

Chapter 01

Operational Governance

Focusing on the provision of quality products and services, and committed to enhancing the trust of customers and stakeholders, Clevo is determined to become a leading pioneer in the industry. Pursuing innovation under stable corporate governance and continuously creating more value for customers has always been the primary goal of Clevo.

Since its establishment in 1983, Clevo has been continuously investing in the research and development of high-tech products. Especially in the gaming laptop export market, we have accumulated abundant experience and outstanding results. Not only have we won many awards, but we have also been recognized by our customers around the world.

Clevo has crossed the 40th anniversary milestone. In collaboration with employees, customers, suppliers, and other partners, we have witnessed the Company's growth and prosperity. Clevo is committed to operating with integrity and creating a positive, virtuous and honest corporate culture for all employees. In the ever-changing global environment, Clevo has maintained its flexible ability to adapt to the times and actively face challenges and difficulties. We expect the Company to overcome the obstacles and fly high against the winds in the face of various challenges, and to create new peaks in its growth curve.

Performance Highlights

Regarding the external evaluation of the Board of Directors, the average score of the 7 directors is 4.95 (out of 5), and the evaluation results show that the Company's operation as well as the financial and auditing management directions are clear.

The corporate governance evaluation score in 2023 was 96.71. In recent years, the score has continued to grow, and the Company has remained in the top 6%-20% of listed companies for 4 consecutive years.

We have passed the Grade A certification of Taiwan Intellectual Property Management System (TIPS).

We have been constantly selected as "Taiwan Corporate Governance 100 Index, MSCI (Morgan Stanley Captain International Index)" constituent stocks.

Association with SDGs

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



1.1 About Clevo

Clevo mainly manufactures and sells laptop and is a global leader in the laptop computer OEM industry. From R&D, design, and production of portable computers and related products to B2B and post-sales services, the Company's business covers a wide range of areas. The Company focuses on the development of a variety of laptop products. Its product strategy focuses on "mainstream" laptops, "commercial" laptops, "gaming" laptops, "creator" laptops, "energy-saving, long-lasting, and eco-friendly" laptops and this year's newly developed "AI" laptops.

The laptop industry has been continuously impacted and challenged in recent years due to changes in the hybrid working environment, the development trend of edge computing products, the fragmentation effect of environmental protection, and geopolitical supply chains. The Company pursues a strategy of deeply cultivating blue ocean niches and quality prioritization. In addition to continuing to customize products for different regions or countries with market competitiveness, we also collaborate with international major manufacturers to develop products that meet market expectations and continue to deepen the blue ocean market. By doing so, we have not only improved our profitability, but have also won a number of awards and recognitions around the world.

