to reduce paper waste - For office paper, packaging paper material, and household paper, we also require the use of suppliers certified by the Forest Stewardship Council (FSC), other forest-friendly paper materials, or recycled eco-friendly paper materials and eco-friendly ink printing - Product cardboard packaging material provides customers with Forest Stewardship Council (FSC) certified options - Organized global employee volunteer activities themed on forest conservation, deepening employee awareness and practice on biodiversity issues - Cooperated with Taipei City Government to adopt Ruiguang Park next to Advantech Neihu headquarters for urban forest conservation - Cooperated with Tse-Xin Organic Agriculture Foundation and Taiwan Forestry Restoration Association for tree planting and afforestation in mountainous or coastal areas near Advantech operational sites

*Note: According to ISO 14064-1, the GHG scope names correspond to categories as follows: Scope 1 corresponds to Category 1, Scope 2 corresponds to Category 2, and Scope 3 corresponds to Categories 3-6.

Nature-Related Human Rights and Local Engagement

Advantech continuously conducts nature-related risk identification across its global operating locations and key supply chains. Based on spatial analysis, all of the Company's physical operating locations are situated in highly urbanized areas, such as science parks and commercial office buildings, and are neither located in nor adjacent to biodiversity-sensitive areas at any level. Accordingly, the direct risks posed by Advantech's own operations to local ecosystems and communities are extremely low, and there have been no incidents involving land-use conflicts or rights violations involving local Indigenous peoples.

Advantech's sustainability governance has deeply integrated the spirit of human rights due diligence. Under the framework of the Group's human rights commitment, we not only identify real and potential impacts of our operational activities on the economy, environment, and people, but also provide corresponding labor protections and customized care measures for diverse groups (including Indigenous peoples and foreign employees, such as hometown festival celebrations and Mandarin language courses for foreign

employees), dedicating ourselves to fostering a respectful and inclusive working environment.

Deeply aware that nature-related and human rights risks in the technology industry are heavily concentrated in the upstream raw material extraction stage, Advantech is committed to promoting sustainable supply chain management. We strictly adhere to the Responsible Business Alliance (RBA) Code of Conduct and comprehensively implement our "Conflict-Free Minerals Policy," ensuring that upstream mineral extraction processes do not involve illegal armed conflicts and cause no environmental destruction or human rights violations to local communities and Indigenous peoples in extraction areas. Furthermore, through our Supplier Code of Conduct, we require suppliers to continuously enhance their management performance across labor rights, human rights, and environmental protection dimensions. Through these preventive and mitigation actions, Advantech actively collaborates with suppliers to co-construct a resilient and responsible supply chain, thereby minimizing potential nature-related human rights risks. (For detailed information on supplier-related labor rights and impact management, please refer to Section 3.2.)



Risk Management



2.1 Climate-Related Risk and Opportunity Identification

Process And Considerations for Identifying Climate Risks Opportunities

Advantech identifies climate-related risks and opportunities based on the TCFD framework, evaluating both the level of impact and timeframes to assess potential effects on the Company and its value chain. We identify our major risks and opportunities, their corresponding potential occurrence scenarios, and the level of impact based on the definition of risks and opportunities in the TCFD guidelines, along with the collection of diverse issues, cross-departmental discussions, and external consultations to analyze potential financial impacts. We focus on operational aspects (including emissions reduction and natural disasters), product aspects (such as the supply chain), and market aspects based on industry characteristics and international context. This allows us to identify company-wide climate risks and opportunities, facilitating the precise formulation of relevant response strategies.

TCFD Risk And Opportunity Assessment Process

Advantech's risk and opportunity evaluation process begins with a group-wide perspective, identifying major climate-related risks and opportunities through a systematic approach involving topic identification, information collection, analysis, and evaluation. Both qualitative and quantitative methods are applied to manage these potential risks and opportunities, which are then integrated with implementation measures to ensure alignment with the Company's business strategy and Sustainable Development Goals (SDGs). The specific process can be broken down into the following steps :

1. Collection of Risk and Climate Factors

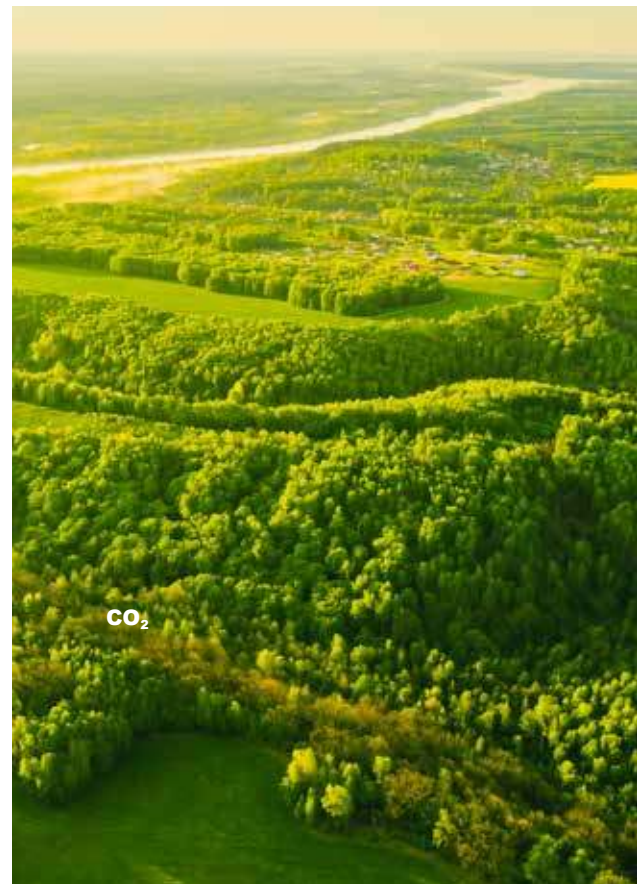
By following the TCFD framework, Advantech considers local regulations (such as carbon fees or taxes applicable to its locations of operation, carbon tariff mechanisms, renewable energy requirements, sustainable materials, plastic reduction, and product energy efficiency regulations), as well as market trends (including customer demand for low-carbon products, product carbon footprint disclosures, and human rights concerns), domestic and international literature, and peer-related issues (such as low-carbon technology development, supply chain engagement, international ratings such as CDP and DJSI, and initiatives such as SBTi and RE100), to track and compile potential risks and opportunities that may impact its operations, products, and markets. After data collection, Advantech focused on 13 risks and 10 opportunities to conduct materiality analysis, evaluating their materiality and financial impact.

2. Materiality and Financial Impact Analysis

Advantech conducts cross-departmental workshops by inviting relevant personnel from departments such as operations, factory management, general affairs, EHS, R&D, procurement, quality, and investment to discuss the context of various issues, assess their potential operational impact, and analyze the likelihood and severity of such impacts. After a preliminary analysis, Advantech narrowed the evaluation scope down to 7 risks and 3 opportunities, and 4 of them were chosen for scenario simulation analysis to predict possible future development scenarios more accurately and develop response strategies accordingly.

3. Evaluation of Strategic Response and Improvement

After completing the materiality analysis and risk and opportunity scenario simulation, Advantech inventoried and evaluated the existing response measures, as well as conducted comparisons and adjustments based on sustainable development trends and industry benchmarks. Enhance capabilities in risk management and seizing opportunities through this improvement response strategy. The relevant results and disclosures are reviewed by the SDC, which regularly reports to the Board of Directors to oversee the progress of climate risk management and review significant decisions. This ensures that the Company can continue to refine its response plans, as well as improve its adaptability and resilience to future market risks.



Risk and opportunity considerations

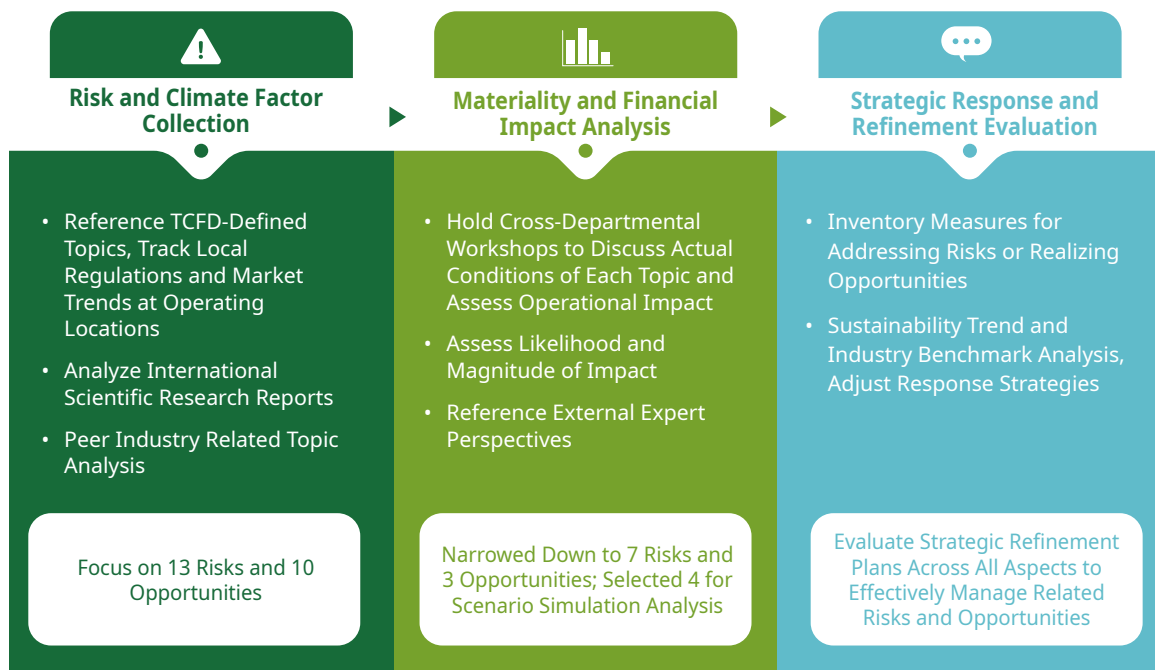
Category	Risk type	Serial number	Risk/opportunity issues
Physical risk	Acute	R2	Climate-related physical risks
	Chronic	R3	Water scarcity
Transition risk	Policies and laws	R1	Legal and policy risks
	Policies and laws, markets	R4	Energy supply shortage
	Market	R5	Supply chain disruptions
	Policies and laws	R6	Regulatory penalty risks and increased cost pressure due to EU requirements for plastic content disclosure
	Policies and laws, technologies	R7	Risk of increased costs and extended timelines due to eco product testing and certification
	Technology	R8	Low carbon/energy-saving technology R&D costs and risks
	Market, reputation	R9	Order loss risks and supplier collaboration challenges under energy-saving and carbon reduction requirements
	Market	R10	Changes in customer behavior and preferences
	Policies and laws	R11	Increasingly stringent international review standards and regulations
	Market	R12	Risks associated with intensifying competition
Opportunities	Reputation	R13	Market ESG image and reputational risks
	Resource efficiency	O1	Resource efficiency improvement
	Resilience	O2	Intelligent climate risk management
	Products and services, markets, resilience	O3	Green certification and sustainable supply chain
	Products and services, market	O4	Low-carbon products shape Advantech's sustainability image, enhance marketing in the low-carbon market, and expand the customer base
	Products and services, market	O5	Establish and engage in product carbon footprint calculations to elevate the Company's competitiveness in green business opportunities
	Products and services, market	O6	Innovative eco product design and sustainable raw material applications
	Market, resilience	O7	Market opportunities derived from complying with international environmental initiatives (such as SBTi, CDP, etc.)
	Resilience	O8	Increasing market demand for climate mitigation and climate adaptation-related solutions
	Energy source	O9	Participation in renewable energy infrastructure construction and increasing demand for energy monitoring
	Products and services, market	O10	Low-carbon products needed for market expansion

Risk and opportunity description

- Transition risk: Refers to policy, law, technology, market, and reputational risks during the transition to a low-carbon economy.
- Physical risks: Refer to the risks resulting from the direct impacts of climate change. These may stem from acute events, such as extreme weather (e.g., storms and floods), or chronic changes, such as gradual changes in long-term climate patterns (e.g., temperature increases and sea level rise). These risks may directly damage properties, disrupt operations and supply chains, and impact people's health and safety.
- Climate opportunities: Refer to potential benefits or new possibilities as a result of climate change. These opportunities may include: Improvements to resource efficiency, energy sources, products and services, markets, and resilience.

Climate Risk and Opportunity Assessment Results

TCFD risk and opportunity evaluation process

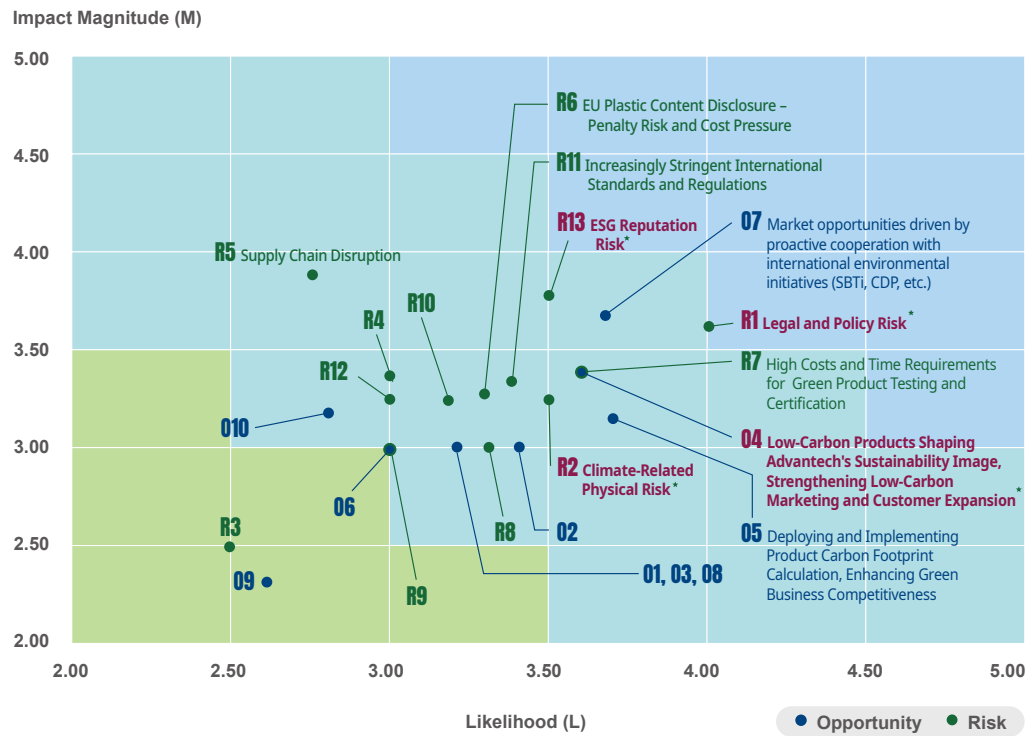


Climate risk and opportunity evaluation outcome (matrix)

Advantech applies the impact level (M) and likelihood of impact (L) of climate risks/opportunities as two axes to portray the relative position of each risk and opportunity. In addition, Advantech conducts a qualitative assessment using the level of impact (M) multiplied by the impact likelihood (L), and divides the calculated value into 5 levels to determine the materiality of each risk and opportunity for Advantech. For issues with higher materiality, aside from assessing the issue's occurrence period and its impact on operations, Advantech will also provide a detailed description of the corresponding response measures.



TCFD climate risk and opportunity evaluation matrix



Risk and opportunity description

1. Extremely high risk/opportunity: $16 < \text{"Impact likelihood (L) X Level of Impact (M)"} < 25$
2. High risk/opportunity: $9 < \text{"Impact likelihood (L) X Level of Impact (M)"} < 16$
3. Moderate risk/opportunity: $4 < \text{"Impact likelihood (L) X Level of Impact (M)"} < 9$
4. Low risk/opportunity: $1 < \text{"Impact likelihood (L) X Level of Impact (M)"} < 4$
5. Extremely low risk/opportunity: $\text{"Impact likelihood (L) X Level of Impact (M)"} < 1$



List of Material Climate Risks and Opportunities

Through the above materiality assessment process, Advantech prioritized the evaluation and management of 7 risk-related issues and 3 opportunity-related issues this year. The corresponding strategies for addressing these climate risks and opportunities are summarized in the table below:

Climate risks and opportunities and response strategies

Category: Transition risk	Impact timeline: Short-term	Financial impact - Increased operating costs - Increased capital expenditure - Reduced revenue
Risk or opportunity topics: R1 legal and policy risks	Impact level: High	
Advantech's risks or opportunities	Advantech's countermeasures and actions	
- Rising operating cost: More rigorous emissions regulations (such as Taiwan's carbon fee and the EU's CBAM) increase costs - Equipment replacement and renewable energy investment pressure: To obtain international certifications and meet customers' sustainability needs, the Company replaces energy-intensive equipment and invests in renewable energy, resulting in increased expenditures - System design and maintenance burden: To meet carbon data collection requirements, we must invest in resources to establish and maintain relevant systems - Product pricing adjustment risk: After the implementation of carbon pricing, Advantech's financial system must be adjusted to reflect Internal Carbon Pricing. As a result, product prices are increased, and our market competitiveness is diminished.	- Introduce energy-saving and carbon reduction measures (energy-efficient equipment, LED lights, automatic temperature and humidity control, and recycling and reuse of consumables) - Establish a systematic approach for collecting Scope 1, 2, and 3 emissions data to lower future carbon taxes through precise monitoring of carbon emissions data - Building on the established shadow price, we will continue to finalize the Internal Carbon Pricing mechanism, integrating carbon emission costs into the Company's financial system to accurately reflect these costs in product pricing and cost structures - Join the RE100 initiative and commit to achieving 100% renewable energy usage by 2040 to lower carbon emissions	
Category: Physical risk	Impact timeline: Medium-term	Financial impact - Increased operating costs - Increased capital expenditure - Reduced revenue - Reduced assets
Risk or opportunity topics: R2 climate-related physical risks	Impact level: High	
Advantech's risks or opportunities	Advantech's countermeasures and actions	
- Operational disruptions and production risks: Extreme weather events (such as typhoons and floods) may lead to factory shutdowns, damage to equipment, as well as increased costs and delivery-related risks - Increased facility and equipment maintenance costs: In response to climate risks, it is necessary to bolster flood control and drainage systems, reinforce building structures, and address the potential acceleration of equipment aging due to high temperatures, all of which will increase costs. - Inventory loss and financial losses: Typhoons and floods can damage inventory, leading to financial losses - Increased expenditure in disaster prevention and insurance: To mitigate the impact of extreme weather, we must invest in disaster prevention equipment, improve our emergency response capabilities, and purchase additional insurance coverage to diversify financial risks - Earthquake-resistant building and maintenance pressure: Earthquake-resistant designs are needed for new factories, while old factories must undergo seismic retrofitting, leading to increased expenditures	- Analyze the impact of climate change and formulate emergency response plans - Formulate a business continuity management protocol to respond to and address major incidents, thereby mitigating and minimizing negative impacts - Emergency power supply maintenance, and regularly maintain the power supply system to prevent blackouts from disrupting operations - Upgrade emergency response equipment and install additional backup systems, such as backup power generators, to enhance the Company's emergency response capabilities - Strengthen disaster prevention facilities, improve drainage systems, and install rainwater infiltration prevention measures to minimize natural disaster-related losses - Risk transfers and diversification, purchase property insurance to transfer potential financial risks and ensure asset safety	

Category: Transition risk	Impact timeline: Medium-term	Financial impact
Risk or opportunity topics: R5 Supply chain disruptions	Impact level: High	- Increased operating costs - Operational disruptions - Reduced revenue

Advantech's risks or opportunities	Advantech's countermeasures and actions
- Rising operational and supply chain costs: In response to climate risks and political factors, we must allocate resources to establish alternative supply chains, which can lead to increased costs - Inventory and capital pressure: Supply chain disruptions may result in capital and cash flow pressures and increased storage management costs - Product development delays: Fluctuations in the supply chain may necessitate component redesigns and supplier changes, in turn delaying product development schedules and time-to-market - Production and delivery uncertainties: Supply chain disruptions can increase the risk of production plan interruptions and delay the delivery of products	- Introduce eco packaging materials and eco designs to form an eco packaging material supply chain - Form partnerships with suppliers in different locations to enhance supply chain resilience - Design backup mechanisms to prevent supply chain disruptions (such as advancing shipments, setting safety stock levels based on material categories, diversifying suppliers, and preparing alternative materials)

Category: Transition risk	Impact timeline: Short-term	Financial impact
Risk or opportunity topics: R6 Regulatory penalty risks and increased cost pressure due to EU requirements for plastic content disclosure	Impact level: Medium	- Increased operating costs - Increased compliance expenditures

Advantech's risks or opportunities	Advantech's countermeasures and actions
- Regulatory and penalty risks: European countries require the disclosure of plastic content (including the weight of components and outer packaging), and failure to comply will result in fines - Rising material and supply chain costs: In response to local regulations and sustainability trends, the use of sustainable materials and green packaging will result in increased procurement and production costs - Increased design and development costs: Regional regulatory compliance requires redesigning product packaging and external components, resulting in longer development timelines and higher costs - Data transparency and management burden: To meet sustainability and compliance requirements, a cross-departmental database must be created, which will in turn increase labor, technology, and maintenance costs - Risk of diminished market competitiveness: Rising material and design costs may diminish the Company's market competitiveness	- Introduce eco packaging materials and eco designs, and form an eco material supply chain - Establish a component recycled material supply chain and regularly review environmental certifications of supply chain materials - Formulate dedicated material number classification rules for Cable, Plastic, Sheet Metal, and Metal, to differentiate between sustainable and conventional materials - Establish relevant data, statistical, and computing platforms

Category: Transition risk	Impact timeline: Short-term	Financial impact Increased operating costs
Risk or opportunity topics: R7 Risk of increased costs and extended timelines due to testing and certification of eco products	Impact level: High	
Advantech's risks or opportunities	Advantech's countermeasures and actions	
- Increased costs due to differences in certification standards and compliance requirements: Meeting green and energy efficiency standards across various regions requires additional investment in testing and design modifications, leading to higher management, design, and material costs - Risks of higher certification fees and delayed product launches: Acquiring green certification requires paying corresponding fees, and the lengthy certification process may have an impact on the product's time-to-market and market share - Risks of delayed time-to-market and revenue concentration: If products fail to meet international energy efficiency standards (such as EU ErP and US Energy Star), they may be barred from key markets (like Europe and the United States), resulting in concentrated revenue sources and increasing vulnerability to regional policies and market fluctuations	- Establish a component recycled material supply chain and regularly review environmental certifications of supply chain materials - Formulate dedicated material number classification rules for Cable, Plastic, Sheet Metal, and Metal, to differentiate between sustainable and conventional materials - Establish a product carbon footprint calculation system and platform, which can be applied to the eco product program - To comply with mandatory regulatory requirements in product design, we have created internal verification resources and implemented a management system to monitor external certification-related expenses	

Category: Opportunities	Impact timeline: Medium-term	Financial impact - Increased revenue - Increased market value
Risk or opportunity topics: O4 Low-carbon products shape Advantech's sustainability image, enhance marketing in the low-carbon market, and expand the customer base	Impact level: High	
Advantech's risks or opportunities	Advantech's countermeasures and actions	
- Enhance sustainability image and marketing: Develop low-carbon products to strengthen market positioning and showcase our achievements through energy-saving and carbon reduction solutions (e.g., WISE-IoT iEMS), thereby enhancing international buyers' awareness of and trust in Advantech - Expand the international customer base: Launch low-carbon products to meet the demands of the international market and thereby increase market share - Market competitive advantages and internal innovation: With low-carbon products as the core, we will strengthen sustainable supply chain partnership and promote cross-departmental collaboration through product design and promotion, thereby generating brand differentiation advantages and increasing product value	- Introduce eco packaging materials and eco designs, and form an eco material supply chain - Establish a product carbon footprint calculation system and platform, and implement internal carbon pricing to facilitate the launch of low-carbon products - Continue to invest resources in the R&D of low-carbon technologies in response to market needs. For instance, design products with higher performance and lower energy consumption. Also, establish relevant reward mechanisms to encourage low-carbon innovation and creative thinking. - In addition to the R&D of low-carbon products, Advantech's technical advantages in IIoT and edge computing are combined to provide integrated low-carbon solutions, thereby fostering differentiated advantages in low-carbon products. - Highlight the low-carbon products' sustainable values and environmental contributions in marketing activities (such as presenting the products' carbon footprint data and energy-saving effectiveness).	

