

**Advantech Co., Ltd.**  
**Ethical Corporate Management Best Practice Principles**

**Article 1 Purpose and Scope**

Integrity is a core value of Advantech Co., Ltd. (hereafter referred to as “the Company”). These Principles are hereby adopted to foster a corporate culture of ethical management and sound development, and to offer a reference framework for establishing good commercial practices.

These Principles are applicable to the Company and its subsidiaries.

**Article 2 Prohibition of Unethical Conduct**

When engaging in commercial activities, directors, managers, employees, and mandataries of TWSE/GTSM listed companies or persons having substantial control over such companies (“substantial controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits (hereinafter referred to as “unethical conduct”).

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, substantial controllers or other stakeholders.

**Article 3 Definition of Benefits**

“Benefits” set forth in these Principles shall refer to any valuable things, including but not limited to money, endowments, commissions, positions, services, preferential treatment, rebates, or goods of any form, such as vouchers, equities, and bonds. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

**Article 4 Compliance**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

**Article Policy**

The Company shall abide by the operational philosophies of honesty, transparency, and responsibility and base policies on the principle of integrity in order to establish effective corporate governance and risk control and management mechanisms that facilitate the creation of an operational environment for sustainable development.

**Article 6 Prevention Programs**

For the purpose of implementing the aforementioned philosophies and policies, the Company shall establish the “Advantech Business Conduct,” which guides the Company’s employees to comply with ethical standards and expressly indicates that the Company’s business activities do not contradict the interests of society.

#### **Article 7 Scope of Prevention Programs**

When establishing prevention programs, the Company shall analyze business activities within their business scope which are possibly at a higher risk of involving unethical conduct, and shall strengthen the preventive measures.

The prevention programs adopted by the Company shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable gifts, hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Inflicting damage, directly or indirectly, to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

#### **Article 8 Commitment and Fulfillment**

The Company and its subsidiaries shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment of its Board of Directors and the management to the rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

#### **Article 9 Ethical Commercial Activities**

The Company shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

#### **Article 10 Prohibition of Offering and Acceptance of Bribes**

When conducting business, the Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer, promise to offer, request, or accept improper benefits in any form, including rebates, commissions, and facilitation methods, or through other means, to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. This provision, however, shall not apply to benefits received or given in accordance with the laws of the place of business.

#### **Article 11 Prohibition of Illegal Political Donations**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with the Political Donations Act and the company's internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### **Article 12 Prohibition of Improper Charitable Donations or Sponsorships**

When making or offering donations or sponsorships, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws, regulations, and internal operational procedures and shall not surreptitiously engage in bribery.

#### **Article 13 Prohibition of Unreasonable Gifts, Hospitality, or Other Improper Benefits**

The Company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable gifts, hospitality, or other improper benefits to establish business relationships or influence commercial transactions.

#### **Article 14 Compliance with Intellectual Property Laws**

The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

#### **Article 15 Product and Service Quality Commitment**

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its directors, managers, employees, mandataries, and substantial controllers shall abide by applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their business activities, in order to prevent their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

#### **Article 16 Organization and Responsibilities**

The Company's directors, managers, employees, mandataries, and substantial controllers shall exercise the due care of good administrators, urge the company to prevent unethical conduct, and at any time, review the effectiveness of the preventive measures and continually make improvements so as to ensure the implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company's Human Resource Department and Legal Department shall be in charge of establishing ethical corporate management policies, and the Audit Department shall be responsible for supervising the implementation of these policies and report to the Board of Directors on a regular basis.

#### **Article 17 Compliance in Business Performance**

The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply laws and regulations and the prevention programs when conducting business.

#### **Article 18 Avoidance of Conflicts of Interest for Directors and Managers**

In accordance with the Company's Code of Conduct, the Company shall provide appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the company.

The Company's directors shall uphold a high level of self-discipline. When a proposal at a given Board of Directors meeting concerns the personal interest of or the interest of the juristic person represented by any of the directors, and if the participation of the concerned person is likely to prejudice the interest of the Company, the concerned person may express his or her opinions and answer questions, but he or she may not participate in discussion or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall also practice self-discipline and shall not support one another in improper dealings.

The Company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

#### **Article 19 Accounting and Internal Control**

For business activities which are possibly at a higher risk of involving unethical conduct, the Company shall establish effective accounting systems and internal control systems and conduct reviews regularly so as to ensure that the design and enforcement of the systems are continuously effective.

The Company's internal auditors shall examine the company's compliance with the aforementioned systems and prepare audit reports for the Board of Directors.

#### **Article 20 Training and Assessment**

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers, and invite the Company's commercial transaction counterparties so that they fully understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs, and the consequences of unethical conduct.

### **Article 21 Whistleblowing and Disciplinary Actions**

The Company shall provide a legitimate whistleblowing channel and ensure the confidentiality of the identity of whistle-blowers and the content of reported cases. The Company shall adopt a disciplinary and appeal system for handling violations of the ethical corporate management rules.

### **Article 22 Information Disclosure**

The Company shall disclose the implementation status of its ethical corporate management best practice principles on the Company's website, in annual reports, and prospectuses.

### **Article 23 Review and Revision of the Principles**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies will be reviewed and improved to improve the effectiveness of the company's ethical management.

### **Article 24 Supplementary Provisions**

These Principles, and any amendments thereof, shall be implemented following the approval of the Board of Directors.

### **Article 25**

These Principles were established on March 6, 2015.  
Amendment 1 was made on March 6, 2017.