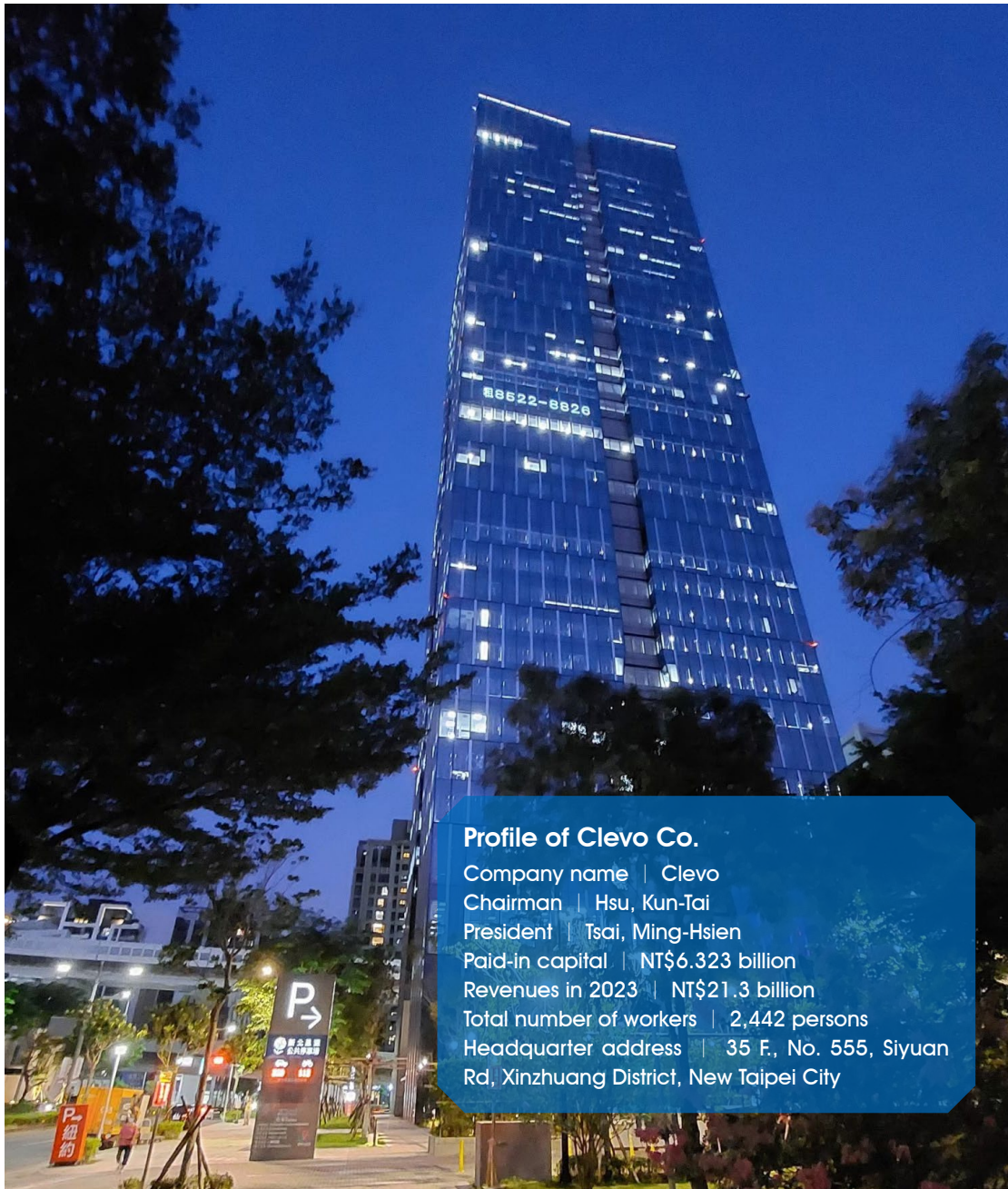
With its professional attitude and technology, Clevo has been able to stand out in the highly competitive market by constantly exploring new markets and expanding its customer base; it is leading the future development of the laptop industry and has become a long-term trusted partner for its customers. In 2023, although global laptop shipments were hit by inflation and fell to 166 million units (annual decline of 10.8%), the Company's shipments grew 4% year-on-year to 1.68 million units, and its revenue reached NT\$21.3 billion (annual increase of 13%), which was the second highest performance in years.

Clevo Group has been actively investing in Buynow IT shopping malls since 1998. Buynow, Clevo's technology retailers in China, now has 18 shopping malls. With the rapid development of e-commerce in the Chinese market, the Company is committed to integrating Buynow Malls into a comprehensive platform that combines the six elements of "Technology, Intelligence, Fashion, Creativity, Fun and Experience." In addition, 5G applications and big data are introduced to build a brand new experiential technology smart plaza centered on consumers. At the same time, we continue to strengthen our online and offline integration, cooperate with internationally renowned brands in depth along with new entertainment modes, such as video clips and live broadcasting, thereby attracting more customers. Currently it has become a leading brand in China's technology shopping mall chain and will continue to promote the development of the technology retail industry.

In 2023, China's economy gradually recovered after the COVID-19 lockdown, and the total retail sales of consumer goods increased by 7.2% compared to the previous year. Buynow Plaza actively responded to the consumption promotion policy and expanded the number and scale of post-pandemic marketing activities. The annual rental income was CNY 695 million, an annual increase of 3%.

In addition, to achieve the "Taiwan 2050 net zero roadmap," Clevo actively participates in the development of green energy industries promoted by the syndicate of banks. Sustainability indicators are included in the credit conditions, and corporate governance assessment and social welfare indicators are complied with. At the same time, interest rate concessions are offered based on environmental sustainability indicators such as greenhouse gas emissions and kilowatt-

hours of green energy generation. By doing all these, the emphasis of Clevo on sustainable finance can be demonstrated. The Company will continue to take on its corporate social responsibility by providing open and transparent information and strictly complying with the rules and regulations related to ethical management and the relevant laws and regulations of each operating location, in order to contribute to the sustainable development of Taiwan in the future.



Profile of Clevo Co.