Category: Opportunities	Impact timeline: Short-term	Financial impact - Increased revenue - Increased market value
Risk or opportunity topics: O5 Establish and engage in product carbon footprint calculations to elevate the Company's competitiveness in green business opportunities	Impact level: High	

Advantech's risks or opportunities	Advantech's countermeasures and actions
- Improve market competitiveness and brand image: Meet market demands by establishing a carbon footprint calculation system, in turn boosting customer confidence in Advantech, enhancing product value, and creating green business opportunities. Moreover, compliance with environmental regulations further bolsters Advantech's sustainability image - Support eco supply chain development: Use Advantech's CarbonR solution to streamline the carbon footprint calculation process and help supply chain partners to achieve carbon reduction goals, thereby enhancing the partnership	- Establish Advantech's product carbon footprint methodology and complete the carbon footprint inventory of various business groups' representative products - Establish Advantech's internal product carbon footprint evaluation system and proactively provide customers with relevant information to improve carbon footprint disclosure transparency - Evaluate the depth of material selection through LCA and identified the key materials contributing to the carbon footprint - Promote Advantech's CarbonR solution, assist supply chain partners in calculating carbon emissions and product carbon footprint, as well as offer relevant training and technical support to reinforce the partnership

Category: Transition risk	Impact timeline: Short-term	Financial impact - Increased operating costs - Reduced revenue - Increased compliance expenditure
Risk or opportunity topics: R11 Increasingly stringent international review standards and regulations	Impact level: High	

Advantech's risks or opportunities	Advantech's countermeasures and actions
- Regulatory risks: As global regulations become more stringent (such as the CBAM and the CCA in the United States), failure to respond accordingly may result in legal risks, fines, and even market entry restrictions - Loss of market entry opportunities: If value chain partners are unable to provide solutions in response to relevant regulations, market entry opportunities will be reduced	- Local laws and regulations are considered when procuring raw materials during the product design stage to meet various regulatory requirements - Relevant regulations are incorporated into the new product development evaluation process to assess suitability in advance - Regularly audit factories and suppliers to ensure alignment with international trends and customer requirements - Identify suitable existing ESG response solutions from internal BUs or external partners and offer them to strategic partners and invested companies to address carbon emission-related needs across the supply chain

Category: Transition risk	Impact timeline: Medium-term	Financial impact • Increased operating costs • Increased capital expenditure • Reduced revenue
Risk or opportunity topics: R13 Market ESG image and reputation risks	Impact level: Medium	

Advantech's risks or opportunities	Advantech's countermeasures and actions
• Brand value and customer trust: Failure to effectively manage climate risks or demonstrate adequate ESG performance may negatively impact the Company's market reputation and erode stakeholders' trust, including that of customers, shareholders, and investors • Climate risks: Inadequate assessment of climate risks may disrupt factory operations during natural disasters such as typhoons or earthquakes, thereby damaging the Company's reputation	• Regularly conduct employee education and training on ESG developments and trends to enhance their ESG awareness and foster a culture of sustainability • Introduce energy-saving and carbon reduction equipment with temperature and humidity regulation functions into hardware facilities • By joining RE100, setting SBT, and participating in sustainability ratings such as DJSI, CDP, and EcoVadis, we aim to disclose our ESG performance and enhance our corporate sustainability value

Category: Opportunities	Impact timeline: Medium-term	Financial impact • Increased revenue • Increased capital • Increased market value
Risk or opportunity topics: O7 Market opportunities derived from complying with international environmental initiatives (such as SBTi, CDP, etc.)	Impact level: High	

Advantech's risks or opportunities	Advantech's countermeasures and actions
• Global market deployment: Participation in major evaluations and initiatives, along with voluntary compliance with local environmental regulations, facilitates the introduction of Advantech's ESG-rated products to the market and enhances our brand image • Reinforce the sustainability image and attract sustainable investment: Enhance ESG performance through active engagement in international environmental initiatives (such as SBTi, CDP, and RE100) and attract sustainable investment. And by doing so, strengthen brand image and supply chain stability	• Implement product solutions that comply with international environmental regulations, including energy management, ESG information integration systems, carbon emission inventory, raw material supply chain management, and carbon footprint system implementation, etc. • Strategically invest in ESG-related fields through small equity investments to mitigate risks and explore market opportunities • By joining RE100, setting SBT, and participating in sustainability ratings such as DJSI, CDP, and EcoVadis, we aim to disclose our ESG performance and enhance our corporate sustainability value

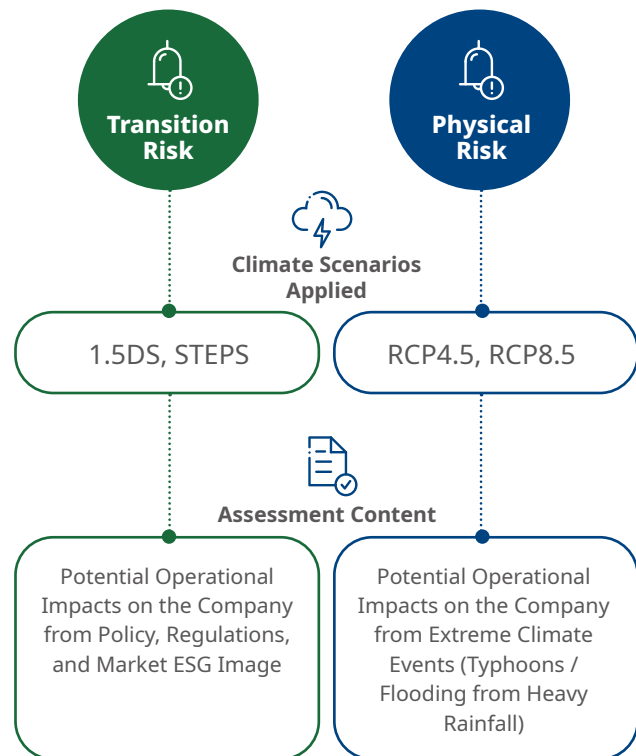
Note:

1. Impact timeline: Based on the potential occurrence, impacts are categorized as "short-term (< 3 years), mid-term (3 – 5 years), and long-term (> 5 years)."
2. Impact level: An internal evaluation, based on the likelihood of occurrence and level of impact, categorizes the impact level as "high, medium, or low."

2.2 Climate-related Financial Impact

Financial Impact Assessment Of Climate Risks and Opportunities

Every three years, Advantech follows the TCFD recommendations to analyze and assess the impact of various scenarios related to transition and physical risk types on the Company's operations. The analysis results are incorporated into the strategy resilience assessment to reflect Advantech's response mechanisms for various climate-related opportunities and risks on time. Furthermore, based on the foregoing climate risk and opportunity identification outcome, Advantech has chosen 1 physical risk: climate-related physical risk (R2), 2 transition risks: legal and policy risk (R1), market ESG image and reputational risk (R13), and 1 opportunity: low-carbon products shaping Advantech's sustainable image, enhancing low-carbon market marketing and customer expansion (O4) for financial impact assessment. The summarized results of the financial impact assessment are shown below, while the assumptions, calculation methods, and calculation results for each item will be described separately in the subsequent climate scenario analysis chapter.



Risk and opportunity issues		Assessment scope/region	Assessment item description		Assessment results*	
Transition risk	Legal and policy risks	Advantech Taiwan, Kunshan, and AJP	- Renewable energy substitute fee payment - Carbon fee collection	2030	STEP scenario: NTD 68,663,138 IEA 1.5DS scenario: NTD 187,564,574	Average annual management costs: NTD 6,217,526
				2035	STEP scenario: NTD 227,265,171 IEA 1.5DS scenario: NTD 441,453,013	
	Market ESG image and reputational risks	Advantech Group	- Increased financing costs caused by not obtaining sustainability-linked loans - Impact on revenue due to poor sustainability performance	2025	Annual impact scale: NTD 59,907,158	Average annual management costs: NTD 11,283,703
Physical risk	Climate-related physical risks	Advantech Taiwan, Kunshan, AJP, and AKR	- Production interruption - Damage to factory equipment - Impossible or late reporting to work	2030	Single-year impact RCP4.5 scenario: NTD 21,348,542 RCP8.5 scenario: NTD 21,631,559	Average annual management costs: NTD 5,408,167
				2050	Single-year impact RCP4.5 scenario: NTD 22,692,370 RCP8.5 scenario: NTD 23,510,820	
Opportunities	Low-carbon products shape Advantech's sustainability image, enhance marketing in the low-carbon market, and expand the customer base	Advantech Group	Revenue generated by customers increasing their usage of low-carbon products	2025	Financial opportunities: NTD 707,258,810	Average annual management costs: NTD 57,792,607
				2030	Financial opportunities: NTD 791,456,288	

Note

- 5DS represents an aggressive emission reduction scenario, reaching net-zero around 2050, representing a temperature increase of 1.5°C
- STEPS (Stated Policies Scenario) represents emissions based on current government regulations in various countries, reaching net-zero around 2070~2080, representing a temperature increase of 2.7°C
- RCP4.5 represents a radiative forcing that will reach approximately 4.5Wm⁻² by the end of the century, representing the GHG emission reduction targets achieved by the current policies of various countries around the world, resulting in a temperature increase of about 2.7°C
- RCP8.5 represents a radiative forcing that continues to increase to greater than 8.5Wm⁻², representing a scenario where countries worldwide take no actions for reduction, resulting in a temperature increase of roughly 4.4°C
- The above assessment outcome represents the single-year impacts, not the cumulative impacts

Climate Scenario Analysis

1. Transition risks and opportunities - Identify impacts and potential financial impacts

Advantech utilized 5 risk and opportunity issues to analyze the financial impact of 2 transition risks and 1 opportunity on future operations.

Physical Risk / Opportunity Topic	Impact Pathway	Financial Impact
Legal and Policy Risk (R1)	• Payment of renewable energy levy • Carbon Fee Levy	• Increased Operating Costs from Payment of Renewable Energy Levy • Increased Financial Operating Costs from Carbon Fee Levy
ESG Reputation Risk (R13)	• Increased Financing Costs • Decreased Customer Orders Due to Poor Sustainability Performance	• Increase in financing costs if sustainability-linked loans are not secured • Operating Losses from Decreased Customer Orders Due to Poor Sustainability Rating Performance
Low-Carbon Products Shaping Advantech's Sustainability Image, Strengthening Low-Carbon Marketing and Customer Expansion (O4)	Increased Demand for Low-Carbon Products from Existing Customers	Revenue Growth from Customers Increasing Their Usage Proportion of Low-Carbon Products

[Transition risk] path 1: Legal and policy risks (R1)

Assessment scope	Advantech's six significant locations of operation (RBUs)
Year of assessment	2030, 2035
Key assumptions	The potential impacts of government regulations on Advantech include the tightening of regulations for major electricity consumers requiring the adoption of a certain percentage of renewable energy, amendments to the Climate Change Response Act, and the implementation of carbon tax/fee-related laws. Failure to comply may require the payment of substitute fees or carbon emission-related charges, leading to an increase in the Company's operating costs.
Calculation method	To assess the potential financial risks arising from future regulatory changes, Advantech referred to multiple indicators to conduct potential cost estimation. In particular, the renewable energy substitute fee is based on the Major Electricity Consumers Clause and calculated according to the contracted capacity and electricity consumption ratio to cover renewable energy-related expenses. Advantech evaluates the carbon fee based on the current carbon pricing mechanisms in various countries (STEP carbon fee) and the carbon price under the International Energy Agency (IEA) 1.5°C scenario (1.5DS carbon fee). Advantech applies the abovementioned indicators to assess and understand the potential impact of climate-related regulations on its operations.

Note

- This assessment covered all six of Advantech's significant locations of operation (RBUs). However, upon evaluating the emission profiles and regulatory developments in regions such as the EU, the US, and Korea, which have implemented Emissions Trading Systems (ETS), it was determined that these frameworks generally provide free allowances and are primarily targeted at high-carbon emission industries. Given that most of Advantech's facilities are assembly plants with relatively low emissions, the likelihood of being subject to such regulatory schemes in the near term is low. Consequently, the assessed financial impact is considered extremely low. Consequently, financial impact assessment was not conducted for the above locations in the financial impact section, with only the Taiwan, China, and Japan locations being included in the assessment.
- Taiwan's carbon fee is based on the government's announced rate; China's carbon fee is estimated using data from the IEA; and Japan's carbon fee is derived from information on the "Tax for Climate Change Mitigation"

Scenario	Impact assessment	Financial impact	
STEPS (Existing policy implementation scenario)	To assess the potential impact of existing government regulations and carbon fee policies on Advantech's overall operations from 2025 to 2035, the evaluation parameters include Taiwan's renewable energy substitute fee regulations, the Ministry of Environment's carbon fee projections, the carbon price corridor for China under the "IEA's 2024 World Energy Outlook" and its Stated Policies Scenario (STEPS), and Japan's actual carbon price, converted from its "Tax for Climate Change Mitigation."	The increase in operating costs due to the payment of renewable energy substitute fees and the collection of carbon fees is estimated to have an impact of NTD 68,663,138 in 2030, and an impact of NTD 227,265,171 in 2035	The estimated annual average management costs are NTD 6,217,526, including: Investment and maintenance costs for energy-saving equipment, investment costs for energy-saving technology research and development, costs for implementing and verifying energy management systems, investment and maintenance costs for self-generated solar power equipment, and investment costs for renewable energy power plants, as well as expenses for purchased renewable energy
1.5DS (Net zero scenario)	To assess the potential impact of more stringent government regulations under a Net-Zero scenario on Advantech's overall operations between 2025 and 2035, the evaluation references include the carbon price corridors for emerging markets and developing economies committed to achieving net-zero, as well as those for developed economies, as outlined in the "IEA's 2024 World Energy Outlook Net Zero" by 2050 scenario	The increase in operating costs due to the collection of carbon fees is expected to have an impact of NTD 187,564,574 in 2030, and an impact of NTD 441,453,013 in 2035	

[Transition risk] path 2: Market ESG image and reputational risks (R13)

Assessment scope	Advantech Group		
Year of assessment	2025		
Key assumptions	Overall assessment of the impact of Advantech's low-carbon sustainability performance on revenue and financing costs		
Calculation method	Advantech utilizes information on sustainable financing conditions and sustainability rating performance to estimate ESG image risk. The assessment considers potential increases in financing costs due to ineligibility for sustainability-linked loans, as well as possible customer attrition and revenue loss resulting from poor sustainability ratings, thereby evaluating the financial risks related to Advantech's sustainable reputation and financial standing		
Scenario	Impact assessment	Financial impact	
ESG image and reputation management scenario (Referencing historical scenarios)	Assess the impact of Advantech's market ESG image and reputation (low-carbon or sustainability performance) on revenue and financing costs, including increased costs in bank financing and the willingness of customers to place orders influenced by environmental sustainability performance, which may lead to increased operating costs or reduced revenue for the Company	The estimated annual impact cost of enhancing Advantech's ESG image and reputation is NTD 59,907,158; the estimated average annual management cost is NTD 11,283,703, which includes education and training costs, personnel costs for the sustainability transformation management, and costs for implementing and verifying sustainability-related management systems	

[Transition opportunity] path 3: Low-carbon products shape Advantech's sustainability image, enhance marketing in the low-carbon market, and expand the customer base (O4)

Assessment scope	Advantech Group	
Year of assessment	2025, 2030	
Key assumptions	Overall assessment of the financial impact of revenue growth driven by Advantech's low-carbon products.	
Calculation method	Advantech uses data such as the revenue generated by customers increasing their usage of low-carbon products to estimate the positive financial opportunities brought by low-carbon products	

Scenario	Impact assessment	Financial impact
Low-carbon products and market scenarios (Referencing historical scenarios)	Evaluate Advantech's low-carbon product-related revenue as a financial opportunity for low-carbon products through 2030	The increased revenue related to Advantech's low-carbon products is expected to have an impact of NTD 707,258,810 in 2025 and NTD 791,456,288 in 2030; the estimated average annual management cost is NTD 57,792,607, mainly for R&D expenses

2. Physical risks and opportunities - Identify impacts and potential financial impacts

Advantech uses 3 risk issues to analyze the financial impact of 1 physical risk scenario on future operations.

Physical Risk	Impact Pathway	Financial Impact
Climate-related physical risks (R2)	• Production interruption • Damage to factory equipment • Impossible or late reporting to work	• Revenue loss due to production interruption • Increase in financial operating costs due to damaged plant equipment repairs and replacement costs • Financial losses resulting from personnel being unable or delayed in reporting to work



[Physical risk] path 1: Climate-related physical risks (R2)

Assessment scope	Advantech six significant locations of operation (RBUs)
Year of assessment	2030, 2050
Key assumptions	We assessed the financial impact of extreme climate events (typhoons/tropical cyclones) on Advantech's operational production, without considering the impact of other physical risks (such as rising temperatures and droughts)
Calculation method	Advantech integrates historical disaster loss data with climate change scenario analyses to assess the financial impact of climate-related physical risks, focusing on three key aspects: production disruptions, damage to plant equipment, and delayed or unavailable workforce. Based on historical extreme weather events and referencing information from the Climate Impact Explorer, the rate of change in economic losses caused by tropical cyclones under the RCP4.5 and the RCP8.5 scenarios is introduced to assess potential revenue losses, labor costs, and equipment repair expenses in 2030 and 2050 compared to 2025. This information serves as the quantitative basis for Advantech's assessment of the financial impact of physical climate risks on its operations

Note

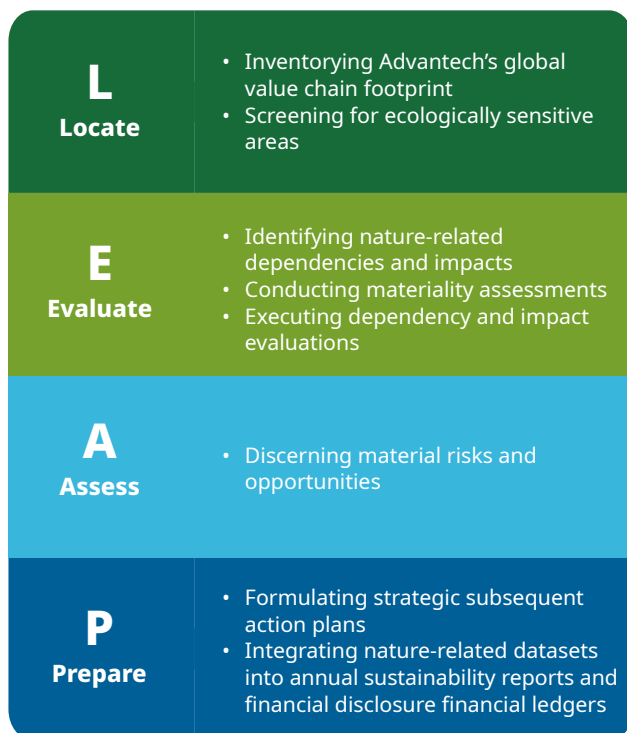
- This assessment included all six of Advantech's significant locations of operation (RBUs). However, considering the geographical differences among Advantech's major global locations, only the 4 locations situated in the Pacific Ring, including Taiwan, China, Japan, and South Korea, are more likely to be affected by tropical cyclones. As a result, only these 4 locations were included in the financial impact assessment.
- Data limitations and assumptions:
 1. The scenario references the Climate Impact Explorer's Annual Expected Damage from Tropical Cyclones
 2. Financial parameter assumptions: Based on the above scenarios, the estimated rate of increase in economic losses caused by tropical cyclones at Advantech's various locations in 2030 and 2050 is compared to 2025
 3. Annual expected losses are priced in 2005 US dollars. As climate model forecasts are often expressed as a range, the annual median was used this time, and the data was converted to a format with 2025 as the base year
 4. The "regional damage change rates" based on latitude and longitude coordinates are only available for the 1.5°C warming scenario in 2030. Consequently, this analysis estimates the 2050 data by comprehensively referencing the "national average damage change rates" and the "regional damage change rates" derived from latitude and longitude-based simulations

Scenario	Impact assessment	Financial impact	
RCP8.5 (The most severe warming scenario)	To assess the overall operational production financial impact caused by extreme climate events (typhoons/tropical cyclones) on Advantech from 2030 to 2050 under a severe warming scenario, the analysis applies the national average rate of change and regional information for each country under RCP8.5 provided by the database, converting it to the rate of change in economic loss caused by extreme climate events (typhoons/tropical cyclones) in Advantech's location compared to 2025	The costs of plant equipment damage, production disruption, and a delayed or unavailable workforce, etc., lead to an increase in operating costs. The estimated impact amount for 2030 is NTD 21,631,559, and the estimated impact amount for 2050 is NTD 23,510,820	The estimated average annual management cost is NTD 5,408,167, which includes expenses for equipment/server room establishment or improvement, equipment maintenance and flood retention pond maintenance, as well as the implementation and verification of sustainability-related management systems
RCP4.5 (BAU scenario)	To assess the overall operational production financial impact caused by extreme climate events (typhoons/tropical cyclones) on Advantech from 2030 to 2050 under an existing warming scenario, the analysis uses the RCP4.5 information for each country provided by the database, converting it to the rate of change in economic loss caused by extreme climate events (typhoons/tropical cyclones) in Advantech's location compared to 2025	The costs of plant equipment damage, production disruption, and a delayed or unavailable workforce, etc., lead to an increase in operating costs. The estimated impact amount for 2030 is NTD 21,348,542, and the estimated impact amount for 2050 is NTD 22,692,370	

2.3 Nature-related Risk Identification and Impact Assessment

Adoption of the LEAP Approach

In pursuing our vision to "Enable an Intelligent and Sustainable Planet," Advantech deeply understands that the long-term resilience of an enterprise is inextricably linked to the stable supply of natural resources. To implement the sustainable management of natural capital and respond to the Global Biodiversity Framework (GBF), we have formally adopted the LEAP approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). This methodology provides a rigorous process encompassing four stages: Locate, Evaluate, Assess, and Prepare. Concurrently, referencing the target-setting steps outlined by the Science Based Targets Network (SBTN), we have conducted a comprehensive evaluation of the impacts of Advantech's operations on natural capital. This framework serves not only as a risk management tool but also as a pivotal opportunity for us to re-examine the connection between our business models and the ecological environment. This ensures that while Advantech drives digital transformation, we co-exist and thrive in harmony with the natural environment.