Company name | Clevo
Chairman | Hsu, Kun-Tai
President | Tsai, Ming-Hsien
Paid-in capital | NT\$6.323 billion
Revenues in 2023 | NT\$21.3 billion
Total number of workers | 2,442 persons
Headquarter address | 35 F., No. 555, Siyuan Rd, Xinzhuang District, New Taipei City

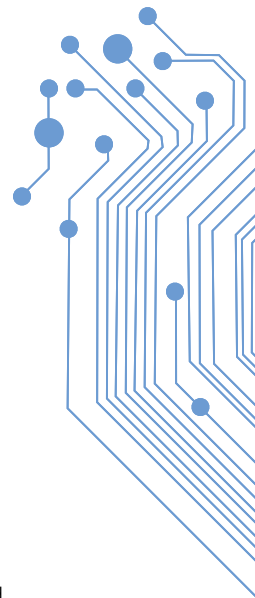
Note: Clevo Group consists of the Notebook business group (Taipei headquarters and Kunshan plant) and the Buynow business group.

1.1.1 Corporate History

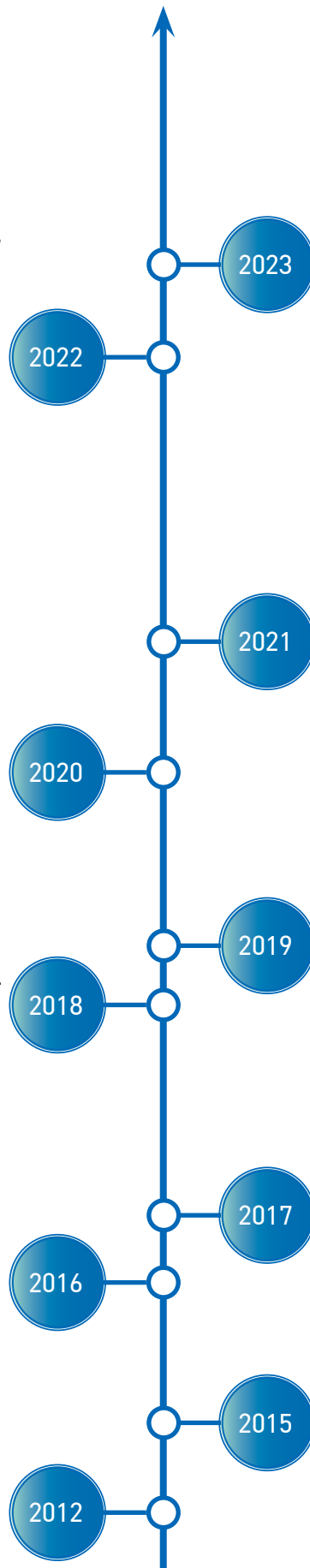
- Established a Keyboard Department and constructed a keyboard plant on Yongji Road. Annual sales increased significantly to NT\$101,313,069.
- Completed development of keyboards for IBM XT/AT computers and compatibles and began mass production and sale.
- Completed development and design of 286-based laptop computers ahead of peers.
- Completed development and design of Taiwan's first 286 and 386SX laptop computers ahead of peers and was the first manufacturer in Taiwan to pass FCC certification.
- The Company's shares were approved for public offering by the Securities Commission, Ministry of Finance.
- Shares were approved for trading on Taipei Exchange.
- Shares were listed for trading on Taiwan Stock Exchange Corporation on April 2.
- Developed 5101 series, the world's largest 3-SPINDLE laptop computer
- Moved all production lines of Sanchong Plant to Kunshan.
- Kapok Computer (Kunshan) Co., Ltd. passed certification for ISO-14001
- Shipment volume of Kapok Computer (Kunshan) Co., Ltd. reached 80,000 units a month, a record-high level since plant relocation, and continued to improve in production capacity.
- Clevo Co. was incorporated on Section 3, Zhongxiao East Road, to sell computer power supply and keyboards.
- Changed organization to Company limited by shares.
- Established a PC Department and constructed a PC plant in Xizhi.
- Successfully developed keyboards for laptop computers; completed the design and commenced mass production of VGA laptops. The Company was also successful in the development of 386SX laptop computers.
- Founded Clevo Co. (USA) in the U.S. and Europe Office in Germany to create a worldwide distribution network.
- Founded Clevo Co. (France) in France to further expand the overseas distribution network.
- Passed certification for ISO-9002 Quality Management System.
- Shares were listed for trading on Taipei Exchange on March 4.
- Passed certification for ISO-9001 Quality Management System, and adopted more rigorous control over product quality starting from the R&D stage.
- Buynow, a PC hardware mall under Clevo Co. (Nanjing), was opened for business.
- Developed 8880 series, the world's first 5-SPINDLE model that supports P4 WILLAMETTE2G CPU.
- Founded Kapok Computer (Kunshan) Co., Ltd. for the planning and coordination of manufacturing activities in the Mainland China.
- Buynow (Guangzhou) opened for business, and became the largest Buynow branch at the time with a total floor space of 38,539.89 square meters.
- Buynow (Guangzhou) received in-store visitors of more than 100,000 a day, while visitor count across all 13 Buynow stores achieved new height and exceeded 500,000.
- Laptop sales reached a record-high level at NT\$1.76 billion.

2023 ESG REPORT

Environment / Social / Governance



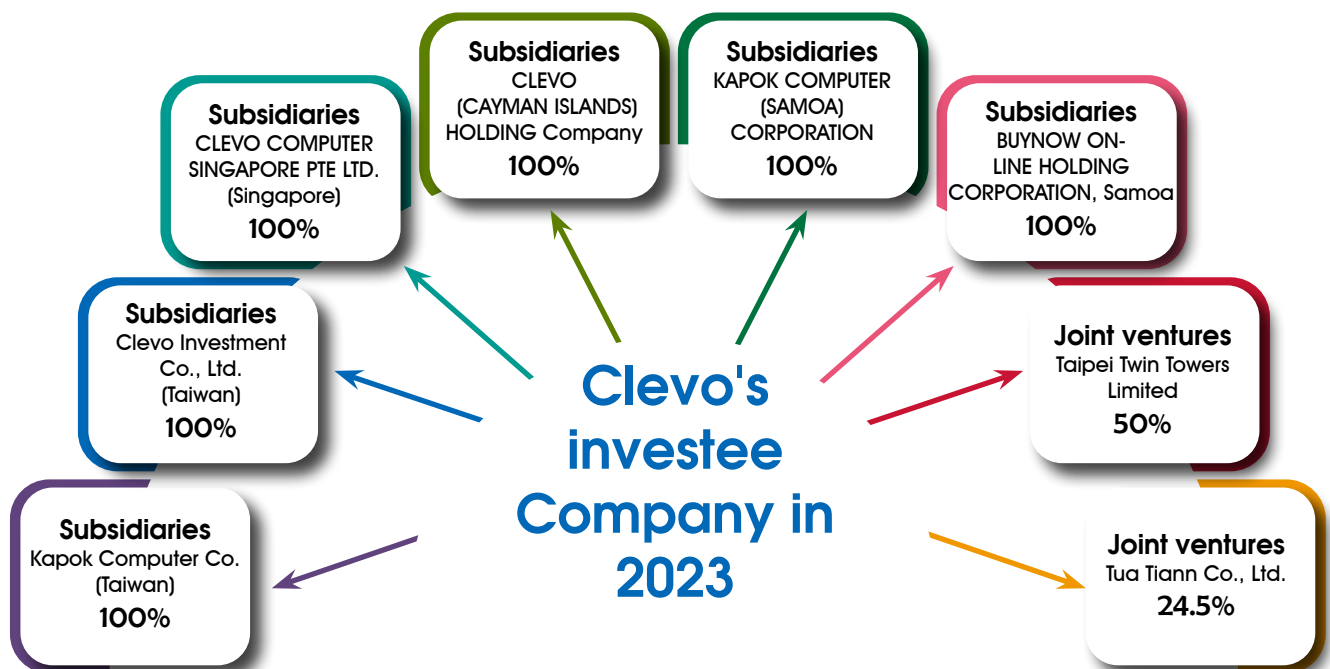
- Global Views Monthly announced the top 100 evergreen heritage stocks of listed companies in Taiwan that have been established for over 30 years, and Clevo Group ranked 62 on the list.
- The 2022 corporate governance evaluation results showed that the Company remained in the top 6%–20% of listed companies, reaching the top level for three consecutive years.
- Selected as a Taiwan Stock Exchange "Taiwan Corporate Governance 100 Index" constituent stock.
- In July 2022, the Company entered into a joint venture with Kindom Construction Corp. and Hua Tai Investment to establish "Tua Tiann Co., Ltd.," which is responsible for signing and implementing the "Taipei Main Station Designated Area E1E2 Street Profile Public Urban Renewal Investment Proposal" with the Taipei Urban Regeneration Center.
- The Taipei Twin Towers development project construction ceremony kicked off on November 11, 2022.
- During the 2020 corporate governance evaluation results, our ranking among the listed companies in the electronic category with a market value of over NT\$10 billion jumped from the third tier to the second tier, showing excellent performance improvement.
- Chicony and Clevo Group ranked 44th in CommonWealth Magazine's Top-50 Groups 2020.
- The Company moved up in the 4th corporate governance evaluation from the 6th tier to the top-3 tier, indicating exceptional performance improvement.
- Equity ownership and management of Buynow Wuhan Branch were transferred over to Chicony Square.
- Chicony Dezhou Branch and Shantou Branch opened for business.
- Harvard Business Review published the outcome of Best-Performing CEOs in Taiwan 2016. Hsu, Kun-Tai, chairman of affiliated enterprise - Chicony Electronics, was ranked 24th overall and 1st in the electronic components division among the top 50.
- Hyatt Place Luoyang opened for business.
- Buynow Shanghai Xuhui Branch re-opened as the first technology and smart solutions mall in Mainland China, offering a more comprehensive range of services to consumers.
- A memorandum of understanding for industry-academia collaboration was signed with the National Taipei University of Technology.