Financial Impact Assessment of Nature-Related Risks and Opportunities

Advantech has disclosed the results of its biodiversity risk assessment since 2024 and plans to continue doing so biennially, covering its locations of operation, upstream suppliers, and downstream customers. The next biodiversity risk assessment will be carried out in 2028.

Mechanism and Process for Identifying Natural Risks and Opportunities

In this chapter, the identification scope includes a total of 52 locations of operation in Taiwan (ACL) and Advantech China (AKMC), as well as 36 locations of operation of Taiwanese suppliers,, Chinese suppliers,U.S. suppliers(the identification scope focuses on industries with high procurement amounts and quantities, irreplaceability, and potential environmental or biodiversity impacts). The customer identification scope includes the top five revenue-generating customers from each of the year's top five product lines, as well as the top ten customers by total annual revenue. Duplicate entries across these categories in the list are removed.

We adopted the Biodiversity Risk Filter (BRF) developed by the World Wide Fund for Nature (WWF), using a location-specific approach to assess biodiversity-related risks, covering both physical and reputational risks.

Advantech utilized the WWF Biodiversity Risk Filter (BRF) system to conduct a comprehensive identification analysis across six major scopes: "Taiwan operational sites, China operational sites, Taiwan supply chain locations, China supply chain locations, US supply chain locations, and downstream customer sites." The system performed scientific quantitative scoring across 33 risk indicators. A material risk item within a specific scope is defined when more than 50% of the sites under evaluation receive a score of "High risk" or "Very High risk" for any single indicator. The material risk screening results for each scope are summarized in the table below; follow-up management metric settings and further research will be implemented to continuously comprehend these potential risks. Finally, the geographic distribution of sites for each high-risk indicator is generated and presented in graphical formats.

Dimension	Scope	Material Risk Items
Direct Operations	Taiwan Operational Sites	Air quality status, Landslides/ Mudslides, Tropical cyclones, Labor and human rights, Reputation and media scrutiny
	China Operational Sites	Air quality status, Extreme heat, Tropical cyclones, Labor and human rights, Reputation and media scrutiny
Upstream Supply Chain	Taiwan Supply Chain Locations	Landslides/Mudslides, Tropical cyclones, Pollution, Protected areas/Key biodiversity areas
	China Supply Chain Locations	Air quality status, Extreme heat, Tropical cyclones, Pollution, Labor and human rights
	US Supply Chain Locations	Water scarcity, Landslides/ Mudslides, Wildfire risk, Pollution
Downstream Customer Sites		Water scarcity, Extreme heat, Pollution

This year, referencing the LEAP approach recommended by the TNFD, we established a systematic evaluation mechanism for nature-related opportunities. First, based on the risk items of the Biodiversity Risk Filter (BRF) framework, we conducted a preliminary materiality screening by integrating our operational locations and industry characteristics to ensure that our evaluation benchmarks align with international scientific indicators. We then distributed assessment questionnaires to collect practical insights from respective business units. First-line personnel conducted professional evaluations based on their specific business scope, factoring in the dual dimensions of "Frequency of Occurrence" and "Degree of Impact" to precisely identify critical material risk items.

A total of four core material opportunities were identified this year, serving as the strategic pillars for the Company to realize its nature-positive impacts. In terms of operational resilience, we focus on optimizing disaster-resistant infrastructure and flood prevention designs within our plants to enhance our defense capabilities against extreme weather events. In production and supply chain management, we are dedicated to promoting green manufacturing technologies to mitigate pollution and ecological impacts, while simultaneously strengthening supplier due diligence processes to ensure environmental compliance across the entire value chain. Furthermore, developing eco-friendly green products that align with sustainability trends is recognized as a vital key to seizing market opportunities. These opportunity topics not only demonstrate our commitment to natural capital protection but will also guide the implementation of subsequent action plans; relevant execution details will be elaborated upon in following sections.

The qualitative information regarding nature-related risks and opportunities in this report is currently presented in the form of voluntary disclosure and has not undergone external verification by a third-party institution. Looking ahead, the Company will actively track the developmental trends of international standards, dedicating itself to enhancing the breadth and depth of environmental information disclosure. Aligned with practical needs and the evolving trends of regulatory frameworks, we plan to progressively refine our internal control processes and initiate verification and certification procedures at an appropriate time to ensure the accuracy of our disclosed content, thereby fulfilling our commitment to transparency for our stakeholders.

Nature-related risk identification outcome for Advantech's locations of operation and our upstream suppliers

Influenced by local topography and climate, Taiwan operational sites exhibit a 100% "Very High risk" level under both the "Landslides/Mudslides" and "Tropical cyclones" indicators, highlighting the critical necessity to reinforce disaster-resistant resilience. Simultaneously, these sites face substantial societal expectations under the "Labor and human rights" (100%) and "Reputation and media scrutiny and air quality status" (80%) indicators. Conversely, China operational sites are primarily exposed to environmental pressures and reputational challenges; specifically, "Air quality status" (100%) and "Extreme heat" (90%) present ongoing challenges to operational efficiency and occupational health and safety, while "Reputation and media scrutiny" (98%) and "Labor and human rights" (100%) remain key preservation metrics. Based on this risk profile, Advantech will precisely allocate resources to strengthen hardware-level disaster prevention and deepen stakeholder communication, collaborating with partners to forge a resilient and sustainable value chain.

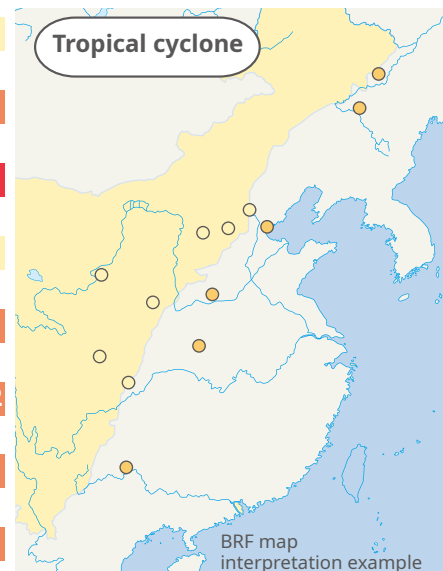
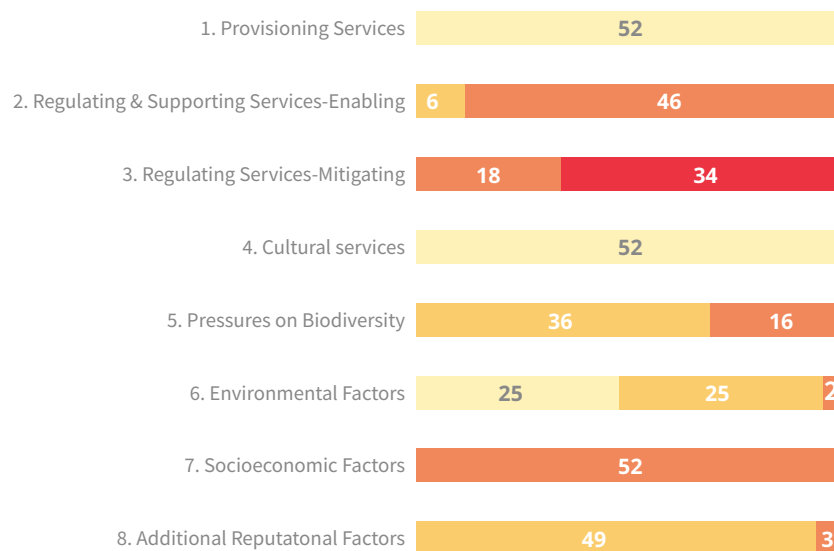
Advantech conducted a TNFD biodiversity risk identification assessment targeting 36 key global suppliers, implementing differentiated governance based on geographical regions. Taiwan supply chain locations face a 100% high-risk exposure across the landslides/mudslides, tropical cyclones, pollution, and labor and human rights indicators, with 91% of these sites located adjacent to protected areas/key biodiversity areas, necessitating the reinforcement of ecological mitigation and labor rights supervision. China supply chain locations also reached a 100% risk level under the air quality status, tropical cyclones, pollution, and labor and human rights indicators, while being further threatened by extreme heat (91%), indicating they should focus on emissions reduction and heatwave contingency management. Beyond facing a 100% risk level in landslides/mudslides and pollution, US supply chain locations confront unique challenges regarding water scarcity and wildfire risks (50%).



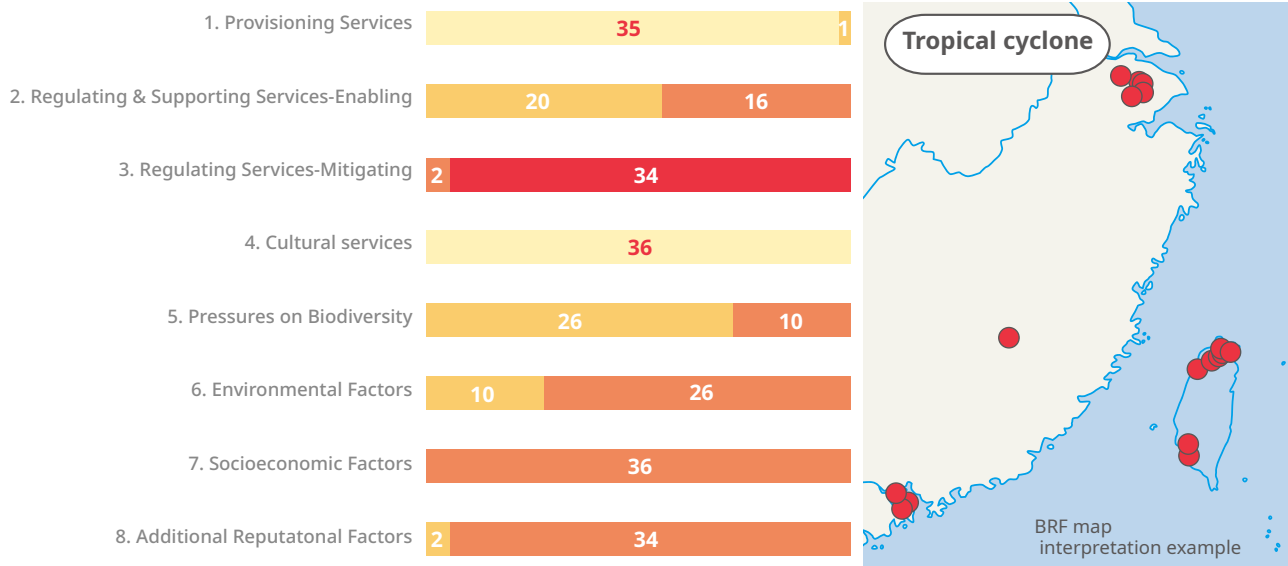
Nature-related risk identification outcome for Advantech's locations of operation and our upstream suppliers

BRF Risk Category		Physical Risk									
		1.1 Water Scarcity	2.3 Air Condition	3.1 Landslides	3.2 Fire Hazard	3.5 Extreme Heat	3.6 Tropical Cyclones	5.4 Pollution	6.1 Protected/ Conserved Areas	7.3 Labor/ Human Rights	8.1 Media Scrutiny
High Risk / Very High Risk Proportion	Advantech Taiwan Sites	80%		100%		100%			100%		80%
	Advantech China Sites	100%			90%		69%		100%		98%
	Advantech Supply Chain – Taiwan Sites	100%			100%		100%	91%	100%		
	Advantech Supply Chain – China Sites	100%			91%		100%	100%	100%		
	Advantech Supply Chain – US Sites	50%	100%		50%	100%					
	Downstream Customers	50%				70%		80%			
Very High Risk Proportion	Advantech Taiwan Sites	100%									
	Advantech China Sites	100%									
	Advantech Supply Chain – Taiwan Sites										
	Advantech Supply Chain – China Sites										
	Advantech Supply Chain – US Sites										

Risk overview for Advantech locations of operation



Risk overview for Advantech supply chain

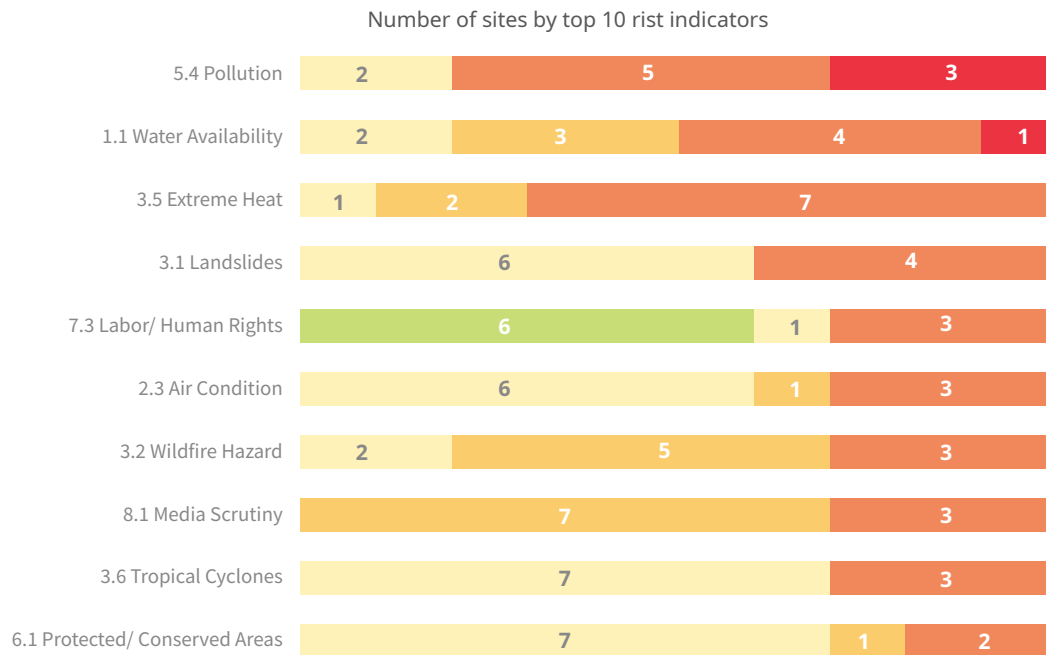


Nature-related risk identification outcome for Advantech's downstream customers

Advantech extended its TNFD identification assessment to the downstream value chain. An analysis targeting 10 critical customer sites reveals that nature-related risks are highly concentrated across three major indicators: "Pollution" (80%), "Extreme heat" (70%), and "Water availability" (50%). This exposure reflects that during downstream operations and value chain delivery processes, environmental emissions management and climate adaptation capabilities—particularly heatwave contingency management and a stable water supply—represent core challenges to maintaining business continuity.

Site Code	1.1 Water Availability	3.5 Extreme Heat	5.4 Pollution
	S1_1	S3_5	S5_4
A	3.3	3.5	2.4
B	3.6	3.5	3.8
C	3.6	3.5	3.8
D	2.9	3.0	2.3
E	2.5	3.5	3.9
F	2.5	3.5	4.6
G	4.3	3.5	4.6
H	3.9	2.5	3.8
I	3.2	4.0	4.6
J	3.7	3.0	3.8

Risk overview for Advantech's customers



List of Material Nature-Related Risks and Opportunities

Through the abovementioned BRF, stakeholder engagement workshops, and questionnaire survey evaluation process, Advantech prioritized 10 risk issues and 4 opportunity issues for assessment and management (Note: The identification of opportunities did not include risk items from the customer side). Furthermore, its nature-related risks, opportunities, and corresponding strategies will be summarized below. As Advantech has adopted the BRF system to identify nature-related risks and opportunities, the existing 33 risk indicators of the BRF are used to categorize dependency/impact/other risk items in response to the LEAP methodology.

In the report, the identification of key opportunities was conducted through internal stakeholder engagement in the form of in-person workshops and online questionnaires. Regarding the materiality of these opportunities, and considering Advantech's industry context and operational conditions, the focus inevitably centers on future sustainability business opportunities. These include strengthening the sustainable supply chain and providing low-carbon, eco-friendly products or solutions; lowering the environmental impact of manufacturing operations while improving resilience to extreme weather events; and mitigating negative impacts on ecosystems and the environment throughout the production process. The following section will describe the financial impact information of major risks and opportunities.



Nature dependency risk items

Following the recommendations of ENCORE Drivers and the TNFD guidelines, the above major nature-related risk issues are categorized into dependency risk items below.

Dependency related Risk (high-risk/extremely high-risk locations)		Adjustment and support services: Promoting		Adjustment services: Mitigating impact			
		Water resource availability	Air quality status	Landslides/debris flow	Wildfire risks	Extremely high temperatures	Tropical cyclone
Advantech locations of operation	Major risks Number of locations of operation in Taiwan	-	8 (80%)	10 (100%)	-	-	10 (100%)
	Major risks Number of locations of operation in China	-	42 (100%)	-	-	38 (90%)	29 (69%)
Advantech Supply Chain	Major risks Number of supply chain locations in Taiwan	-	-	15 (100%)	-	-	23 (100%)
	Major risks Number of supply chain locations in China	-	11 (100%)	-	-	10 (91%)	11 (100%)
Advantech's customers		5 (50%)	-	-	-	7 (70%)	8 (80%)

Note: In the table, "21 (50%)" refers to the number of locations with major risks and the percentage of such locations within the specified category. All figures and percentages in the table follow this format.

Nature-related impacts and other risk items

Impact-related risks		Biodiversity pressure
		Pollution
Advantech supply chain	Major risks Number of supply chain locations in Taiwan	-
	Major risks Number of supply chain locations in China	-
Advantech locations of operation	Major risks Number of locations of operation in Taiwan	23 (100%)
	Major risks Number of locations of operation in China	11 (100%)
	Major risks Number of locations of operation in USA	2 (100%)
Advantech's customers		8 (80%)

Other items that cannot be categorized as dependency related or impact related

Other uncategorized items		Environmental factors	Socio-economic factors	Other reputational factors
		Protected areas/reserves	Labor/human rights	Media scrutiny
Advantech supply chain	Major risks Number of supply chain locations in Taiwan	-	10 (100%)	8 (80%)
	Major risks Number of supply chain locations in China	-	42 (100%)	41 (98%)
Advantech locations of operation	Major risks Number of locations of operation in Taiwan	21 (91%)	23 (100%)	-
	Major risks Number of locations of operation in China	-	-	-
	Major risks Number of locations of operation in USA	-	-	-
Advantech's customers		-	-	-

*Protected areas, reserves, labor human rights, and other reputational factors are categorized as reputational risks and are part of the BRF's assessment items. They are not required to be included in the TNFD framework. In the BRF tool, labor and human rights issues, as well as media scrutiny, are assessed on a broader geographical scale, which makes it difficult to capture finer local details. However, these issues are still disclosed as follow-up items.

*Within other reputational factors, the proximity to well-known international destinations or heritage regions is identified via the assessed customers and was also screened by BRF to match the results of locations that meet the criterion (≥ 3.4)

Summary of major risks for each of Advantech's locations of operation, suppliers, and downstream customers:

Locations	Taiwan headquarters	Air quality status, Landslides/Mudslides, Tropical cyclones, Labor and human rights, Reputation and media scrutiny
	ACN, AKMC, AKTC	Air quality status, Extreme heat, Tropical cyclones, Labor and human rights, Reputation and media scrutiny
Supply Chain	Taiwan headquarters	Landslides/Mudslides, Tropical cyclones, Pollution, Protected areas/Key biodiversity areas, Labor and human rights
	ACN, AKMC, AKTC	Air quality status, Extreme heat, Tropical cyclones, Pollution, Labor and human rights
Customers		Water scarcity, Extreme heat, Tropical cyclones

The nature-related risks and opportunities and corresponding strategies are outlined in the following table:

Qualitative analysis of nature-related risks and opportunities and corresponding strategies

Risks	Description of potential financial impact on the Company	Financial impact description (negative)	Impact target	Corresponding costs and response strategy
Air quality	Poor air quality in offices and plants may affect employees' long-term health and safety, lead to more stringent regulations, production disruptions, and increased fines.	- Reduced revenue: The Company must adjust or suspend production processes to comply with air quality and emission regulations, which may result in production interruptions or reduced efficiency, ultimately affecting output and revenue - Legal liability: If the Company's waste gas emissions fail to meet local regulatory requirements, it may face criminal liability, potential litigation costs, and fines - Increased personnel costs: If air quality problems persist and affect the long-term health of employees, the Company may incur increased medical compensation expenses	Own operations Suppliers	Increased operating expenses/capital expenditure: To comply with regulatory requirements and fulfill its environmental responsibility, the Company must increase spending on R&D, the procurement or upgrade of air quality monitoring equipment, and equipment maintenance, to reduce emissions and improve air quality
Landslides/debris flow	When extreme disasters such as typhoons/heavy rainfall occur, they affect the safety of factory buildings and suppliers' production	- Reduced revenue: Debris flow may cause (1) Damage to suppliers' equipment or plant and affect material delivery (2) Transportation delays or disruptions caused by road collapses, potentially impacting product delivery schedules and resulting in revenue losses - Increased operating expenses/capital expenditure: Physical assets of the Company or suppliers are damaged by natural disasters, or the building safety of the plant area is affected, resulting in the Company or suppliers having to pay for repair costs, upgrading hardware equipment, and building reconstruction or renovation expenses	Suppliers	Increased capital expenditure: The Company or its suppliers must invest in equipment or upgrade buildings to enhance resilience against losses caused by landslides or debris flows
Extremely high temperatures	Extremely high temperatures may affect employees' health and safety, cause equipment overheating and production interruption, thereby leading to increased operating costs and production setbacks	- Reduced revenue: High-temperature environments may slow down the operational efficiency of hardware equipment, as well as the work efficiency and productivity of employees, thereby slowing down production at the Company's facilities or those of its suppliers, in turn affecting product shipments and revenue - Increased operating expenses/capital expenditure: Hardware equipment may be damaged due to excessive temperatures, and the Company or suppliers may need to pay for repair costs or update/replace equipment - Increased personnel costs: High temperatures may lead to heatstroke or other health issues among employees, resulting in higher expenses for the Company or its suppliers related to occupational accidents, injury compensation, and health insurance	Suppliers	Increased capital expenditure: To cope with high temperatures, the Company or suppliers must invest more resources in cooling systems, such as updating equipment ,development of Green Spaces Surrounding the Siteand improving the working environment to minimize the impact of high temperatures