- On March 30, 2023, an agreement of five-year joint credit line of NT\$ 7.2 billion was signed.
- In the 2023 corporate governance evaluation results, we have been rated as the second tier of 6%-20% of listed companies for four consecutive years.
- In 2023, a new AI laptop was developed with built-in AI, which can perform generative AI on a computer itself.
- We have passed the Grade A certification of Taiwan Intellectual Property Management System (TIPS).
- The 2021 corporate governance evaluation results indicated that we have maintained the top 6%-20% among the listed companies.
- The Company sold the Sanchong plant at NT\$4.1 billion and will continue to activate the real estate and other assets held.
- Individual revenue reached NT\$22,839,008 thousand in 2021, a record high.
- The Company maintained its standing in the 3rd tier during the 5th corporate governance evaluation.
- Buynow sold properties held in Chicony Industry (Wuhan) Co., Ltd.
- Subsidiary - Lunaria Investment GK sold real estate properties in Japan.
- Taipei Twin Towers Limited, one of the Company's investees, signed an investment contract with the Taipei City Department of Rapid Transit Systems for "Development of Taipei Main Station Designated Land Area C1/D1 (Eastern Block)," in which the Company acquired a 50% investment stake.
- Published the first sustainability report.
- Chicony Square Xian Branch opened for business.
- Clevo's Laptop models P651SG and P750ZM were rated the No. 1 choice for Lightweight Gaming and Workstation, respectively, on NOTEBOOKCHECK.NET in Europe, ahead of machines from all other brands worldwide.
- The Company received A-rating during the 12th information disclosure evaluation for TWSE and TPEX listed companies.

1.1.2 Business Investments

Product R&D and production are the focus of Clevo's continuous improvement of laptop computers. In addition to the laptop market, the Company is also actively engaged in the Chinese market to realize diversified operations and develop upstream and downstream markets. Relying on the IT manufacturing and sales experience accumulated over the years, we are actively expanding the IT channels of Buynow to enlarge the production and sales value of laptop computers, and pursuing the greatest benefits in response to the expectations of shareholders and other stakeholders on Clevo. For underperforming shopping malls, Buynow plans to sell or lease out the entire buildings under the supervision of Clevo Taiwan in order to revitalize the assets. In addition, regarding the capital increase programs of Taipei Twin Towers Limited and Tua Tiann Co., Ltd. for joint ventures, we will proceed with the progress of the two major development projects, "Development of Taipei Main Station Designated Land Area C1D1 (Eastern Block)" and "Taipei Main Station Designated Area E1E2 Street Profile Public Urban Renewal Investment Proposal."