Risks	Description of potential financial impact on the Company	Financial impact description (negative)	Impact target	Corresponding costs and response strategy
Tropical cyclone	Wind disasters lead to disruptions in production and transportation at locations of operation, affecting the safety of factory buildings and equipment, causing property damage, and may also lead to employee casualties and increase safety risks	- Operational disruptions and production risks: Extreme weather events (such as typhoons and floods) may lead to factory shutdowns, damage to equipment, as well as increased costs and delivery-related risks - Increased facility and equipment maintenance costs: In response to climate risks, it is necessary to bolster flood control and drainage systems, reinforce building structures, and address the potential acceleration of equipment aging due to high temperatures, all of which will increase costs. - Inventory damage and financial losses: Typhoons and floods can damage inventory, leading to financial losses - Increased expenditure in disaster prevention and insurance: To mitigate the impact of extreme weather, we must invest in disaster prevention equipment, improve our emergency response capabilities, and purchase additional insurance coverage to diversify financial risks - Earthquake-resistant building and maintenance pressure: Earthquake-resistant designs are needed for new factories, while old factories must undergo seismic retrofitting, leading to increased expenditures	Own operations Suppliers	Increased capital expenditure: The Company or suppliers must invest in the upgrading of equipment or buildings to cope with the losses caused by tropical cyclones and enhance resilience
Pollution	Emissions and waste generated by suppliers during production and operations may cause environmental pollution, impacting the health and safety of their employees. This may lead to increased investment in equipment or higher fines for suppliers, thereby raising the Company's procurement costs and the risk of potentially needing to replace suppliers.	- Reduced revenue: If the Company fails to address the suppliers' pollution problem in time (1) It may face closure and material supply interruption, in turn affecting production and delivery (2) Disagreement with partners' philosophies, resulting in the termination of technical or supply partnership, hindering the Company's development or production, and affecting revenue (3) Customers may consider suppliers' non-compliance and choose products from competitors who share similar ideals, leading to a loss of orders - Decreased investor confidence: The Company's supply chain management and sustainable procurement practices are important considerations for investors. The environmental pollution issues caused by suppliers may undermine these efforts and lower the investors' willingness to invest - Switching costs: If the Company is severely affected by a supplier's environmental impact, transitioning to a new supplier may entail considerable economic costs	Suppliers	Increased supplier costs: Non-compliance with environmental regulations by suppliers may result in increased expenditures for the Company, as it undertakes supplier counseling and audit processes to fulfill its environmental protection responsibilities

Risks	Description of potential financial impact on the Company	Financial impact description (negative)	Impact target	Corresponding costs and response strategy
Protected areas/reserves	If supplier operations are located near protection areas, the Company's reputation may be adversely affected	- Reduced revenue: If suppliers' locations of operation are located near protected areas/reserves, leading to forced business suspension, customers may consider suppliers' non-compliance and choose products from competitors who share similar ideals, leading to a loss of orders - Decreased investor confidence: The Company's supply chain management and sustainable procurement practices are important considerations for investors. The environmental pollution issues caused by suppliers may undermine these efforts and lower the investors' willingness to invest - Switching costs: If the Company is severely affected by a supplier's environmental impact, transitioning to a new supplier may entail considerable economic costs	Suppliers	Increased supplier costs: Non-compliance with environmental regulations by suppliers may result in increased expenditures for the Company, as it undertakes supplier counseling and audit processes to fulfill its environmental protection responsibilities
Labor/human rights	If suppliers demonstrate poor labor and human rights practices that jeopardize employee health and safety or negatively impact local communities and the environment, it may adversely affect the Company's reputation	- Reduced revenue: The Company or suppliers violate labor and human rights, end up damaging brand image, or being perceived as failing to fulfill supply chain management responsibilities (1) Disagreement with partners' philosophies, resulting in the termination of technical or supply partnership, affecting technology and the supply chain, hindering the Company's development or production, and affecting revenue (2) Customers may turn to support more socially responsible competitors, leading to reduced revenue - Legal liability: The Company may face litigation or fines for violating labor-related laws or being involved in human rights disputes - Decreased investor confidence: Due to the Company or suppliers being involved in labor and human rights disputes, which may affect investors' decisions and reduce investors' willingness to invest - Switching costs: If the Company is severely affected by a supplier's social responsibility-related impact, transitioning to a new supplier may entail considerable economic costs	Own operations Suppliers	- Increased legal expenses: Negative publicity or misconduct related to labor and human rights can attract the attention of regulatory authorities, resulting in heightened investigations and potential legal and litigation costs - Increased public relations expenses: When negative publicity emerges, the Company may need to allocate additional manpower and financial resources to public relations efforts to restore its brand image and rebuild consumer trust

Risks	Description of potential financial impact on the Company	Financial impact description (negative)	Impact target	Corresponding costs and response strategy
Media scrutiny	Failure to address environmental destruction may attract media scrutiny, resulting in negative ecological and social publicity that damages the Company's reputation and erodes public trust	- Reduced revenue: Negative ecological and social publicity can tarnish the Company's reputation, potentially leading to the loss of business partners, disruptions in product production, or customers turning to competitors' products or services, and ultimately impacting the Company's revenue - Decreased investor confidence: Due to the Company or suppliers' negative impact on the environment or society, which may affect investors' decisions and reduce investors' willingness to invest	Own operations	- Increased legal expenses: Negative publicity can attract the attention of regulatory authorities, resulting in heightened investigations and potential legal and litigation costs - Increased public relations expenses: When negative publicity emerges, the Company may need to allocate additional manpower and financial resources to public relations efforts to restore its brand image and rebuild consumer trust

Opportunities	Description of potential financial impact on the Company	Financial impact description (positive)	Impact target	Response costs
Disaster-resistant infrastructure and flood control design for plant areas	Enhance disaster-resistant infrastructure and flood control design for offices and plant areas, formulate emergency response measures for wind and water disasters to improve resilience against natural disasters, and strengthen disaster prevention equipment and repair mechanisms to ensure operational stability, decrease disaster risks, and mitigate losses to the plant and community.	- Reduced property loss: Equipment and facilities damaged by disasters will be minimized through comprehensive design and measures, which can reduce equipment replacement or repair interval - Stable revenue: Reduce the possibility of operational disruptions caused by natural disasters, or lost revenue due to production shutdowns	Own operations Suppliers	Increased capital expenditure: To bolster the disaster-resistant infrastructure and flood control design of the Company or plant area, additional investment is required for the renovation and upgrade of buildings and related facilities

Opportunities	Description of potential financial impact on the Company	Financial impact description (positive)	Impact target	Response costs
Green production lowers pollution and ecological impact	Stipulate eco product design standards covering the entire lifecycle, from raw materials to recycling, and implement green procurement policies. Collaborate with suppliers to promote eco-friendly production practices, aiming to reduce packaging of upstream components, minimize waste, and lower pollution emissions. Regular ESG risk assessments should be performed, including the collection of supplier pollution indicators and records of environmental violations, to prevent negative environmental incidents. These efforts contribute to the goal of sustainable development by enhancing corporate image, decreasing downstream treatment costs, and promoting resource recycling.	- Avoid legal liabilities: Ensure that the manufacturing processes of suppliers and the Company's operations comply with environmental regulations to minimize the risk of legal liabilities, such as fines, compensation, or lawsuits resulting from non-compliant behavior - Attract investment: Vigorous promotion of green production and procurement policies can boost the Company's public image, potentially increasing investors' willingness to invest - Increased revenue: This opportunity appeals to customers and consumers who value environmental responsibility and sustainable development, and who identify with the Company's values and practices. As a result, it can help expand market share and boost revenue	Own operations Suppliers	- Increased operational expenditure/capital expenditure: New R&D technologies and production equipment must be invested in to implement a green production chain - Increased supplier management costs: ESG-related supplier evaluation items must be strengthened, and relevant education and training must be provided to supplier management colleagues and suppliers to enhance their capabilities
Supplier due diligence	Formulate a "Supplier Code of Conduct" that requires suppliers to disclose major risks related to legal compliance, occupational health and safety, human rights, and labor practices. Conduct human rights due diligence and perform biennial ESG risk assessments to enhance supply chain management and ensure compliance. These efforts aim to drive the sustainable transformation of the entire supply chain and build trust among external stakeholders.	- Avoid legal liabilities: Ensure that the Supplier Code of Conduct complies with applicable regulations to minimize the risk of joint liability for non-compliant behavior within the supply chain. These include fines, compensation claims, or litigation - Stable revenue: Performing social responsibility due diligence on suppliers can ensure the stability of the supply chain, maintain the Company's production activities, as well as enhance customer confidence and loyalty to the Company's products - Attract investment: Regular due diligence of the supply chain can ensure the stability of materials, increase investor confidence, and attract additional capital	Own operations Suppliers	Increased supplier management costs: ESG-related supplier evaluation items must be strengthened, and relevant education and training must be provided to supplier management colleagues and suppliers to enhance their capabilities
Eco products	Implement sustainable raw material management through eco-design, design verification, and the use of eco-friendly materials. Develop internal eco design standards and continue to enhance product energy efficiency by formulating green standards for both software and hardware. These efforts aim to develop low-carbon, high-efficiency products that can meet market demands, thereby attracting more customers and increasing orders.	- Increased revenue: Eco products reflect the current trend and growing demand for low-carbon solutions, which is expected to expand market opportunities, boost competitiveness, and stimulate revenue growth - Attract investment: The strategic development of eco products reflects current environmental trends, showcases forward-looking vision, meets strong market demand, and delivers sound performance, thereby attracting investment	Own operations	Increased operational expenditure: The Company must invest in the design and R&D of eco products

Climate and Nature Action Strategy



3.1 Climate Action

Advantech has included climate change as one of the major risks in corporate sustainable operation, and manages it according to two major aspects: "mitigation" and "adaptation." In terms of impact mitigation and adaptation, approaches can be taken from two pathways: one is GHG and energy resource management, the other is plant infrastructure and water resource management. Meanwhile, we actively build adaptive capacity and further analyze climate change opportunities, accumulating and deepening our R&D capabilities. We continuously invest in renewable energy, energy-saving products and solutions, and integrate energy management into our core business to promote energy-saving sustainability.

Greenhouse Gas and Energy Resource Management

GHG inventory check

To foster a low carbon emission business environment, Advantech has established the "Greenhouse Gas Inventory Implementation Committee." The committee follows the quantification, supervision, reporting, and verification procedures outlined in Taiwan's Climate Change Response Act, Greenhouse Gas Protocol and the ISO 14064-1 standard to promote ongoing GHG inventory and reduction efforts, aiming to reduce both direct and indirect emissions year by year. We joined the Carbon Disclosure Project (CDP) since 2015 to disclose the Company's annual carbon reduction plans and performance. In 2025, Advantech achieved a Level B rating.

Value chain GHG emissions include direct emissions related to Advantech and indirect emissions from upstream and downstream, namely Scope 1 direct emissions, Scope 2 energy indirect emissions, and Scope 3 other indirect emissions. Beginning in 2024, except for Taiwan and the Kunshan plant, China, Advantech has progressively conducted GHG inventory at its overseas significant locations of operation and production sites. Two new locations, AJMC (Japan) and AKSC (Korea), were included in 2024. Furthermore, the AESC (Europe) site was newly added in 2025. In the future, other overseas significant locations of operation and production sites will also be incorporated.

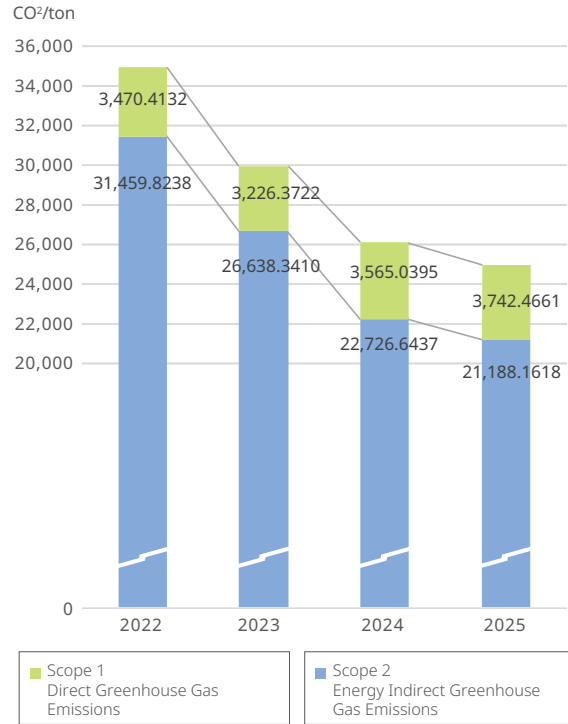
To find key factors for climate change mitigation, in addition to GHG emissions from our own operations, Advantech has been conducting materiality identification of other indirect emission sources according to ISO14064-1 inventory methods since 2019, and establishing related inventory methodologies to identify key emission spots, then set reduction targets, and gradually implement reduction measures.

Scope 1 and Scope 2 GHG emissions by Advantech's significant locations of operation and production plants in 2025

In 2025, the combined Scope 1 and Scope 2 greenhouse gas (GHG) emissions (Market-based) totaled 24,930.628

metric tons of CO₂e. In terms of reduction performance, this represents a significant decrease of 10,000 metric tons of CO₂e and 1,361 metric tons of CO₂e compared to the base year (2022) and the previous year (2024), respectively.

Advantech Recent Direct and Energy Indirect Greenhouse Gas Emissions

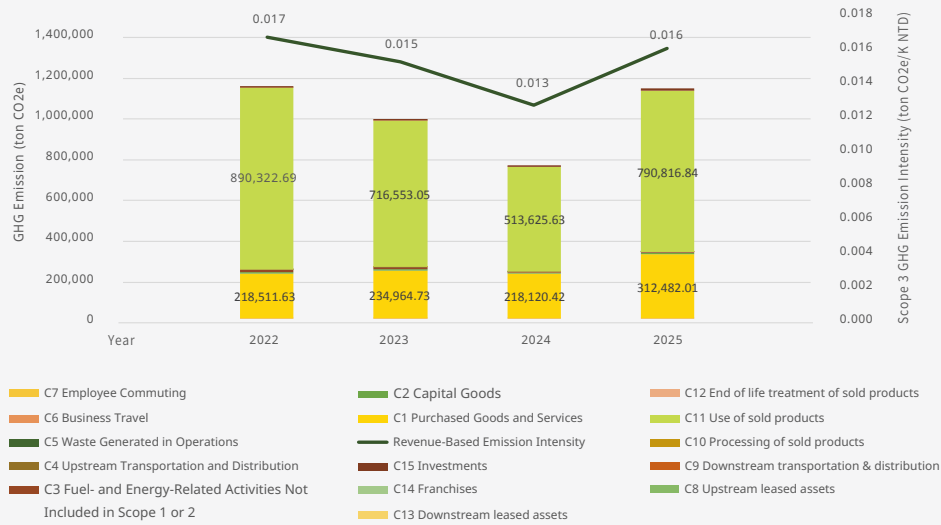


*Note 1: Scope 2 emissions are calculated and disclosed based on the "Market-based" methodology.

*Note 2: In fiscal year 2025, the operational boundaries utilizing renewable energy encompass the Taiwan, Kunshan, South Korea, Europe, and United States facilities.

Identification and Emissions of Advantech's Greenhouse Gas Scope 3 in Recent Years

In 2025, Advantech's Scope 3 greenhouse gas (GHG) emissions intensity increased by 27% compared to 2024. Influenced by the external environment and market volatility, the established target was not achieved. The primary reason is that while overall production capacity expanded, the global supply chain confronted challenges of rising raw material and operational costs. Coupled with the transition in customer demand, this compressed overall gross profit margins (denominator-side variance). Concurrently, constrained by the widespread increases in global grid emission factors (numerator-side variance), the implicit carbon intensity per unit of profit escalated. Moving forward, the Company will continuously collaborate with suppliers to mitigate Scope 3 emissions through the advancement of supplier carbon reduction strategies, energy-saving product labels, eco-friendly product designs, power efficiency enhancements, and the implementation of internal carbon pricing.



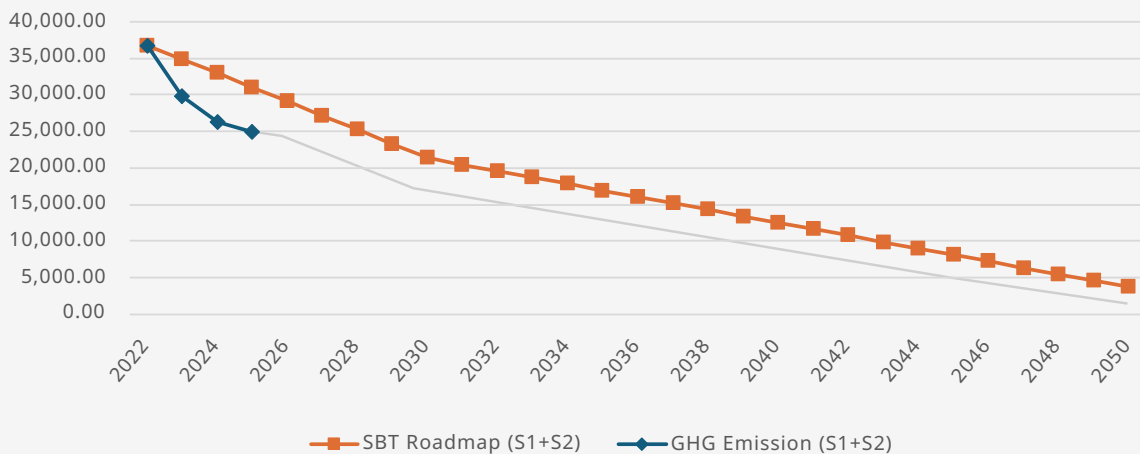
*Note: Data from 2022 to 2025 have been inventoried in accordance with the ISO 14064-1 standard and verified by a third party.

GHG Reduction Effectiveness

In 2025, Advantech committed to more challenging Science-Based Targets (SBT) aligned with the 1.5°C pathway, striving toward the long-term goals of reducing Scope 1 and Scope 2 emissions by 42% by 2030 and 90% by 2050, as well as reducing Scope 3 product use carbon intensity by 51% by 2030. In recent years, the company has controlled and optimized energy use efficiency through regular energy project meetings, energy management policy formulation, ISO 50001 energy management system, and iEMS intelligent energy management platform, continuously improving energy use efficiency and reducing GHG emissions. In 2025, the average GHG emissions per unit revenue (Scope 1 and 2) for Advantech's major operational locations and production sites was 0.352 tons CO₂e/NTD million, achieving a 20.0% emissions intensity reduction compared to 2024. The steady annual progress in carbon reduction demonstrates Advantech's outstanding achievements in improving energy efficiency and reducing carbon emissions, with annual reduction trends shown in the chart below. Looking ahead, Advantech will continue to promote carbon reduction and energy-saving projects, and actively work toward RE100 and comprehensive carbon reduction long-term goals through strengthening employee education and training, expanding renewable energy use, setting more challenging SBT targets (1.5°C), and implementing internal carbon pricing.

Short-term SBT carbon reduction path roadmap

GHG emission
(Metric tons of CO₂)



Energy Management

Electricity is Advantech's main energy source. To minimize the environmental impact of our product life cycles and production processes, Advantech has continuously followed its energy management policy and deepened the implementation of the ISO 50001 energy management system at our major production sites in Taiwan and Kunshan, China, to systematically drive energy reviews, energy-saving solutions, and benefit analysis processes, ensuring that energy efficiency improves year by year. To reinforce energy transparency and management precision, Advantech has continuously upgraded its intelligent energy management platform (iEMS) to further optimize equipment operation models and schedule management through real-time monitoring and energy hotspot identification, effectively improving overall electricity usage efficiency. The energy management unit convenes regular management review meetings based on annual energy-saving targets to track implementation performance and improvement progress, continuously managing operations and advancing energy-saving mechanisms.

In 2025, Advantech sustained the electricity management indicators across its six global RBUs, further enhancing cross-regional energy management maturity by standardizing and improving the direction of electricity management in various operations. At the same time, we actively continue to promote global renewable energy plans, enhance the procurement and usage proportions of renewable energy, and collaborate with all locations of operation to achieve RE100 commitment goals to march toward sustainable energy management.

In terms of energy management strategy, Advantech adopts a three-stage energy management approach of energy saving, energy generation, and energy procurement to advance progressively through distinct layers, continuously reinforce energy management, and optimize resource allocation. For detailed content, please refer to the 2025 ESG Report.

Renewable energy promotion program

[Advantech commits to 100% renewable energy by 2040 (RE100)]

Since becoming an RE100 member in 2023, Advantech has actively promoted renewable energy development plans for its headquarters and overseas subsidiaries. The electricity consumption of Advantech's Taiwan headquarters and Kunshan, China, accounts for over 90% of Advantech's global electricity consumption. Consequently, Advantech's progress in implementing renewable energy will primarily focus on these two core manufacturing sites. In 2024, the total energy consumption (including electricity, steam, gasoline, diesel, and natural gas) at Advantech's significant locations of operation and production sites was 197,853.39 GJ, with purchased electricity accounting for 95.92% of total energy consumption (including 9.46% from renewable energy sources). The renewable energy implementation timeline and management model are as follows:



Renewable Energy Deployment Timeline and Targets

Year	Core development progress
2021	Invest in aquavoltaics power plants Fishery-Solar Symbiosis Solar Power Plant
2022	Installation of solar photovoltaic panels in the Linkou plant and the Kunshan plant
2023	- Each RBU has established its renewable energy usage targets and implementation pathways for 2024-2040 - Officially joined RE100 - Form the RE100 global task force - Include the achievement of renewable energy standards in the KPI review of middle and senior management and plan the financial incentive mechanism
2024	Advantech's headquarters signed a renewable energy procurement contracts with a general energy service provider. It is projected that within the next six years, micro electricity will supply approximately 40 million kWh of renewable energy through a long-term power purchase agreement model, assisting Advantech in achieving its 2030 renewable energy targets.
2025	- The AESC (Europe) office site successfully achieved RE100. - The proportion of renewable energy utilization across various operational locations has increased, with Advantech's global renewable energy usage reaching 16.2% (7,284,651 kWh)
2026	The proportion of renewable energy utilization across various operational locations has increased, with Advantech's global renewable energy usage reaching 24%.
2030	Taiwan headquarters and the Kunshan, China manufacturing site achieve 50% renewable energy usage
2040	Achieve RE100 goals

Establish an intelligent energy monitoring system and continue to implement energy-saving projects

In 2024, Advantech's iEMS demonstrated significant progress. Through digital professional integration technology, we provide functional solutions such as energy consumption monitoring and management, HVAC energy efficiency management, and air compressor energy efficiency management. These solutions feature advanced energy efficiency management capabilities, enabling organizations to optimize energy use, enhance efficiency, seize energy-saving opportunities, and support carbon trading. The objective is to drive low-carbon transformation through digitalization, thereby empowering businesses to conserve energy and reduce emissions by managing online data to facilitate offline improvements, ultimately assisting the Company to transition toward green operations. The 2025 implementation progress has expanded to include Advantech North America (ANA), Advantech Japan-Tokyo Office (AJP-Tokyo), Advantech Europe Service Center (AESC), Advantech America Service Center (AASC), Advantech Kunshan Manufacture Center (AKMC), Advantech Corporate (ACL), Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN) (including AXA (Xi'an), ACI CN (Shanghai), ACN (Beijing)), Advantech Korea (AKR), Advantech Malaysia (AMY) (ASSC), and Advantech Singapore (ASG); scheduled to be collaboratively planned and completed in 2026 are the new Southern California headquarters in ANA Tustin and the Advantech Japan-Nogata Office (AJP-Nogata).

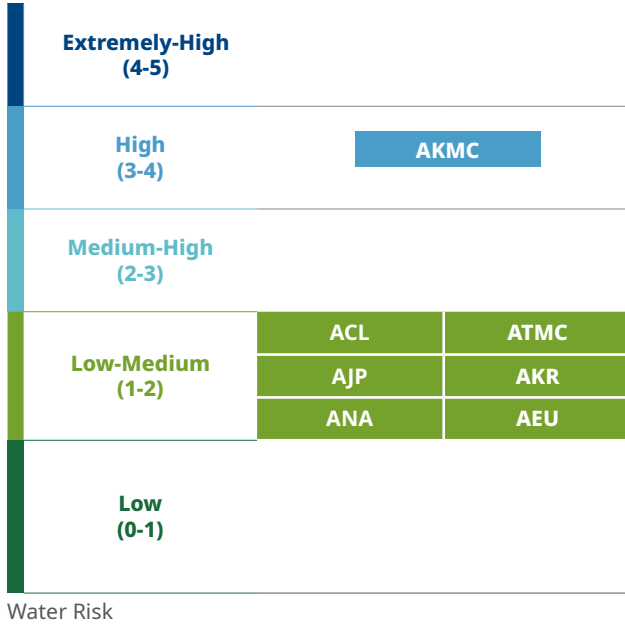
Site Infrastructure and Water Resource Management

Advantech is fully aware of the impact that the manufacturing process of our products has on the environment. Therefore, in terms of environmental responsibility, we establish Advantech environmental management framework through the "Environmental Safety and Health Committee" or "Management Review Meetings" at each production plant to promote green operations, implement pollution prevention, waste management, and green procurement, as well as energy saving, emission reduction, sustainable resource utilization, and circular economy. In addition to introducing GHG and energy management systems, Advantech has also formulated management strategies for water resources and waste issues. For detailed content, please refer to the 2024 ESG Report.

Water resource risk analysis map for Advantech's significant locations of operation and production plants worldwide

Advantech utilizes the World Resources Institute (WRI) Water Risk Atlas analysis tool to confirm the water resource risks at our significant locations of operation and production plants (as shown in figure below), and disclose the sources of water withdrawal and the receiving water bodies for discharge in each region as shown in the table below. According to the analysis results, Advantech's Kunshan plant in China faces a high-water resource risk, while other major operational locations and production sites generally face low to medium risks. Using the results of the water resource risk analysis, Advantech conducts advanced planning and management of our water resources according to the risk level at various major operational locations and production sites, ensuring effective and sustainable water use.

Water resource risk analysis map for Advantech's significant locations of operation and production plants worldwide



Disaster Prevention, Response, and Adaptation Measures

Among the major physical risks identified by Advantech, extreme climate events (such as tropical cyclones, heavy rainfall, etc.) have potential impacts on Linkou and Kunshan plants. Each plant plans corresponding adaptation measures based on risk characteristics, particularly in drainage, flood prevention, and disaster response. Taking the Linkou plant, one of the major manufacturing sites, as an example, the plant has established a drainage system that meets extreme rainfall conditions (designed drainage capacity of 145 mm/hour), and regularly conducts drainage plant maintenance, flood testing, and risk assessment of basement power generation equipment to strengthen operational resilience under extreme climate conditions. In terms of disaster preparedness and response, Advantech has established typhoon inspection and awareness mechanisms to enhance employee disaster prevention awareness and strengthen waterproof and leak-proof measures for electrical equipment, improving plant leakage issues. In addition, the Company has established an emergency response team that actively conducts disaster prevention and response work according to "Business Continuity Management Procedures," "Emergency Response Management Measures," and "Emergency Response Plan Management Procedures." The Kunshan plant, another major manufacturing site, has established an emergency response team to handle extreme weather conditions, such as heavy rain and typhoons. Responsibilities are assigned to specific personnel to ensure efficient response and execution.

To enhance safety awareness and employee emergency response capabilities, Advantech Linkou and Kunshan plants regularly conduct drills based on emergency plans for heavy rain and typhoons in the second half of each year. Furthermore, the Company is equipped with disaster

prevention equipment such as generators and waterproof facilities, and implements a complete mechanism of advance prevention, disaster response, and post-disaster repair to ensure operational stability and safety.

Water Resource Reduction Effectiveness

Advantech established environmental management targets for each Regional Business Unit (RBU) and production site in 2023, planning for progressive annual reductions from 2024 to 2025 to achieve these annual objectives. Considering the implementation schedules of various reduction initiatives, if an individual RBU fails to meet its phase-specific target within the given fiscal year, the cumulative reduction performance of the final target year (2025) compared to the base year (2023) will serve as the ultimate criteria for determining overall target fulfillment (as detailed in the table below).

Furthermore, in light of continuous advancements in industrial technology and process refinement, the overall manufacturing complexity has escalated year by year. Consequently, the previously utilized intensity indicator based on "production hours" can no longer accurately reflect actual operational variances, and it poses challenges for the long-term tracking and cross-period comparison of environmental performance. To evaluate the effectiveness of environmental management more objectively, the Company has adjusted its approach since 2026 by adopting "per unit revenue" as the new-generation target intensity indicator. Concurrently, 2024 has been designated as the new base year, upon which the long-term environmental management targets for 2030 are established.

Table Water consumption of Advantech's significant locations of operation and production plants worldwide in recent years

	Water withdrawal
2025 Goals	Decrease by 2% (M3/people) compared to 2024
2025 execution results	All RBUs, except for AJP, achieved their targets. An average decline of 22%
2026 Goals	Compared with 2024 Decreased by 3% (M3/revenue)

In 2025, the total water withdrawal across Advantech's major operational locations decreased by approximately 16,075 cubic meters compared to 2024. Various sites actively promoted multiple water-saving initiatives to enhance water resource utilization efficiency. In the Taiwan sites, two chillers were replaced and the landscape pond underwent repair and maintenance in 2025. These efforts improved the operational efficiency of the chiller equipment to reduce water intake, while a phased management measure was implemented for the landscape pond to scale down its replenishment water volume. Consequently, the annual water withdrawal for the Taiwan sites decreased by approximately 9,194 cubic meters compared to 2024, successfully enhancing overall water resource efficiency. Meanwhile, due to factory construction plans at the original site of the Japan plants, water withdrawal was eliminated for one building; as a result, the total water withdrawal for the Japan sites in 2025 dropped by 39% compared to 2024, representing a reduction of approximately 1,932 cubic meters.

Topics		2022	2023	2024	2025
Water withdrawal (m3)		345,608	300,062	270,362	254,287
Per capita water withdrawal (m3/people)		-	35.86	32.24	26.23
Water discharge	Domestic sewage (m3)	226,277	198,481	177,397	166,469
	Industrial sewage (m3)	15,649	11,563	11,856	11,532
Water consumption (m3)		103,682	90,019	81,108	76,286
Scope covers Advantech's consolidated revenue		92.3%	92.6%	92.8%	94.6%

*Note:

1. Domestic sewage is calculated by multiplying the water withdrawal by 70% and subtracting the industrial sewage.
2. Water consumption is calculated by subtracting water discharge from water withdrawal.

Water/Sewage Management

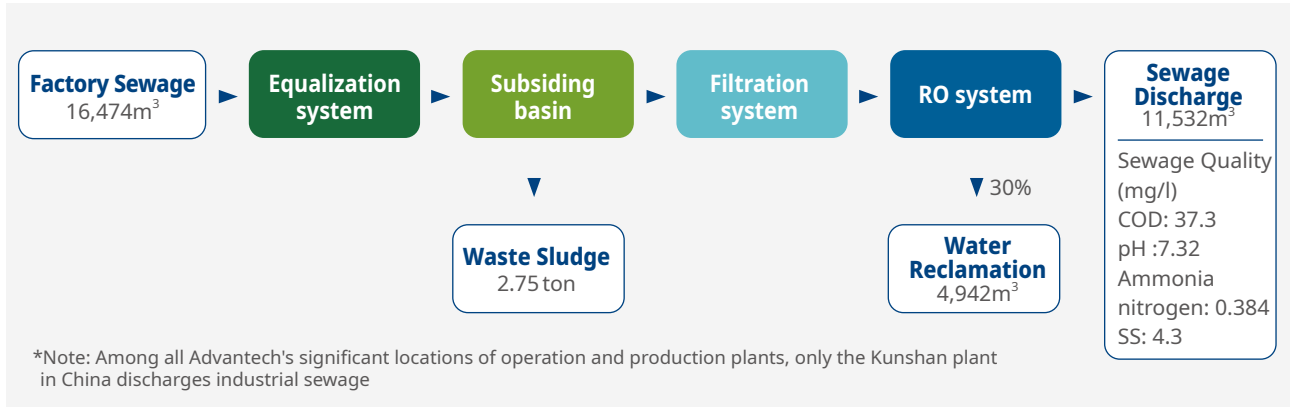
All of Advantech's offices and plants are situated in developed industrial zones or parks within metropolitan areas, utilizing tap water as their primary water source, without relying on groundwater or well water. Their production processes are primarily assembly-based rather than water-intensive, and water consumption is mainly for domestic purposes. As such, overall consumption is low and does not pose a significant environmental impact on water resources. Even so, Advantech still follows the ISO 14001 environmental management system to identify water consumption and sewage treatment

processes, explore water conservation opportunities, actively promote water-saving management programs, and strive to reduce water consumption and sewage discharge to ensure the proper management of water resources. In 2025, all production sites successfully achieved the target of reducing per capita water withdrawal by 2% compared to the previous year. In 2026, water-saving performance will continue to be improved, and by adopting the latest standards, an annual target has been established to reduce water withdrawal per unit revenue by another 3% compared to 2024.

Advantech plants actively promote water-saving measures and continuously explore various water-saving possibilities. In employee activity areas, rainwater recycling systems provide toilet flushing and plant irrigation, and smart irrigation systems are introduced to improve water use efficiency. In addition, water-saving faucets and toilets are used throughout the plants, and employees are required to receive annual environmental responsibility education related to water conservation, thereby deeply embedding water-saving awareness in the corporate culture. For more water management plans and content, please refer to the 2025 Advantech ESG Report.

Regarding industrial sewage, among all Advantech's production plants, only the Kunshan plant in China discharges it. The Kunshan plant in China has an internal sewage treatment system that adopts methods such as acid-base neutralization and biological treatment to pre-treat sewage on-site. It also utilizes the Company's proprietary product, the Advantech Smart Factory Solution-i-factory system, to monitor the quality of discharged sewage in real-time (COD, SS, pH, and ammonia nitrogen). This ensures that all sewage discharge meets standards before being discharged. An over-standard discharge warning mechanism is established to ensure a timely response to emergencies, effectively reducing production interruption risks and subsequent water treatment costs. The Kunshan plant sewage treatment process and main discharge water quality are shown in the chart below.





3.2 Green Design and Product Sustainability

Advantech responds to SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate action) by setting goals and implementing standards across product raw materials, design, manufacturing, and supply chain management. We are committed to minimizing environmental impact and producing eco-friendly products. The risks and opportunities identified based on TCFD and TNFD are integrated into the overall green design and product sustainability pathway development.

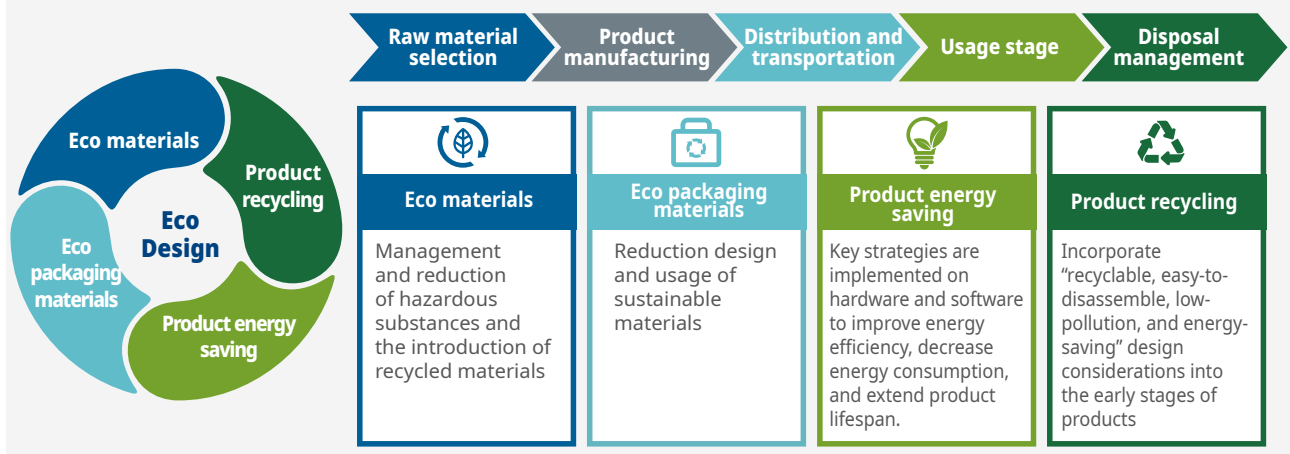
Green Design and Low-Carbon Product Innovation

Advantech regards green design and eco product sustainability as both a risk and an opportunity. In the short term, in response to stringent regulations and evolving market demands, we are focused on strengthening R&D to overcome technical barriers. In the medium to long term, we strive to facilitate supply chain transformation to enhance overall competitiveness, generating both environmental benefits and economic benefits.

Advantech follows the concept of product lifecycle, using life-cycle assessment (LCA) and product carbon footprint to quantify the environmental impact analysis of Advantech products. The assessment covers carbon emissions across all stages, including raw material selection, manufacturing, transportation, usage, and final disposal. The Company will establish carbon reduction targets and implement corresponding actions, integrating these goals into its overall operational management strategy.

In addition, Advantech's standards are grounded in international environmental regulations and assessment tools, such as the U.S. Electronic Product Environmental Assessment Tool (EPEAT). These standards focus on four major aspects of products: (1) eco materials, (2) eco packaging materials, (3) product recycling, and (4) product energy saving. Environmental impacts are evaluated at different stages of the product lifecycle. Drawing on extensive experience in regulatory compliance and collaboration with global brand customers, Advantech has established the Green Ecological Design Standard Guidelines to enhance energy efficiency, promote ecological design, and reduce environmental toxicity and hazards. By integrating product life-cycle processes, Advantech guides its product teams in designing innovative green products.

Product lifecycle and Advantech's eco product design aspects



Green design product LCA

Different stages of product lifecycle	Regulations, standards, guidelines	Results and benefits (Achievements as of 2024)
Raw material selection	1. Advantech GPM Controlled Substances Standard 2. Advantech Green Design Standards Guidelines 3. Strategic Direction for Sustainable Packaging Design 4. Advantech Green Policy-Hazardous Substances Reduction Plan	Management and reduction of hazardous substances and the introduction of recycled materials 1. By the end of 2025, Advantech mandated that mechanical external parts of newly developed product models must strictly comply with Advantech's low-halogen requirements. Consequently, low-halogen components successfully accounted for 93% of mechanical plastic parts and 5% of Printed Circuit Boards (PCBs) across annual product sales. 2. In 2025, aligned with distinct product categories, Advantech promoted the implementation of recycled materials across three flagship products: the Fanless Embedded Computers (ARK-1125C, ARK-1222) and the Ubiquitous Touch Computer (GSC-7153W). Recycled plastics and recycled metals were successfully integrated into these models, which entered full commercial mass production within fiscal year 2025. • The mechanical external parts of the POC-6 medical computing platform are designed to utilize plastics containing 30% recycled content. To meet the stringent regulatory standards of medical devices, this project actively challenges rigorous chemical resistance testing, with research and development currently underway. 3. Grounded on comprehensive recycled material usability and feasibility assessments, Advantech drives the strategic introduction and application of recycled materials across specific product portfolios. This initiative aims to elevate the overall proportion of recycled material utilization and systematically establish clear targets for the percentage of recycled content embedded within specific product raw materials. 4. Advantech is comprehensively deploying short, medium, and long-term milestones for sustainable packaging, strictly prioritizing and mandating the utilization of eco-friendly and sustainable materials across all product packaging workflows.

Product manufacturing process	1. Advantech GPM Controlled Substances Standard 2. Advantech Green Eco Design Standards Guidelines 3. Environmental and Occupational Health and Safety Policy	Process hazardous substance management and recycling 1. Throughout product manufacturing processes, Advantech continuously minimizes the generation of waste and pollution while strictly prohibiting the utilize of hazardous chemical substances. We ensure 100% compliance with international environmental regulations, with a specialized and reinforced ban on ozone-depleting substances (ODS) and endocrine-disrupting chemicals (EDCs) that pose potential hazards to human health and the environment. 2. Tin Dross Separation and Recovery In fiscal year 2025, Advantech's Taiwan manufacturing sites implemented a tin dross separation mechanism, successfully recovering and reusing hazardous manufacturing byproducts. The initiative achieved a 74.48% recovery rate, steering a cumulative total of 3.85 metric tons of tin dross back into the production lifecycle and effectively mitigating the output of hazardous electronic waste. For comprehensive operational details, please refer to Chap 4.4.2 Energy and Resource Utilization and Waste Management. 3. Upstream Polyethylene (PE) Waste Re-manufacturing In 2025, the Taiwan campuses pioneered a circular utilization initiative for polyethylene (PE) waste, collecting a total of 6.8 metric tons of post-industrial PE waste throughout the year. This material was successfully re-manufactured into approximately 2.58 metric tons of 100% recycled PE products—including industrial stretch wrap films and product packaging PE bags—which were reintroduced into Advantech's internal logistics workflows. This program drove the overall waste-to-resource circularity rate to 37.88%, effectively curbing waste generation while establishing a strategic foundation and inaugural milestone for Advantech's corporate closed-loop re-manufacturing roadmap.
Distribution and transportation	1. Advantech Green Eco Design Standards Guidelines 2. Strategic Direction for Sustainable Packaging Design 3. Environmental and Occupational Health and Safety Policy	Eco packaging material optimization and logistics packaging material recycling 1. According to the guidelines outlined in the Advantech Green Ecological Design Standard Guidelines, the Company will use at least 80% recycled fiber materials for cardboard boxes to lower packaging material usage, improve packaging design, and optimize packaging dimensions to minimize environmental impacts during transportation. Concurrently, Advantech is proactively orchestrating its short-to-long-term strategic roadmaps to align with the European Union's Packaging and Packaging Waste Regulation (PPWR), driving full implementation and adoption ahead of the regulatory deadlines to ensure absolute compliance with all interconnected global mandates. 2. Recycle cardboard boxes utilized across supplier incoming shipments, corporate outgoing logistics, and on-site installation processes to drastically mitigate packaging material waste. This circular initiative successfully reduces cardboard box consumption by approximately 18,400 units annually, translating to an annual material reduction of 18.4 metric tons. 3. Advantech's new products are designed to reduce size and weight through eco product design. Furthermore, beginning in 2025, the Company will utilize vehicles powered by 10% sustainable fuel for overseas air freight, aiming to reduce carbon emissions from product transportation. 4. Comprehensively advance short, medium, and long-term targets for sustainable packaging, strictly prioritizing and mandating the utilization of sustainable materials across all product packaging workflows.

Product usage stage	Advantech Green Ecological Design Standard Guidelines	Product energy saving 1. In 2025, Advantech designated specific product lines to integrate Energy Star eco-design methodologies, continuously propelling our green product transformation. Among these initiatives, a total of 40% of newly developed products successfully completed and passed rigorous internal testing within the same fiscal year, achieving performance benchmarks fully equivalent to international statutory regulatory requirements. 2. Beginning in 2024, Advantech pioneered the integration of energy-saving features into our proprietary R&D software modules to systematically elevate product energy efficiency. 3. The Company successfully developed a set of energy-saving features based on existing software product modules and successfully implemented them on x86 Windows system products, such as the Edge AI Inference System (AIR-150). Energy consumption measurements revealed that under the maximum energy-saving usage scenario, the product can reduce approximately 242.4 metric tons of carbon emissions annually, effectively reducing environmental impact and increasing the coverage rate of the Company's overall energy-saving products. Building upon this rigorous technical validation, this software-driven integration achieved a 100% official implementation rate across all new products within specified product lines in 2025.
Product waste recycling management	Advantech Green Ecological Design Standard Guidelines Global Product Recycling Guide	The product's easy disassembly and recycling design, and waste management 1. Advantech systematically designs its products for ease of recycling and structural disassembly. Characterized by distinct product categories, the Company conducts comprehensive material inventories to calculate the exact proportion of recyclable products, successfully reaching an annual average of approximately 97% in 2025, while expanding the actual global product recycling rate to 15.8% 2. Product waste management: Advantech has established a unified global product recycling mechanism, fully materializing Extended Producer Responsibility (EPR) and circular economy philosophies. Pioneered in fiscal year 2025, Advantech integrated recycling requests directly into its global Return Merchandise Authorization (RMA) systems and localized customer service channels, executing tailored recovery operations that conform strictly to localized regional recycling methodologies. This strategic optimization successfully increased actual global product recovery by 25 metric tons, driving the actual global product recycling rate to reach 15.8%.

LCA of Eco Design Products

Stage in product lifecycle	Eco design guidelines	Regulations, standards, and guidelines	Results and benefits (Achievements as of 2025)
Raw material selection	Green materials Green packaging Product recycling	1. Advantech GPM Regulatory Substance Standards 2. Advantech Eco Design Standards 3. Advantech Sustainable Packaging Design Strategy 4. Advantech Green Policy - Hazardous Substances Reduction Plan	Management and reduction of hazardous substances and introduction of recycled materials 1. As of the end of 2025, the external mechanical parts of all newly developed models are required to meet Advantech's low halogen requirements, and 93% of plastic mechanical parts in products sold throughout the year met low halogen requirements, while 5% of PCB boards met low halogen requirements. 2. In 2025, recycled plastics and metals were successfully introduced into 3 benchmark products, including fanless embedded computers (ARK-1125C, ARK-1222) and monitor computers (GSC-7153W); mass production of the models commenced in 2025. • The external mechanical parts of medical devices (POC-6) contain 30% recycled plastics. Medical devices face the challenge of more rigorous chemical resistance tests, which are currently under development. 3. Based on their usage and feasibility assessment, recycled materials are incorporated and applied in specific products to increase the percentage of recycled materials used. We have set the target percentage of recycled materials used as raw materials for specific products. 4. Comprehensively implemented short/medium/long-term goals for sustainable packaging, and prioritized and required the use of sustainable materials for product packaging.