1.1.3 External Participation

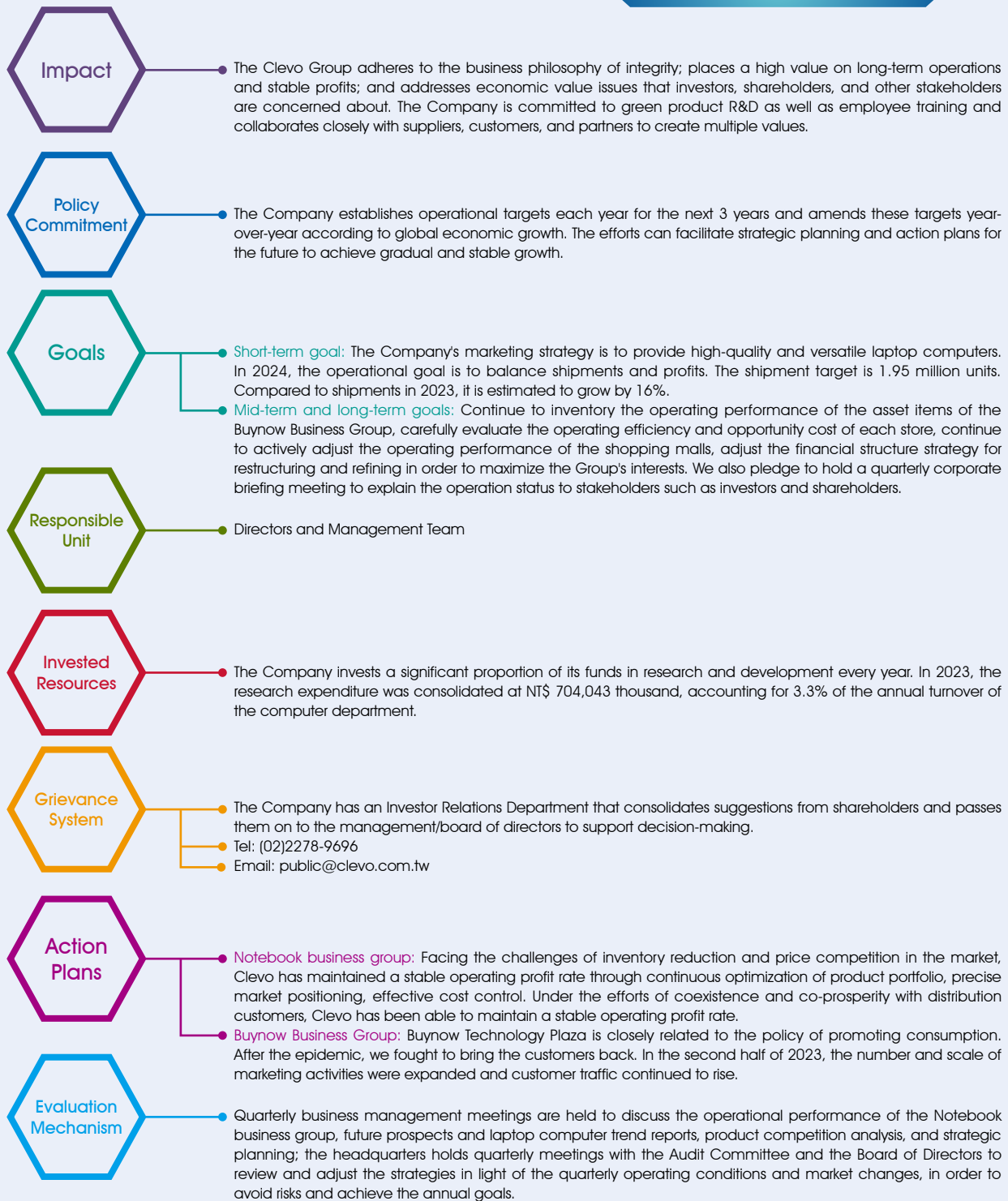
Clevo actively participates in industry-related associations to foster the exchange of industry trends. Through participation in industrial professional experience sharing and market information exchanges, we develop mutual assistance, cooperation and co-prosperity relationships with our peers, thereby grasping industry trends to enhance our expertise and competitiveness.

External Organizations that Clevo had Taken Part in 2023

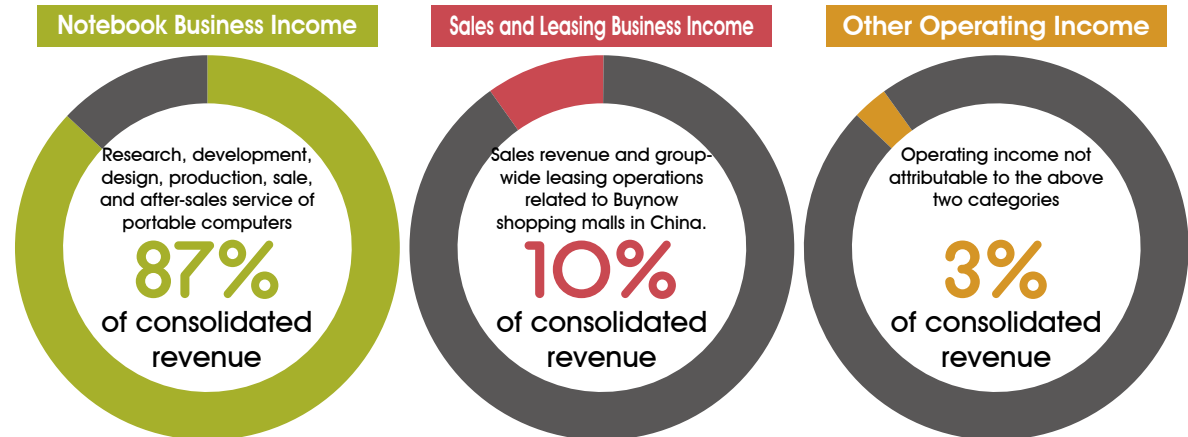


1.2 Economic Performance

Material topics: Economic Performance



Clevo's Main Operating Income



Clevo's Operating Performance in the Last 3 Years is as Follows:

(Unit: NT\$ Thousand)

Item	2021	2022	2023
Operating Revenue	26,991,842	22,196,860	24,379,753
Operating costs	(21,676,266)	(17,257,626)	(19,494,238)
Operating margin	5,315,576	4,939,234	4,885,515
Operating expenses	(3,225,737)	(3,020,427)	(3,151,809)
Interest revenue	18,191	67,691	238,056
Other revenue	231,626	219,210	137,044
Finance cost	(638,943)	(741,236)	(833,885)
Other gains and losses	371,554	(288,498)	(132,847)
Share of profit or loss of associates & joint ventures accounted for using equity method	178,579	(284,436)	(39,972)
Income tax expenses	(454,496)	(67,012)	(42,012)
Current net income	1,796,350	824,526	1,060,090
Earnings per share (\$)	3.03	1.41	1.81
Additional supplementary information			
Cash dividends paid	357,130	1,228,952	877,824
Payments to government	339,767	378,898	482,042
Community investment	2,530	2,020	2,120
Employee welfare expenses	2,355,365	2,045,363	2,082,266

Note 1: In 2023, the Company applied to the Labor Insurance Bureau for a NT\$27.7 thousand salary subsidy for "pregnancy checkup accommodation and paternity leaves" and "pregnancy checkup leave." It also applied to the government for investment tax credits, and NT\$30,674 thousand was declared.

Note 2: The data for 2021 and 2022 are revised due to the adjustment of the calculation method for the current year.

Clevo takes integrity and responsibility as the cornerstone of its operation, and is not stingy in sharing the results of its operations with its employees and shareholders. It also actively participates in community investment, pays taxes and donates truthfully, and is attentive to the interests of all parties involved. Not only does it reinforce the trust between the Company and its stakeholders, but it also demonstrates Clevo's responsibility and accountability to the community.

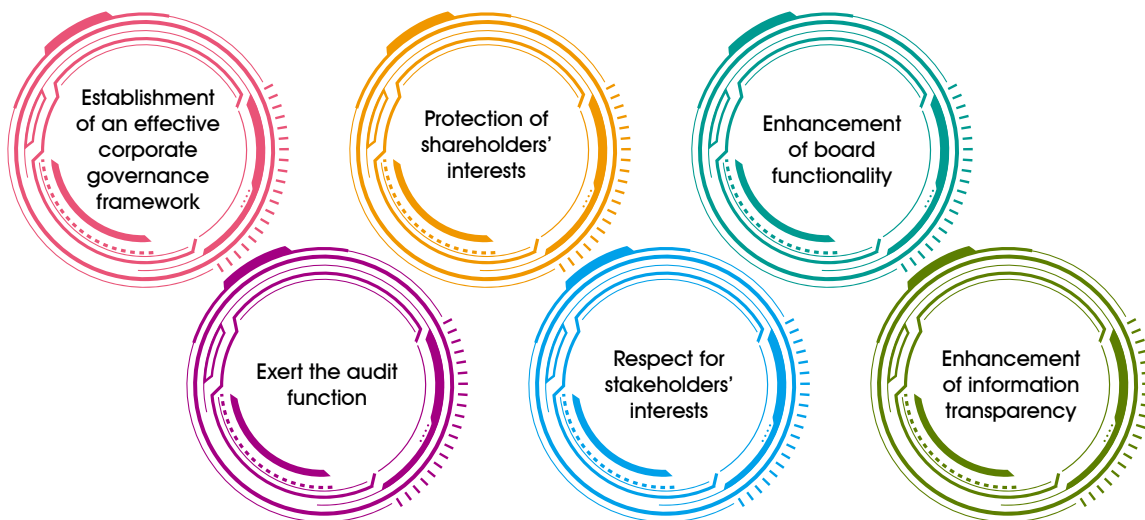
According to the IMF report, the global real GDP growth in 2023 was 3.1%. Although there are still many challenges such as geopolitical tension and tightening monetary policy, the factors on both the demand and

supply sides support the growth of major economies. The global laptop industry has been deeply affected by the high inflation. The shipments declined by 10.8% year-on-year, but the severity of the decline became more moderate than in the previous year. Taking an overview, against the backdrop of a challenging global economic recovery, the Group's consolidated operating revenue for the year amounted to NT\$24.4 billion, representing an annual growth rate of 9.8% and the highest annual revenue in its history. Every year, Clevo evaluates the fiscal year's performance and establishes operational targets to support the Company's sustainable development.