Stage in product lifecycle	Eco design guidelines	Regulations, standards, and guidelines	Results and benefits (Achievements as of 2025)
Product manufacturing process	Green materials Green packaging Product recycling	1. Advantech GPM Regulatory Substance Standards 2. Advantech Eco Design Standards 3. Environmental, Occupational Health and Safety Policy	Process hazardous substance management and recycling 1. Reduced the amount of waste and pollution generated and prohibited the use of hazardous substances in the manufacturing process. Advantech is 100% compliant with international environmental regulations and enhanced the ban on ozone-depleting substances and endocrine-disrupting chemicals that may harm human health. 2. In 2025, Advantech's Taiwan Plant successfully recycled and reused solder dross through solder dross separators with a recycling rate of 74.48%, and reused a total of 3.85 tons of solder dross, effectively reducing hazardous waste. Please refer to Chapter 4.4.2 "Energy and Resource Use and Waste Management" for details. 3. We recycled a total of 6.8 tons of PE waste at our Taiwan Plant in 2025, and used it to produce approximately 2.58 tons of 100% recycled PE products (packaging film and product packaging PE bags), achieving an overall waste recycling rate of 37.88%, effectively reducing waste through recycling. This is the starting point of Advantech's waste recycling and re-manufacturing.

Stage in product lifecycle	Eco design guidelines	Regulations, standards, and guidelines	Results and benefits (Achievements as of 2025)
Delivery and transportation	Green materials Green packaging	1. Advantech Eco Design Standards 2. Advantech Sustainable Packaging Design Strategy 3. Environmental, Occupational Health and Safety Policy	Green packaging material optimization and logistics packaging material recycling 1. According to the guidelines for green packaging materials in the Advantech Eco Design Standards, Advantech uses at least 80% recycled fiber materials for cardboard boxes, reduces packaging materials, improves packaging design, and optimizes packaging sizes to reduce the environmental impact of transportation. Advantech has planned short-term and long-term targets in advance under the PPWR, and completed the implementation of PPWR before the time limit to ensure that we are fully compliant with requirements. 2. Recycled cardboard boxes used by suppliers for incoming, outgoing, and installation processes to reduce disposable cardboard waste. (Reduced by approximately 18,400 cardboard boxes/year, or by 18.4 tons/year.) For details, please refer to: 4.4.2. Energy and Resource Use and Waste Management 3. The size and weight of Advantech's new products are reduced through eco design. Starting in 2025, air transport of products overseas uses 10% sustainable fuel, reducing carbon emissions from transportation. 4. Comprehensively implemented short/medium/long-term goals for sustainable packaging, and prioritized and required the use of sustainable materials for product packaging.

Stage in product lifecycle	Eco design guidelines	Regulations, standards, and guidelines	Results and benefits (Achievements as of 2025)
Product use stage	Product Energy Saving	Advantech Eco Design Standards	Product Energy Saving We continued to implement eco design in 2025, and used the Energy Star energy-saving design for new products of specific product lines. Among them, 40% were completed and passed internal tests the same year, which meets regulatory requirements. Energy-saving functions were added to the R&D software module in 2024 to improve product energy efficiency. Successfully developed energy-saving functions based on existing software product modules, and successfully introduced them into x86 Windows system products (AIR-150). After measuring energy consumption in the maximum energy-saving scenario, the product can reduce carbon emissions by approximately 242.4 metric tons each year, effectively reducing the impact on the environment, and significantly increasing the overall coverage of our energy-saving products. The functions were introduced into 100% of new products of specific product lines in 2025.
Product waste recycling management	Product recycling	1. Advantech Eco Design Standards 2. Advantech Global Product Recycling Guidelines	Easy-to-dismantle and easy-to-recycle design of products and waste management 1. Designed products that are easy to disassemble and recycle, calculated the percentage of recyclable products by product category, which averaged 97% in 2025, exceeding the requirements of the WEEE Directive. 2. Product waste disposal: Established the Advantech Global Product Recycling Mechanism to implement the concept of extended producer responsibility (EPR) and circular economy. Since 2025, Advantech has received recycling requirements through the RMA system and customer service contact persons, and has handled recycling according to local methods in different regions. The actual recycling volume increased by 25 tons globally, and the actual recycling rate of products reached 15.8% globally.

*For detailed content on Advantech's product green design, please refer to 2025 Advantech ESG Report Chap4.1 Green Design and Sustainability Liability of Product

Comprehensively manage product carbon footprint. Advantech has developed an intelligent solution for calculating its product carbon footprint

Amidst the global net zero and carbon neutral trend, the industrial PC industry must not only provide high-performance, low-power solutions but also actively implement carbon reduction measures to meet the sustainability requirements of customers, investors, and the international market. With the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM), the implementation of carbon disclosure policies in various countries, and growing emphasis from major multinational corporations, transparency in carbon footprint disclosure is becoming a key factor in maintaining international competitiveness.

In light of this, Advantech launched a product carbon footprint inventory project in 2023 and, in the same year, obtained the first ISO 14067 verification for an integrated computer product's carbon footprint. Through life-cycle assessment (LCA), we evaluated the depth of material selection and identified the top five key materials contributing to the carbon footprint. Additionally, in the same year, we completed the establishment of Advantech's product carbon footprint inventory methodology, laying the foundation for the internal development of product LCA. Starting in 2024, we successively completed carbon footprint inventories for representative products across various business units and initiated the construction of Advantech's internal carbon footprint inventory system and intelligent platform, creating our intelligent solution for product carbon footprint calculation, which is applied to eco product design projects.

Advantech is actively developing a product carbon footprint calculation system, which will not only help determine the carbon footprint of each product currently on sale but also promote carbon pricing and product carbon footprint reduction strategies. This system adopts the LCA methodology, referencing international standards such as ISO14040, ISO 14067, and the GHG Protocol. By integrating Advantech's internal raw material, supplier information, and production management systems with external APIs, and incorporating AI technology to build a carbon footprint coefficient database for each raw material, the system can quickly calculate the product carbon footprint and generate carbon footprint reports. This allows for the evaluation of emissions during various stages of the product lifecycle. Completed the calculation for all products sold within the current fiscal year, accounting for approximately 100% of the total revenue.

This not only simplifies the cumbersome manual calculation process but also helps Advantech quickly identify the emission hotspots of its products, laying the groundwork for future carbon footprint reduction measures. Through this system, Advantech can not only actively adjust design and production strategies by identifying products with high carbon emission risk in advance but also offer customers the necessary product carbon footprint information to meet global customer demands, further reinforcing Advantech's leadership position in sustainability.

Providing Climate and Nature Adaptation Solutions

Advantech's ESG vision is to be an Enabler of an Intelligent and Sustainable Planet. We strive to embed sustainability DNA into our products and solutions, using Advantech's core business (AIoT technology) to bring positive impact to communities, society (people), economy, and environment. We have developed products and solutions that can assist in providing climate, natural, and cultural adaptation (such as developing remote management technologies to maximize EV charger efficiency for accelerated green transportation, introducing e-paper solutions in healthcare to realize comprehensive paperless operations and reduce carbon footprints, and applying innovative AI technologies to safeguard historical temple buildings); or product services and ecological environmental benefits provided to industries with high carbon emissions, high natural impact or dependence (such as manufacturing) (such as leveraging the WISE-IoT platform to empower benchmark enterprises like Yageo and Cool Master to build cloud-based production platforms, extending from intelligent manufacturing to low-carbon sustainable management, optimizing resource allocation, and assisting energy-intensive industries in mitigating natural impacts).



Sustainable Practices in Smart Healthcare: Advantech's E-Paper Solutions Empower Low-Carbon and Highly Efficient Hospital Operations

Confronted with the severe challenges of global warming and climate change, healthcare institutions serve not only as the frontline for patient medical care but also as the ultimate defense safeguarding societal resilience. Consequently, accelerating the sustainable transition of healthcare systems and effectively minimizing the carbon emissions and environmental burdens generated by medical services have become urgent imperatives. Deeply aware of the clinical environment's demands for resource efficiency and environmental sustainability, Advantech has introduced Wi-Fi e-paper displays into hospitals. Featuring real-time update capabilities via Wi-Fi and ultra-low power

consumption, these displays replace traditional paper-based signage—thereby realizing comprehensive paperless operations while simultaneously enhancing patient management efficiency. The deployment of this technology mitigates the depletion of natural resources during the paper manufacturing process. Furthermore, by significantly lowering energy consumption and carbon emissions within healthcare facilities, it empowers medical institutions to construct more resilient green healthcare systems, demonstrating a steadfast commitment to environmental sustainability and climate adaptation.

The project offers the following sustainability benefits:

Environmental impact

- **Paperless Wards:** Based on estimates, replacing traditional paper signage with 200 e-paper displays can reduce total carbon dioxide emissions by 3,942 kg annually—equivalent to the carbon sequestration of over 320 mature trees. Furthermore, it eliminates paper waste caused by erroneous printing or redundant record-keeping, thereby lowering overall resource consumption and minimizing waste generation.
- **Ultra-Low Power Consumption Operations:** E-paper displays feature bistable technology, consuming minute amounts of power only during content updates, which ensures long-term display capability without adding to the energy consumption burden.

Social impact

- **Minimizing Patient Disturbance:** Deploying e-paper displays as patient bedside cards leverages their backlight-free characteristic to effectively minimize disturbances to light-sensitive patients, thereby enhancing the comfort of the inpatient environment.
- **Enhancing Information Delivery Efficiency and Alleviating Visual Strain for Medical Personnel:** Automatically updating e-paper information through a centralized management system significantly reduces manual workflows and human errors, while its paper-like, eye-care design alleviates the visual strain on medical personnel. This initiative not only optimizes clinical operations but also reinforces healthcare institutions' resilience in digital transformation and green sustainability.
- Extended reading [Improve Hospital Workflow via Advantech's ePaper Technology](#)



From Intelligent Manufacturing to Low-Carbon Sustainability: Advantech WISE-IoT Empowers Yageo to Establish a Benchmark for Manufacturing Transformation

Partner: Yageo Corporation

As a global leader in passive components, Yageo Corporation has partnered with Advantech to implement the iEMS MachineUnite (OEE) and ECOWatch solutions, deeply integrating "digital intelligence" with "low-carbonization." Through digitized and automated management, Yageo's Nanzih plant has significantly reduced manual errors and reinforced data traceability. Utilizing continuous equipment monitoring and real-time insights from digital dashboards, the management team has successfully executed data-driven decision-making, eliminated production bottlenecks, and driven a substantial growth of approximately 10 percentage points in average overall equipment effectiveness (OEE).

Beyond performance enhancement, Yageo has leveraged the ECOWatch energy management system to precisely map out energy consumption distribution, identifying critical energy-saving opportunities and establishing key performance indicators (KPIs) to transform environmental sustainability into tangible brand competitiveness. This transformation pathway—extending from production process efficiency optimization to resource conservation—not only fortifies the industry's resilience in the face of environmental changes but also tangibly demonstrates how high-tech manufacturing can pursue operational excellence while simultaneously fulfilling long-term commitments to climate adaptation and natural resource protection.

Environmental impact

• Precision Energy Monitoring and Carbon Reduction:

1. Implemented the iEMS ECOWatch energy management system to achieve comprehensive digital monitoring of critical energy consumption data, including water, electricity, gas, and steam, across Yageo's production sites.
2. Utilized big data analytics to formulate precise energy-saving mitigation measures, thereby lowering greenhouse gas (GHG) emissions.

• Resource Waste and Defect Rate Reduction:

1. Executed 24/7 continuous equipment status monitoring through the Advantech MachineUnite system, significantly driving the average Overall Equipment Effectiveness (OEE) of the ST process at Yageo's Nanzih plant from 78% to 88.5%.
2. The enhancement of machine stability and production efficiency (OEE) substantially reduces the volume of defective and sub-standard products within the manufacturing process. This mitigates the waste of electronic raw materials and directly alleviates the pressure exerted on the surrounding ecological environment by subsequent waste treatment.
3. Equipped with a real-time anomaly notification mechanism, the system effectively prevents energy idling and potential secondary environmental pollution caused by sudden equipment failures, unexpected downtime, or oil and gas leaks.

• Comprehensive Paperless Operations for Green Office and Low-Carbon Production:

1. Introduced the Advantech SignageCMS digital signage system to fully transition complex conventional production schedules, physical dispatch slips, and Standard Operating Procedures (SOPs) into digital displays.
2. Eliminated massive paper consumption across offices and frontline production lines, which not only optimized operational workflows but also reduced the corporate carbon footprint, realizing environmental friendliness in both office and production environments

Social impact

• Data-Driven Transparent Workplace: Cultivating Employee-friendly Practices and Skill Upgrades:

1. Through the data-driven management culture established by MachineUnite, the management team can eliminate subjective biases and fully adopt objective data when conducting employee performance evaluations.
2. The system's automated data collection function completely replaces traditional, tedious, and error-prone "manual paperwork log" operations, reducing human errors and substantially enhancing employees' sense of professional achievement

• Aligning with Global Net-Zero Trends: Deepening ECOWatch Energy Efficiency:

1. Grounded on the foundation of factory management efficiency enhanced by MachineUnite, Yageo actively aligns with global net-zero carbon emissions and supply chain low-carbonization trends. The company has precisely implemented the iEMS ECOWatch energy management system at core plants (such as the Nanzih plant) to translate its green commitment into practice.
2. Conducting 24/7 energy data collection and dynamic visualization analytics through ECOWatch assists the plant in comprehensively reviewing its current operational status, thereby precisely identifying critical energy-intensive facilities and scientifically defining optimized spaces and projects for energy saving.
3. Yageo is enabled to utilize system data to establish reasonable, effective, and continuous energy-saving and carbon-reduction measures alongside environmental Key Performance Indicators (KPIs).

• Extended reading

1. *From Intelligent Manufacturing to Low-Carbon Sustainability: Advantech WISE-IoT Empowers Yageo to Establish a Benchmark for Manufacturing Transformation - Advantech*
2. https://www.youtube.com/watch?v=0NeBT_5O-q0&t=1s
3. *From Intelligent to Low-Carbon — WISE-IoT Power - Advantech*



Featured case study 3

Smart Energy Transition: Advantech's Remote Management Systems Maximize Operational and Maintenance Efficiency for EV Charging Stations

In the global progression toward net-zero emissions, the stability of electric vehicle (EV) infrastructure has emerged as a critical success factor. To align with the stringent mandate of the U.S. National Electric Vehicle Infrastructure (NEVI) Formula Program, which requires public charging stations to maintain a 97% uptime, charging service providers are facing the dual challenges of high hardware maintenance costs and cybersecurity protection. Through the implementation of remote management technologies, Advantech drives the intelligent management of charging station infrastructure.

The core of this case lies in the deployment of the DeviceOn management platform, which leverages edge computing and containerized AI technologies to achieve real-time monitoring and anomaly early-warnings for charging equipment. The most pivotal technical breakthrough is the utilization of EdgeBMC for remote out-of-band management; even if a system crashes due to a failure, administrators can still remotely reboot and recover it, ensuring uninterrupted operations.

This represents not merely a technological upgrade, but a tangible practice of "driving green transformation through digitalization." By enabling remote recovery capabilities, the solution significantly reduces the frequency of on-site inspections required by conventional maintenance, directly lowering the carbon footprint and operational expenditures (OPEX) associated with vehicular travel. Furthermore, end-to-end protection—spanning from firmware to edge endpoints—fortifies the defense resilience of the energy network. With its intelligent operations and maintenance (O&M) solutions, Advantech assists customers in overcoming NEVI compliance pain points, ensuring a highly efficient and reliable charging network while laying a rock-solid technical foundation for the global transition toward low-carbon transportation.

Environmental impact

• Remote Management Systems:

Remote management systems can address hardware and software anomalies in real time, significantly reducing the frequency of technicians' travel to and from the sites. This not only directly lowers carbon emissions and resource depletion generated by maintenance transportation but also safeguards employees from the risks associated with long-distance commuting, translating a people-oriented social responsibility into practice.

• Enhancing Equipment Energy Consumption and Hardware Life Cycles:

Through real-time monitoring and predictive maintenance, enterprises can precisely master equipment energy consumption and prevent severe damages, significantly extending the hardware life cycle. This "prevention over repair" strategy not only mitigates the generation of electronic waste (e-waste) but also ensures the long-term, highly efficient operation of green energy infrastructure.



Social impact

Enhancing Occupational Safety and Reducing Transportation Risks:

Leveraging EdgeBMC for remote out-of-band recovery substantially diminishes the duration employees are exposed to road traffic hazards. This directly lowers the probability of traffic accidents and firmly safeguards the personal safety of technical personnel.

Promoting Infrastructure Accessibility and Social Equity:

The NEVI program aims to ensure that all communities enjoy equitable access to charging resources. Advantech's agile deployment technology assists service providers in expanding charging networks to remote and underserved areas more rapidly and economically. This bridges the green energy resource gap between regions, actively realizing digital justice and social inclusion.

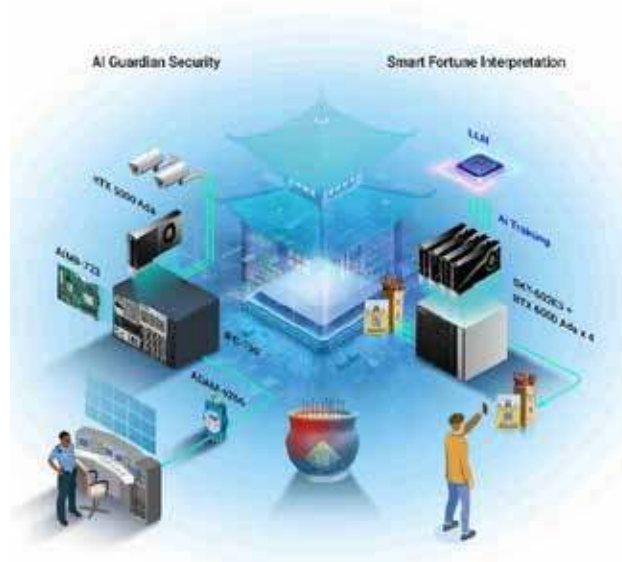
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AI Gatekeeper: Innovative Technology Empowers the Protection of Temple Cultural Heritage

Temples are highly susceptible to major fire incidents due to the abundance of flammable materials and chronic staffing shortages. To address this, Leader Software collaborated with Advantech to develop an AI-powered fire and theft prevention system, leveraging Advantech's IPC-730 industrial PC and the SKY-QUAD-5000A-32 AI acceleration card. Driven by robust computing power, the system delivers high-efficiency video analytics; even in a temple equipped with 10 surveillance cameras, the system can complete a comprehensive, multi-channel inspection of the entire premises in less than a minute.

Integrated with the alarm system via the ADAM-6266-B module, the system instantly dispatches notifications and alerts security personnel upon detecting any anomalies, successfully seizing the golden window for emergency response. The environmental conditions inside traditional temples are exceptionally harsh—characterized by the absence of air conditioning, dense smoke, and continuous incense burning—which demands highly robust hardware solutions. Advantech's stable and durable industrial-grade solutions transform cutting-edge AI into a 24/7 resilient shield that safeguards cultural foundations, effectively enhancing the climate change resilience of traditional venues and sustaining cultural heritage.



Environmental impact

- Preventing Environmental Pollution Caused by Fire Outbreaks:**
 Fires generate massive amounts of carbon dioxide, toxic smoke, and particulate matter (PM2.5). By leveraging AI to intercept risks at the nascent stage of a fire, the system effectively averts air pollution and environmental degradation caused by fire disasters.
- Enhancing Climate Resilience of Temples:**
 Driven by global climate change, the increasing frequency of extreme weather events elevates the risks of electrical wire short-circuits or spontaneous combustion in temples. Advantech's AI system proactively detects flames and smoke, ensuring the continuous survival of historic architectures under escalating climate risks.

Social impact

- Sustainable Preservation of Cultural Heritage:**
 Safeguarding non-renewable, centuries-old statues, murals, and sculptures is imperative; once these cultural heritages are destroyed by fire, they are entirely irreplaceable. The "AI Gatekeeper" firmly ensures the continuity of these cultural lifelines.
- Mitigating Staffing Shortages:**
 Addressing the core pain point of night-time staffing shortages in temples, the system replaces manual patrols with automated AI inspections. This alleviates the administrative burden on religious institutions and allows human resources to be allocated more efficiently.
- Extended reading <https://www.advantech.com/zh-tw/resources/case-study/%E7%AB%8B%E9%81%94%E8%BB%9F%E9%AB%94%E6%94%9C%E6%89%8B%E7%A0%94%E8%8F%AF%E9%96%80%E7%A5%9E%EF%BC%9A%E5%89%B5%E6%96%B0%E6%8A%80%E8%A1%93%E5%8A%A9%E5%8A%9B%E5%AF%BA%E5%B%9F%E6%96%87%E5%8C%96%E8%B3%87%E7%94%A2%E4%BF%9D%E8%AD%B7>

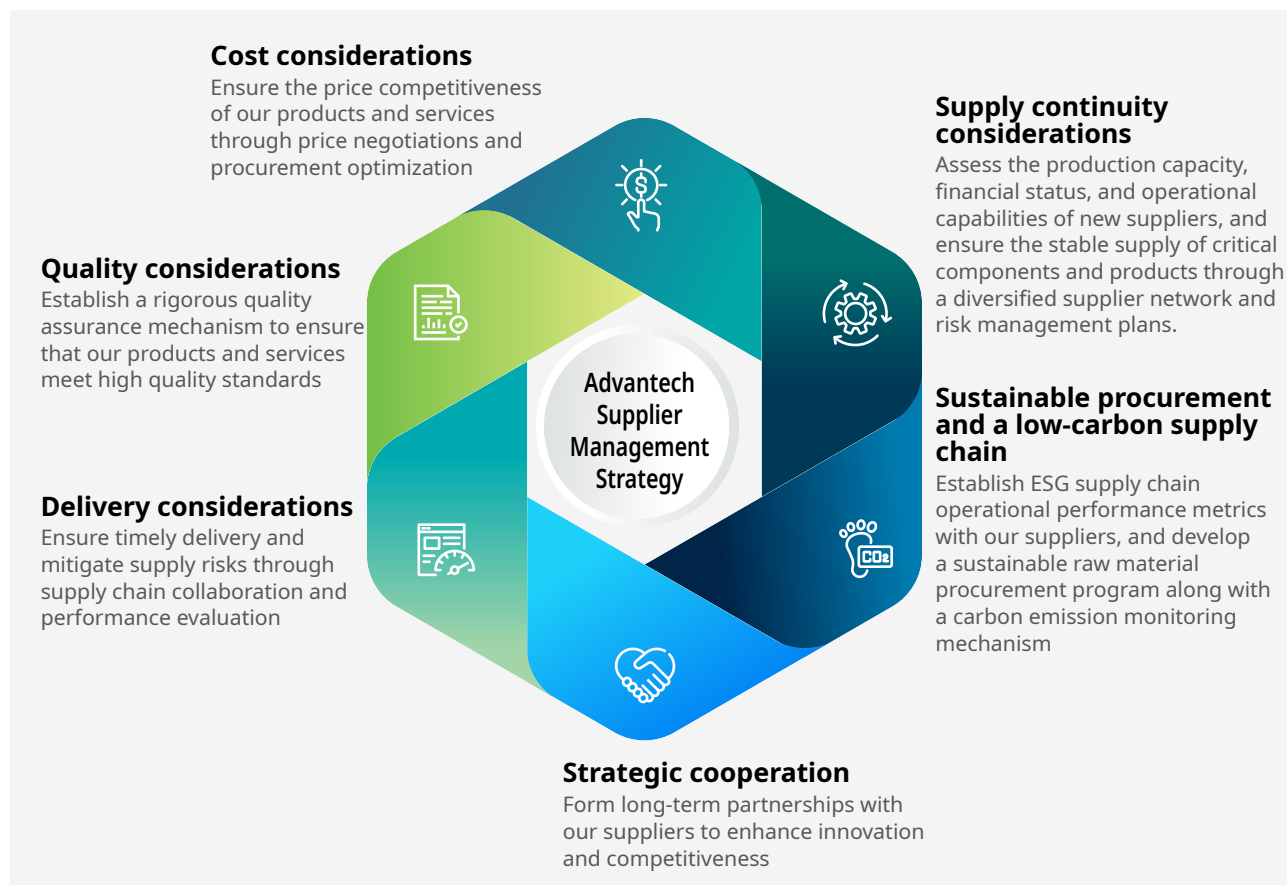
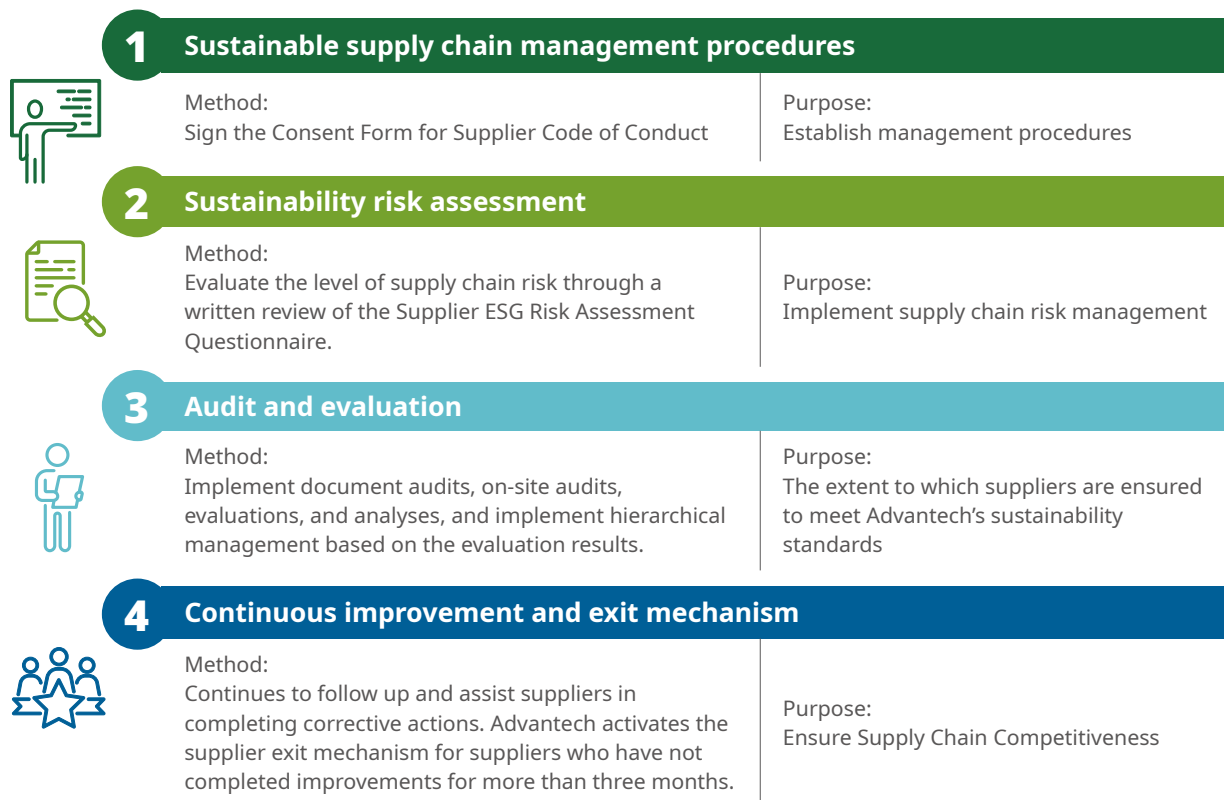
Supply Chain Management and Sustainable Procurement

As a global leader in IoT, Advantech's supply chain topics are not only closely related to its operational resilience and supply chain stability, but also have an impact on the Company's product quality, brand values, and long-term competitiveness. For stakeholders such as employees, customers, suppliers, and investors, a sustainable supply chain serves as the cornerstone of shared growth and sustainable development. Therefore, Advantech committed to promoting sustainable supply chain management, require suppliers to comply with Advantech's "Supplier Code of Conduct" policy, continuously improve their performance in labor human rights, occupational safety and health, environmental protection, business ethics, and management systems to jointly form a responsible supply chain, reduce risks, and promote sustainable development.

Advantech believes that supply sustainability is a key commitment to corporate sustainable operation and recognizes the challenges to supply chain posed by factors such as geopolitics. Therefore, we aim to apply our consistent global brand strength to reinforce relationships with customers and partners worldwide, striving to create sustainable corporate value and build a mutually beneficial and thriving industry chain. Through our global procurement and quality management departments, Advantech is responsible for implementing supplier management work. Adhering to the concept of cooperative prosperity, it strictly controls supplier screening standards and processes, conducts risk and performance assessments, provides audit counseling, education and training, and organizes supplier conferences, integrating sustainable development requirements into daily supply chain management. Advantech's procurement strategy focuses on diversifying procurement risks and reducing costs. To ensure substitutability and maintain competitiveness, at least two suppliers are selected for materials. For electronic components with high commonality, a second source management mechanism has been established. Moreover, safety stocks of key materials are maintained to mitigate risks arising from supply shortages or quality issues. Advantech categorizes materials by tier and assigns dedicated procurement personnel to analyze market information. By regularly reviewing market trends and adopting a centralized procurement strategy, Advantech establishes a list of PVL suppliers and monitors their capabilities in cost, quality, delivery date, and supply continuity to enhance collaboration efficiency and obtain high-quality materials with stable delivery times.

Sustainable supply chain management implementation guideline

To implement Advantech's procurement and supply chain policy, a four-stage supply chain sustainability management process has been established. Through annual continuous improvement cycles and exit mechanisms, Advantech ensures that suppliers meet its standards and continuously enhance their sustainability performance.



Supplier Management Sustainability Performance in Recent Years

100%	100%	100%	100%	100%
100% of significant suppliers have completed the signing of the "Supplier Code of Conduct Consent".	100% of new suppliers are evaluated for compliance with environmental standards	100% of significant suppliers have signed the "Declaration of Non-Use of Conflict Minerals".	100% of significant suppliers completed the counseling and improved their deficiencies.	100% of high-carbon emission suppliers have completed the greenhouse gas (GHG) inventory survey.

Existing Supplier Audit Management

Through a comprehensive supplier management system, Advantech ensures that all its suppliers continue to meet the Company's demand in quality and sustainability. All significant suppliers are required to sign the "Supplier Code of Conduct Consent" and undergo a supplier profile review to ensure they meet the Company's supply chain management standards. To materialize sustainable management, Advantech also conducts ESG sustainability risk assessments for PVL suppliers, covering aspects such as labor rights, environmental protection, safety and health, and business ethics, maintaining a 100% evaluation rate. Additionally, plans are in place to increase the percentage of on-site evaluations in the future to ensure continuous improvement in suppliers' operational and sustainability management performance.

Category				Management Principle	Future Management Focus
All significant suppliers				- Perform a supplier profile review by signing the "Supplier Code of Conduct Consent" - Adopt ESG sustainability risk assessment to evaluate significant suppliers (labor, safety and health, environmental management, ethics, etc.)	- Include the supplier code of conduct in the contract - Maintain the evaluation percentage
Year	Item	Number of suppliers	Implementation percentage		
2025	Code of Conduct Signing	339	100%		
	ESG Risk Assessment				
2024	Code of Conduct Signing	291	100%		
	ESG Risk Assessment				
2023	Code of Conduct Signing	284	100%		
	ESG Risk Assessment				
2022	Code of Conduct Signing	271	100%		
	ESG Risk Assessment				

Category				Management Principle	Future Management Focus
Existing suppliers				- Perform a supplier profile review by signing the "Supplier Code of Conduct Consent" - Adopted written/on-site ESG sustainability risk assessments for existing suppliers (covering labor, safety and health, environmental management, ethics, etc.). - Passed the "Audit Form for Third-Party Suppliers" evaluation (on quality systems, design controls, procurement services, etc.) *Note: 2022 existing supplier audits did not reach the planned 100%, mainly due to China's COVID-19 pandemic, preventing on-site audits of some suppliers	- Include the supplier code of conduct in the contract - Maintain the evaluation percentage - Increase the percentage of on-site evaluations
Year	Item	Number of suppliers	Implementation percentage		
2025	ESG Audit	790	100%		
	Quality Audit	60	100%		
2024	ESG Audit	790	100%		
	Quality Audit	61	100%		
2023	ESG Audit	271	100%		
	Quality Audit	61	100%		
2022	ESG Audit	271	100%		
	Quality Audit	88	87.5%		

Supplier Sustainability Risk Identification and Audit Counseling

To uphold the core principles of sustainable supply chain management, Advantech has been issuing the Advantech ESG Risk Assessment Audit Form, designed based on the RBA Code of Conduct 7.0 and SAQ, to existing suppliers every two years since 2021. Suppliers are required to indicate their implementation progress of the four sustainability aspects (labor, health and safety, environmental management, and business ethics) in the questionnaire and provide relevant supporting documents. These include management system certification or related operational records. The results of the suppliers' self-assessment serve as the basis for subsequent sustainability risk management. At the end of 2025, the Company re-initiated its new two-year "ESG Sustainability Risk Identification and Audit Counseling Program" according to schedule. In this current phase, a written survey has been launched covering 1,400 existing Tier-1 suppliers, and the investigation remains continuously ongoing into 2026. The results of this new annual survey and its subsequent actions will be executed and implemented across the 2026–2027 period.

Item/Year (Every 2 years)	2024		2022	
	Actual/target (number of suppliers)	Actual/Target (Ratio)	Actual vs. Target (Number of Suppliers)	Actual vs. Target (Ratio)
ESG risk assessment survey distribution coverage	1,127 / 1,127	100.0% / 100%	271 / 271	100.0% / 100%
Tier 1 suppliers undergoing ESG written audits	873 / 676	77.5% / 60%	-	-
Significant suppliers performing ESG audits	291 / 291	100% / 100%	271 / 271	100% / 100%
The percentage of significant suppliers with a total score below 80 points (or possesses critical items)	38 / <50	13% / <15%	11 / <15	4% / <10%
Implementation of improvement plans for potential high-risk significant suppliers	38 / <50	100% / 100%	11 / <15	100% / 100%
Termination of cooperation with suppliers for serious violations	0 / 0	0% / 0%	0 / 0	0% / 0%
Assist potential high-risk significant suppliers in completing ESG counseling and implementing improvement measure	38 / all	100% / 100%	11 / all	100% / 100%

Sustainable raw material management

As part of Advantech's raw material procurement strategy, we conduct sustainability risk assessments, in addition to cost-benefit considerations, to determine procurement priorities and ensure the effective implementation of sustainable management. We collaborate with suppliers to increase the transparency of raw material sources, assess the potential environmental and social impacts of their development and production processes, and select the most appropriate raw materials for Advantech based on the outcome of supplier sustainability risk assessments.

In the third quarter of 2024, Advantech launched the sustainable raw material project to evaluate the use of recycled materials by tracing the source of raw materials. Moreover, recycled materials were introduced to major business groups to conduct the pilot production plan. The project extends into 2025 and has successfully achieved its stipulated goals, including compiling statistics on raw material traceability, evaluating the effectiveness of trial integration of recycled materials into product structural components, and drafting preliminary targets for future implementation. The scope of these achievements includes driving flagship products based on product classifications, successfully integrating recycled plastics and metals, and initiating the mass production of relevant models. Furthermore, based on the usability and feasibility assessments of recycled materials, we have promoted the integration and application of recycled materials in specific products to elevate the overall utilization rate of recycled materials, while establishing specific targets for the proportion of recycled content within product raw materials. Concurrently, we have set a concrete target for 2026, aiming for products utilizing recycled materials to account for 10% of total specific products.

In terms of raw material traceability, considering the characteristics of Advantech's products, we prioritize the top three raw materials by usage volume for implementing control: plastics, steel/iron, and aluminum. These three recycled materials were introduced to the sustainable raw materials pilot program. Furthermore, in addition to managing product structural components, we also conducted a traceability survey for packaging materials.

2025 raw material usage overview

Raw material category		Raw Material UsageVolume	Recycled material usage percentage (%)
Structural materials (ton)	Plastic	147.1	0
	Iron/steel material	747.6	0.131
	Aluminum material	215	0
Packaging material (pcs)	Plastic bags/bubble bags	11,071,268	0
	Cardboard boxes	7,379,953	100
	EPE cushioning material	10,895,202	0

Furthermore, targets have been established for the use of recycled materials (plastic/metal) based on project analysis and international trends. In addition, specific targets for the proportion of recycled content within product raw materials have been established for the structural casings and components of selected models.



Target setting for recycled material (plastic/metal) usage in green design products

Year	Target setting for recycled material (plastic/metal) usage in green design products					
	Plastic (recycled material usage percentage)		Metal (recycled material usage percentage)			
			Steel material		Steel material	
2025	Mechanism casing	>30%	Mechanism casing	>10%	-	
2026	Component	>30%	Component	>10%	Component	>50%
2030	Component	>50%	Component	>20%	Component	>80%

Note: The foregoing mechanism casing or component refers to Advantech-designed parts and follows Advantech's green design product Gold medal criteria.

Conflict Minerals Procurement Management

To ensure the avoidance of minerals from Conflict-Affected and High-Risk Areas (CAHRAs), Advantech rigorously complies with the Responsible Business Alliance (RBA) Code of Conduct and implements a conflict-free minerals policy. Advantech not only refrains from procuring metals from CAHRAs but also requires its suppliers to comply with this policy, ensuring that the supply chain respects human rights and is not involved in conflict activities. As of 2025, 100% of Advantech's PVL suppliers have signed the "Declaration of Non-Use of Conflict Minerals," and all of Advantech's products are guaranteed to be conflict-free. As a brand company, Advantech does not directly purchase raw ore or unrefined 3TG minerals. Due to the multiple tiers involved in the supply chain, once the raw ore is smelted, refined, and transformed into ingots, gold bars, or other mineral derivatives, its origin becomes difficult to trace. Smelters and Refiners (SORs) serve as key control points for raw ores and are best positioned within the supply chain to verify the origin of minerals. Suppliers who engage in direct collaboration with Advantech and influence procurement decisions are considered tier 1 (PVL) suppliers. Advantech relies on them to identify and assess supply chain risks and provide relevant information on 3TG mineral SORs.

Conflict Minerals Due Diligence Results in Recent Years

Year	2022	2023	2024	2025
Qualified smelters	249	226	215	217
Smelters currently in the program*	10	6	7	8
Total	259	232	222	225
Percentage of qualified smelters	96.1%	97.4%	96.8%	96.4%

*Smelters currently in the program: Refers to smelters that have committed to accepting the RMAP assessment, completing relevant documentation, and arranging an on-site evaluation. Currently in the pre-assessment, assessment, or corrective action stage

Beyond 3TG, the scope of the due diligence investigation has been officially expanded since 2025—progressing from cobalt and mica to further incorporate critical minerals such as lithium, nickel, natural graphite, and copper. Cobalt, lithium, and nickel serve as pivotal chemical components in batteries and energy storage systems; natural graphite is widely utilized in heat dissipation and anode materials; copper constitutes the foundational base for electrical conductivity and structural components; and mica is primarily employed for exterior insulating coatings.

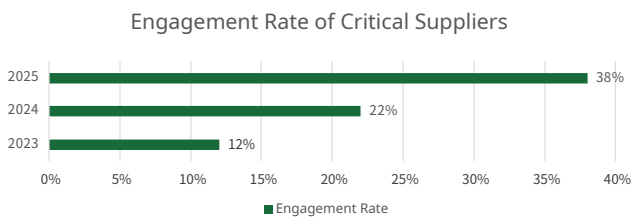
The results of this fiscal year's due diligence identified a total of 109 cobalt smelters, 30 mica smelters, 46 lithium smelters, 48 nickel smelters, and 106 copper smelters. Currently, 96.4% of these conformant smelters have been successfully investigated, while the remaining 3.6% are actively participating in the validation program, situated primarily in Asia, followed by Europe.

Supply chain sustainability improvement plan

In recent years, Advantech continued to advance its supplier improvement program by empowering and training its partners to enhance their sustainability capabilities, ensuring alignment with ESG requirements and strengthening

sustainable supply chain management. Advantech plans multi-level training activities for different supplier categories and needs, including supplier code of conduct courses, supplier conferences, carbon management courses, and theme workshops, comprehensively covering environmental, social, and governance topics while emphasizing practical application and capacity building.

In 2025, Advantech will continue to strengthen the suppliers' sustainable development capabilities. To ensure precise allocation of counseling resources and continuously enhance fundamental sustainability literacy, Advantech will adopt a categorized management approach based on suppliers' characteristics and needs. Multi-level, theme-based learning and exchange mechanisms will be designed accordingly to different suppliers with adequate support. The new year plan encompasses core topics like renewable energy, carbon management, biodiversity, and sustainable information disclosure. It will provide more in-depth and targeted learning opportunities through medium and large-scale forums, small workshops, and project-based counseling for high-carbon emission suppliers. Furthermore, Advantech will join forces with industry benchmark enterprises, government agencies, academic institutions, and research institutions to integrate diverse professional resources, share the latest industry trends and practical experiences, assist suppliers in understanding important development trends and sustainable implementation strategies. In 2025, a total of nearly 300 suppliers and over 800 participants accumulated, with a total training duration exceeding 500 hours. The relevant achievements are presented in the table below. From 2023 to 2025, a cumulative total of 227 key suppliers participated in these initiatives. Advantech's supply chain enablement and capacity-building programs remain continuously ongoing, with the annual participation rate of key suppliers increasing year by year, reaching 38% of total key suppliers in 2025, as illustrated in the figure below.



In 2026, Advantech will continue to collaborate with industry leaders, government agencies, academic institutions, and research entities to pool diverse professional resources, driving both suppliers and Advantech toward achieving long-term sustainable development goals (SDGs). The projected curriculum includes: supply chain carbon management trends and practices, digitalization of supply chain carbon management data, RE100 renewable energy physical workshops, Business Continuity Management (BCM), supply chain labor human rights, and educational training on the prevention of workplace sexual harassment and workplace bullying. In the new fiscal year, Advantech also expects to invite supplier partners to engage in in-depth, one-on-one low-carbon transition counseling. Through supplier identification, consensus building and setting, and the planning and execution of carbon-reduction projects, Advantech will provide deep counseling and track performance outcomes, looking forward to co-creating sustainable performance with

suppliers. For recent supplier improvement and capacity building results, please refer to the Advantech 2025 ESG Report Chap 2.3 Supply Chain Sustainable Management.

3.3 Biodiversity and Nature Actions

Sustainable Forestry and Green Office Practices

Advantech headquarters and major overseas business units have implemented the green office plan. We promote a paperless office environment by encouraging double-sided printing, implementing paper recycling practices, and prioritizing the use of FSC (Forest Stewardship Council)-certified sustainable paper or other recycled paper materials for office and household use. In terms of eco packaging material planning, Advantech utilizes recycled paper for all its shipping cardboard boxes and also provides FSC-certified sustainable forest cardboard boxes as a customer option to meet market requirements.

Advantech sponsored the "Taichung Dadu Tableland Ecological Afforestation Project" initiated by the Association of Taiwan Forest Restoration. The project targets the production of 6,000 saplings across 75 distinct species, with the selection encompassing over 70% of native tree species indigenous to the coastal and low-elevation hill areas of Taichung. The cultivated saplings are provided to the Taichung City Government for forest restoration and tree-planting initiatives, and are dedicated to public welfare by fulfilling the ecological afforestation requirements of relevant public sectors. The funding support is directed toward seed collection, cultivation of local native saplings, mountain forest ecological education, and sapling growth monitoring. This sponsorship program is projected to complete afforestation across 0.8 hectares, achieving a carbon sequestration potential of 1.76 metric tons. Upon actual calculation, the quantified milestones achieved are as follows:

1. Phenology and Seed Collection: A total of 166 species of seeds were collected within the Taichung region during fiscal year 2025.
2. Sapling Production: A total of 1,217 pots spanning 134 distinct species were successfully sowed in fiscal year 2025.
3. Nursery Inventory: As of the third quarter of 2025, the inventory of native saplings in the Taichung region stood at 37,936 saplings across 167 species.
4. Sapling Out-planting: A cumulative total of 18,194 saplings encompassing 192 native species from the Taichung region were successfully distributed and planted.
5. Corporate Tree-Planting and Environmental Education Events: Concluded a total of 43 sessions, engaging 3,301 participants in aggregate.
6. Ecological Education Initiatives: Organized 3 eco-tours and conducted 2 cohorts of restoration volunteer training programs throughout fiscal year 2025.
7. Media Coverage and Audiovisual Documentation: Accumulated 8 media coverage reports throughout 2025.

Symbiosis of Technology and Nature: Advantech Linkou Smart Co-Creation Campus Identifies Protected Species to Strengthen the Ecological Restoration Blueprint

The Advantech Smart Co-Creation Campus, situated in Guishan District, Taoyuan City, spans an area of approximately 3.477 hectares at an elevation of roughly 250 meters. Located within the Linkou Industrial Park III (classified under the National Spatial Planning Act as Urban and Rural Development Area Category 1), the campus serves as a critical animal and plant refuge and buffering corridor within an urbanized development zone. In 2025, Advantech initiated its first comprehensive biodiversity inventory for the Linkou Smart Co-Creation Campus—encompassing flora, mammals, avifauna, butterflies, amphibians, reptiles, and insects—with the objective of auditing biodiversity baselines and mapping out future conservation strategies.

According to the ecological survey results, the Advantech Linkou Smart Co-Creation Campus demonstrates exceptional ecological habitat quality, as validated by the discovery of *Spiranthes sinensis* (*Spiranthes* orchid), a scarce native orchid species. As a classic ecological indicator species highly sensitive to environmental alterations, the presence of *Spiranthes sinensis* reflects the campus's premium soil conditions and optimal microclimate. In terms of fauna ecology, the campus utilized infrared camera traps to record 6 mammal species, including the Formosan pangolin, masked palm civet, and Pallas's squirrel, indicating that the habitat provides excellent concealment and abundant foraging sources. Avian resources are equally prosperous, with 32 bird species observed across the entire area, of which a high proportion of 71% are native species, further establishing the campus's status as a vital sanctuary for indigenous biodiversity. The diversity of amphibians, reptiles, and insects further outlines a complete ecological food web. Although the dense frog populations in the northern forest face ecological pressures from invasive species such as the greenhouse frog (*Polypedates megacephalus*), the rich diversity of frog species supports a high-density snake ecology. Observed records include the bamboo viper, Formosan krait, Taiwan habu, and red-banded snake, demonstrating a stable natural equilibrium. Furthermore, the campus recorded 22 butterfly species along with insects such as the Japanese rhinoceros beetle, *Lucanus maculifemoratus* (*Takasago* stag beetle), and *Vespa affinis* (lesser banded hornet), collectively reaffirming the habitat integrity and high biodiversity of the campus.

Concurrently, the Advantech Linkou Smart Co-Creation Campus is dedicated to minimizing negative environmental impacts. In 2025, the campus successfully obtained the Green Building Label (Gold Rating) and the Smart Building Label (Qualified Rating) issued by the Ministry of the Interior. This honor not only recognizes the hardware engineering design of the campus but also underscores Advantech's leading capability in deeply cultivating intelligent green campuses.



Employee Environmental Education and Biodiversity Volunteer Activities

From Removal to Restoration: Advantech Empowers the Society of Wilderness with Concrete Actions to Safeguard Wetland Diversity in the Xizhi and Neihu Regions

Advantech's headquarters deeply recognizes that even within prosperous technology parks, the preservation of natural environments remains paramount to biodiversity. To actualize ecological support, Advantech has long partnered with the Society of Wilderness to safeguard the wetland ecosystems in the Neihu and Xizhi regions. This initiative places a dedicated, site-specific focus on the conservation of habitats such as Cuihu (Green Lake), Jinmianshan, and XinshanMenghu. By organizing two ecological guided tours, a four-themed volunteer enrichment curriculum, invasive species removal activities, and trail restoration initiatives, the program engaged a total of 217 participants, continuously demonstrating Advantech's tangible impact on local environmental protection.

Topic	Activity Content
Annual Ecological Guided Tours	Dagouxi Night-time Ecological Tour Neigouxi Night-time Ecological Tour
Volunteer Enrichment Curriculum	Theme I: Freshwater Fish and Water Quality Theme II: Ecological Taipei City Theme III: Landscape and Ecology Sharing of ZhoumeiWufenghang Creek Theme IV: Lepidoptera: Moths
Removal of Invasive Fish and Plant Species at XinshanMenghu	Invasive Fish Species Removal at XinshanMenghu Invasive Plant Species Removal at XinshanMenghu
Handmade Trail Maintenance at XinshanMenghu	Trail Maintenance at XinshanMenghu

Biodiversity Initiatives Across Advantech's Global Subsidiaries

Advantech US: Partnering for Global Reforestation and Ecological Resilience

Entering its second year of collaboration with the Arbor Day Foundation, Advantech US launched an afforestation initiative in commemoration of Earth Day. Advantech has committed to planting thousands of trees across damaged forests in the United States and globally, dedicated to restoring biodiversity and mitigating air pollution. This initiative not only demonstrates the enterprise's resolve to fulfill Corporate Social Responsibility (CSR) and ESG sustainability targets, but also contributes directly to climate change mitigation through tangible tree-planting actions, constructing a greener future environment.

Advantech Europe: Expanding the "Beehive Project" to Revitalize Essential Pollinator Habitats

Advantech Europe actively promotes biodiversity initiatives, having launched the "Beehive Project" adjacent to the AESC office building in 2024 to cultivate a friendly habitat for bees—an indispensable pollinator within ecosystems and food supply chains. This serves not merely as an environmental advocacy campaign, but as a workplace-anchored experiment in coexisting with nature. In 2025, the brand-new beehives were officially inaugurated, further expanding the habitat space with the aspiration of forging a safe, healthy, and vibrant environment for this species critical to ecological balance and global food security.

Advantech Brazil & Advantech India: Rooting Sustainability Commitments via Localized Ecological Actions

At Advantech, we firmly believe that sustainability is not an abstract vision, but a commitment that must be implemented step-by-step on lands across the globe. Driven by distinct social and environmental challenges from South Asia to South America, we respond to global issues through localized actions. At Advantech Brazil, we planted 25 trees to symbolize 25 years of deep regional roots, directly responding to deforestation and climate change challenges while practicing agroforestry, carbon sequestration, and community co-

prosperity. Concurrently, Advantech India stepped onto school campuses, engaging 200 schoolchildren to plant 100 saplings together—reviving the glory of the "Garden City" while sowing the seeds of environmental responsibility into the next generation.

Synthesizing Global Impacts: Climate Mitigation, Ecological Restoration, and Generational Education

These tree-planting initiatives transcend conventional carbon offsetting; they represent the concrete integration of ecological restoration, community engagement, and educational inheritance. They manifest Advantech's global commitment to steering innovation and sustainability hand in hand, continuously delivering positive impacts for the planet and human society.

Advantech China: Engaging Stakeholders Through Biodiversity-Themed Family Days

In the Shanghai region, Advantech hosted a biodiversity-themed family day under the banner of "Explore the Wonders, Unleash the Green." Over 170 Advantech employees and their families participated in a series of curated experiences, encompassing a high-energy hiking challenge, a guided biodiversity tour through a botanical greenhouse garden, and concluding with an interactive natural crafting workshop, achieving a well-rounded and successful milestone in stakeholder bonding.



Biodiversity Volunteer Services: Cultivating a Green Culture Through Action

Advantech is dedicated to transforming "environmental education" into an integral part of its corporate culture. In 2025, the Company organized as many as 43 sessions of corporate tree-planting and environmental education events, attracting 3,301 colleagues, relatives, and community members to participate collectively, thereby deeply rooting green sustainability awareness among the public. By conducting 3 immersive eco-tours and 2 cohorts of professional ecological restoration volunteer training, the project effectively transitioned conventional tree-planting activities into scientifically grounded ecological actions, fostering professional talents for Taiwan's forestry restoration. Furthermore, this initiative secured 8 media coverage reports and audiovisual documentations within the fiscal year, which not only expanded the public's awareness of native forest restoration but also enhanced Advantech's brand influence as an exemplary corporate citizen.

Advantech implements a policy granting employees 2 days of paid volunteer leave annually, and specifically designs localized "Ecological Work Holidays" tailored to each branch office location, encouraging colleagues to translate environmental sustainability awareness into tangible actions. In 2025, a total of 9 biodiversity volunteer events were held across the northern, central, and southern regions of Taiwan, encompassing mountain cleanups, trail restorations, and beach cleanups. These initiatives mobilized approximately 360 colleagues who contributed over 2,000 cumulative service hours, allowing employees to forge a deep connection with the natural environment through public welfare engagement. This series of activities not only materialized the maintenance of biodiversity but also enabled colleagues to grasp the imperative of habitat protection through hands-on practice, achieving a win-win milestone for personal experience and corporate sustainable development, while demonstrating Advantech's steadfast commitment to deep-rooting local environmental protection.

Activity name	Location	Activity theme
Earth Day - Kaohsiung: Understanding and Cleaning Mountains, Preserving the Beauty of Banping Lake Wetland	Kaohsiung City	Advantech volunteers actively engaged in local activities in Kaohsiung centered on the theme of "Understanding and Cleaning Mountains." They attended ecological guided tours at key regional wetlands, participated in site cleanups, and completed native plant identification courses. A total of 20 volunteers participated, contributing 60 cumulative service hours to enhance local ecological conservation.
Earth Day - Manyueyuan Forest Exploration X iNaturalist	New Taipei City	Anchored on the theme of Earth Day, volunteers embarked on forest immersion activities guided by professional instructors, utilizing the citizen-science application iNaturalist to log ecological observations. A total of 45 volunteers participated in tracking species, thereby driving the advancement of citizen science, elevating environmental protection awareness, and promoting platform utilization, accumulating 135 service hours in aggregate.
Earth Day - Sowing Hope by the Creek: Stepping into Dongda Creek's Ecological Timeline	Taichung City	In response to Earth Day, employees and their families were invited to immerse themselves in natural and aquatic environments to participate in ecological conservation and environmental education. The core focus was assisting in the cultivation of the native species <i>Hibiscus mutabilis</i> (Cotton Rosefriend) and understanding Taichung's distinct localized ecological characteristics. A total of 31 volunteers participated, contributing 93 cumulative service hours. This delivered tangible support to non-profit organizations for native species propagation while elevating employees' knowledge of local biodiversity.
World Oceans Day: VAST GYM Clean! Let's Go for a Passionate Beach Cleanup at Wushi Harbor!	Yilan County	Collaborating with VAST Life Taiwan, colleagues were invited to Wushi Harbor in Yilan for a beach cleanup initiative, rallied under the slogan: "Not only moving fiercely and picking diligently, but also eating heartily and playing exquisitely." A total of 25 volunteers participated in this unique beach cleanup, which refreshed their physical vitality through workouts led by fitness coaches while simultaneously improving coastal landscape cleanliness, creating a multifaceted impact beyond conventional environmental protection.
Daking Trail Restoration Volunteers	Taichung City	Commemorating World Environment Day (June 5), volunteers traveled to Taichung's Dakeng area to execute forest wooden boardwalk reconstruction, hiking trail restoration, and the installation of mountain water-diversion ditches. A total of 22 volunteers participated in the restoration campaign, dedicating 196 service hours to optimize habitat and landscape quality, supporting the sustainable management of natural resources.
Shuangxi Arboretum Trail Restoration Volunteers	Kaohsiung City	On World Environment Day (June 5) of 2025, Advantech's Kaohsiung employees assisted in trail restoration and environmental tidiness maintenance ahead of impending typhoons. This initiative successfully optimized trail conditions and fortified the park's climate adaptation resilience. A total of 22 volunteers participated in the restoration, dedicating 196 cumulative volunteer service hours.
2025 International Coastal Cleanup Day: Advantech Volunteers Beach Cleanup Action Day!	New Taipei City	Responding to International Coastal Cleanup Day, Advantech colleagues and family members joined forces in teams to collect, classify, record, and report various marine debris—including glass, PET bottles, and fishing gear fragments. A total of 100 volunteers participated, successfully removing 236 kilograms of beach waste.
Society of Wilderness X Advantech Corporate Volunteer Event	New Taipei City	Advantech partnered with the Society of Wilderness to launch a habitat maintenance volunteer action at the Wugu Wetland. Focused primarily on wetland conservation, the event guided Advantech volunteers to physically participate in invasive species removal and mudflat maintenance, enabling colleagues to internalize the critical value of wetlands through hands-on practice, collectively safeguarding northern Taiwan's precious natural resources. A total of 75 volunteers participated, contributing 225 cumulative service hours.
Kaohsiung Wild Bird Society X Advantech Corporate Volunteer Event	Kaohsiung City	Commemorating World Migratory Bird Day in 2025, Advantech collaborated with the Kaohsiung Wild Bird Society to conduct a half-day ecological volunteer service at the Niaosong Wetland. The initiative guided volunteers to deeply comprehend the diverse species and ecological landscape of Niaosong Wetland, collectively championing habitat conservation actions. A total of 20 volunteers joined the event, dedicating 60 cumulative service hours.

Metrics and Targets



4.1 Nature and Climate Performance Metrics

Climate-Related Metrics

Climate Impact and Adaptation

Category	2025 Target achievement	2026 Goals	2027 ~ 2030 Targets
Climate Change Strategy and Actions	- Elevating the Proportion of GHG Inventory and Verification at Key Overseas Operational Sites - Applying the Latest IPCC Assessment Report to Realign Climate Scenarios and Incorporate Nature-Related Risk and Opportunity Assessments, Formally Disclosing the 2024 Advantech Climate and Nature-Related Financial Disclosures Report - Updating the International Science Based Targets (SBT) to Align with the 1.5°C Scenario Toward Achieving Net-Zero Goals - Continuously Advancing the Utilization Rate of Renewable Energy Across Global Regional Business Units (RBUs) - Implementing the Internal Carbon Pricing (ICP) Carbon Fee Pilot Program, Completing Operational Mechanism Frameworks and High-Level Strategic Alignment - Leveraging AI Technologies to Formulate the Product Carbon Footprint AI Smart Platform 1.0, Integrated into Green Product Promotion Programs - Advancing Supply Chain Carbon Management Capacity-Building Programs to Empower Key Suppliers - Securing a "B" Rating in the CDP Climate Change Assessment	- Completing the Global ISO 14064 Greenhouse Gas (GHG) Inventory and Verification Project - Optimizing Global Environmental Data Management KPIs to Fortify Monitoring and Performance Tracking - Successfully Obtaining Verification for the Approved Science Based Targets (SBT) 1.5°C Net-Zero Target - Updating Net-Zero Target Pathways and Matrix Issue Management - Integrating Internal Carbon Pricing (ICP) Carbon Fee Simulations with Management Reporting to Drive Behavioral Transformation and Enhance Carbon Reduction Intensity - Strengthening Supply Chain Carbon Governance and Deploying Categorized Mentorship and Counseling Programs	- Maintaining the Global ISO14064 Greenhouse Gas (GHG) Inventory and Verification Program - Achieving the SBT 1.5°C Carbon Reduction Targets - Continuously Advancing Climate Change Mitigation and Adaptation Programs - Achieving Supply Chain Carbon Reduction Plans and Targets
GHG inventory and energy management actions	- GHG Reduction Target Achieved: 2025 Corporate-wide GHG Emission Intensity Decreased by 42% Compared to 2019, and by 20% Compared to 2024 - Renewable Energy Target Not Achieved (Target: 20%): Renewable Energy Utilization Across Global Major Manufacturing Sites Reached 18%; Regional Business Units (RBUs) Continuously Advance Renewable Energy Utilization Rates - Energy Reduction Target Achieved: Per Capita Office Electricity Consumption Decreased by 3% Compared to 2024; Manufacturing Site Electricity Consumption Per Unit of Working Hour Decreased by 10% Compared to 2024 - Secured a "B" Rating in the 2025 CDP Climate Change Questionnaire - Further Expanded GHG Inventory and ISO 14064-1 Verification to Include Advantech Europe (AESC) in 2025 - Advantech Taiwan and Kunshan Manufacturing Sites Successfully Maintained the Validity of ISO 50001 Certificates throughout 2025	- Renewable Energy Target: Continuously Elevating the Renewable Energy Utilization Rate Across Advantech's Global Manufacturing Sites to Reach 24% - Greenhouse Gas Target: Advantech's Corporate-wide Scope 1 and Scope 2 GHG Emission Intensity Aims for a 21% Reduction Compared to 2022 - Energy Reduction Target: Global Manufacturing Sites' Electricity Consumption Intensity Aims for a 6% Reduction Compared to 2024 - Maintaining the Validity of the ISO 50001 Certification	2030 Renewable energy targets: Achieve 50% renewable energy usage in Taiwan and Kunshan 2030 GHG targets: Scope 1 and 2 carbon intensity decrease by 42%; Scope 3 product use carbon intensity decrease by 51.6% - Energy Reduction Target: Energy Intensity Across Manufacturing Sites Aims for a 10% Reduction Compared to 2024

Nature-Related Metrics

Green design and product sustainability

Category	2025 Target achievement	2026 Goals	2027 ~ 2030 Targets
Green design and sustainability liability of product	- Achieved that 100% of raw materials comply with international environmental protection regulations and Advantech Regulated Substance Standards 87.07% of new green design products attained Silver medal - The revenue share of mass-produced products achieving green design product Silver Medal/Advantech Energy Saving Seal for the entire year reaches 18.73% - Specific Product Lines – New products complying with Energy Star requirements or obtaining the internal Green Energy Gold Label to reach 40%. 100% integration of Software Utilities into Windows OS Images for new products within specific x86 product lines	- Continuously ensure that 100% of raw materials comply with international environmental protection regulations and Advantech Regulated Substance Standards - Over 90% of new green design products achieve Silver medal - Mass-produced products achieve Silver Medal for green design products/Advantech Energy Saving Seal, accounting for 20% of annual revenue - Achieve a 5% integration rate for new products earning the internal Green Energy Gold Label. - Promote the integration and application of recycled materials within specific products, elevating products utilizing recycled materials to account for 10% of total new products	- Continuously ensure that 100% of raw materials comply with international environmental protection regulations and Advantech Regulated Substance Standards - Achieve a 30% integration rate for new products earning the internal Green Energy Gold Label, and a 100% integration rate for the Silver Label (excluding certain specific models) - Mass-produced products achieve Silver Medal for green design products/Advantech Energy Saving Seal, accounting for 40% of annual revenue - Continuously promote the integration and application of recycled materials within specific products, elevating products utilizing recycled materials to account for 50% of total new products
Waste management and circular economy	- Establishing a Recycled Material Management Mechanism Within the Supplier Management Platform, and Introducing Recycled Raw Materials for Corporate Product Design Evaluation - Achieving a 90% Waste Diversion Rate at the Kunshan Manufacturing Site, Securing the Highest UL 2799 Platinum Certification; Reaching 81% at the Linkou Campus, Which, Competes Well by Marking a 17% Increase Compared to 2024 Despite Not Yet Attaining the 90% Target - Executing Green Procurement Initiatives via ACL (e.g., Eco-Label Products, Recycled Plastic Pellet Products), Reaching a Total Expenditure of NT\$ 78.45 Million - Reaching a 95% Recycling and Reuse Rate for Outsourced Industrial Waste Management Across Advantech's Major Operational Sites and Manufacturing Campuses in 2025, alongside a 5% Incineration Rate and a 0% Landfill Disposal Rate	- Setting Recycled Material Proportions for Mechanism Casings of Green Energy Gold Label Products to Reach 30% for Recycled Plastics and 10% for Recycled Metals, Varying by Material Composition - Promoting the Integration and Application of Recycled Materials Within Specific Products, Elevating Products Utilizing Recycled Materials to Account for 10% of Total New Products - Comprehensively Overhauling Short, Medium, and Long-Term Targets for Sustainable Packaging, Prioritizing and Requiring the Utilization of Sustainable Materials for Product Packaging - Continuously Advancing Green Procurement Programs (e.g., Eco-Label Products, Recycled Materials) - Targeting a 90% Waste Diversion Rate Across Both the Linkou Campus and Kunshan Manufacturing Site - Maintaining a 0% Landfill Disposal Rate Across Advantech's Major Operational Sites and Manufacturing Campuses	- Setting Recycled Material Proportions for Product Structural Components of Green Energy Gold Label Products to Reach 50% for Recycled Plastics, 20% for Steel/Iron, and 80% for Aluminum, Varying by Material Composition - Promoting the Integration and Application of Recycled Materials Within Specific Products, Elevating Products Utilizing Recycled Materials to Account for 50% of Total New Products - Sustaining the Implementation of Green Procurement Programs (e.g., Eco-Label Products, Recycled Materials) - Achieving a 90% Waste Diversion Rate Across Advantech's Global Manufacturing Sites - Securing a Permanent 0% Landfill Disposal Rate Across Advantech's Major Operational Sites and Manufacturing Campuses

Supplier Impact and Adaptation

Category	2025 Target achievement	2026 Goals	2027 ~ 2030 Targets
Supplier Due Diligence	100% achievement of the 2025 targets: 100% of Tier 1 suppliers comply with Advantech's Supplier Code of Conduct - None of the strategic suppliers use conflict minerals - Expanded the annual ESG audit boundary to successfully cover 60% of Tier 1 suppliers. 100% completion of significant supplier deficiency improvement - Secured a 100% GHG inventory completion rate across all identified high-carbon emission suppliers	100% of Tier 1 suppliers comply with Advantech's Supplier Code of Conduct - None of the strategic suppliers use conflict minerals 100% completion of significant supplier deficiency improvement - Driving 60% of high-carbon emission suppliers to successfully secure third-party external verification for their GHG inventories. - Extending carbon governance deeper into the value chain, targeting a 100% GHG inventory completion rate for material-level suppliers	100% of Tier 1 suppliers comply with Advantech's Supplier Code of Conduct - None of the strategic suppliers use conflict minerals - Expand the scope of the annual ESG audit to reach 80% of tier 1 suppliers and ensure that 100% of the deficiencies of significant suppliers are addressed 100% of strategic suppliers complete the GHG inventory

4.2 Future Outlook

Conclusion & Future Action Directions

Climate change and biodiversity loss have become the two major global challenges. For Advantech, this is not only a matter of social responsibility, but also an opportunity to drive innovation and sustainable development. As a leading IoT technology and solutions provider, Advantech sees global challenges like climate change and biodiversity protection as areas where technology innovation can deliver meaningful impact.

Supporting Advantech's Sustainability Vision: Enabling an Intelligent and Sustainable Planet. We closely anchor our strategies to the twin-axis transformation of "Edge AI" and "Green Products," translating intelligent technology into tangible drivers for carbon mitigation and climate adaptation. Advantech referenced the EU Taxonomy framework to actively pioneer and identify solutions that contribute to climate change mitigation and sustainability across various application scenarios, such as smart cities, smart transportation, smart healthcare, and smart factories. In particular, as the AI era unfolds, Advantech will continue advancing intelligent and energy-efficient technologies and solutions. In the manufacturing sector, Advantech's smart factory solutions can assist industries in executing data-driven optimization, reducing environmental burden while enhancing operational performance. Also, through IoT technology, Advantech's solutions allow for the implementation of environmental monitoring systems, helping enterprises accurately track changes in environmental indicators such as air and water quality, facilitating early warnings and timely action.

To comprehensively deepen our governance over climate transition and natural capital, Advantech strictly aligns with science-based decarbonization pathways and the TNFD-recommended LEAP methodology, upgrading our

sustainability strategy from passive defensive mitigation to the positive contributions of "decarbonized operations" and "proactive ecological restoration." Moving forward, we will continuously deploy our proprietary Product Carbon Footprint AI Smart Platform and Internal Carbon Pricing (ICP) mechanisms to refine low-carbon innovation at the source and accelerate the integration of recycled raw materials. Concurrently, we will advance renewable energy power purchase agreements (PPAs) and green power wheeling across global sites, reinforcing the energy management resilience of our overseas manufacturing hubs. In terms of ecological conservation, Advantech leverages smart sensors and big data analytics to conduct real-time ecological monitoring. Internally, we implement eco-friendly measures targeting rare and protected species discovered across our operational boundaries, such as the Linkou Campus, integrating IoT technology to transform our green building facilities into environmental education hubs. Externally, we drive forest restoration, localized biodiversity initiatives across overseas subsidiaries, and sustainable procurement. Facing value-chain challenges, we will fully operationalize conflict mineral investigations, sustainability risk assessments, and tiered mentorship programs tailored to our suppliers' specific natural and climate risk profiles, cooperating with global partners to co-create an ecologically resilient and responsible supply chain.

This is Advantech's second report combining climate and nature-related disclosures, anchoring our commitment to establish a robust governance workflow that fully aligns with international disclosure standards. We will continue to keep abreast of the latest international frameworks, and actively engage with internal and external stakeholders, prioritizing our efforts to translate complex sustainability terminology into clear, actionable initiatives. Through technology empowerment, Advantech will reinforce participation among employees, customers, investors, local communities, and supply chain partners, collectively driving ecological resilience to co-create an intelligent green and sustainable future.

Appendix

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	B. Management's role in assessing and managing climate risks and opportunities	1.2 Governance Structure: Nature and Climate Governance and Management Structure	17
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