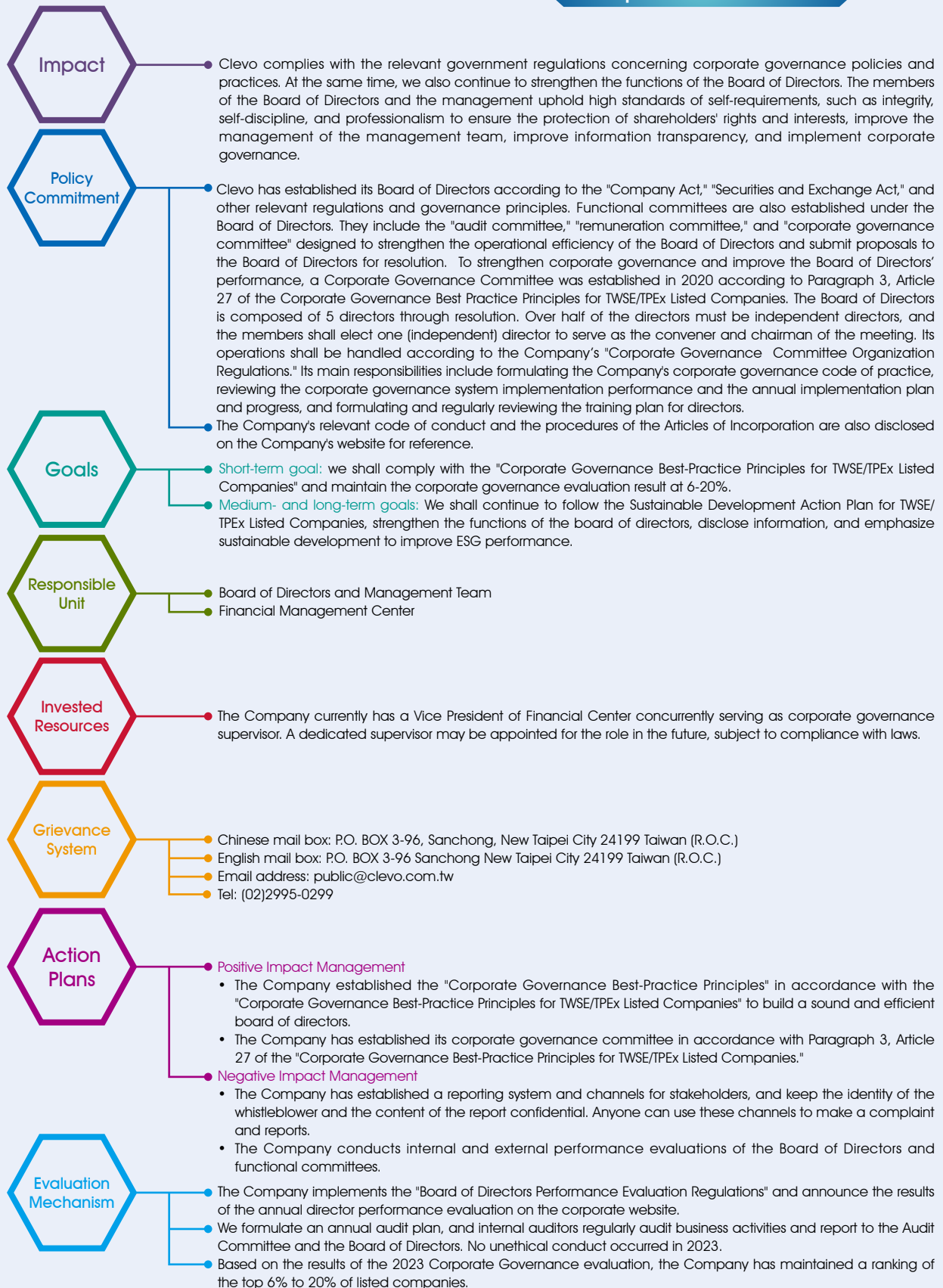
1.3 Sustainable Governance

Sustainable management is the corporate governance foundation upon which Clevo actively practices. The Company actively seeks feedback and suggestions from stakeholders. Therefore, we actively establish good communication channels with all stakeholders and share the Company's sustainable development achievements with stakeholders in an effort to embed the spirit of corporate citizenship in the hearts and minds of all my employees. Clevo has made every effort to create a transparent and benevolent corporate culture by establishing a solid foundation for corporate governance. Therefore, Clevo regards the six principles of corporate sustainable management as the core principles of corporate operations, so that the Company can continue to operate.

Six Principles of Clevo Sustainable Management



Material topic: Corporate Governance

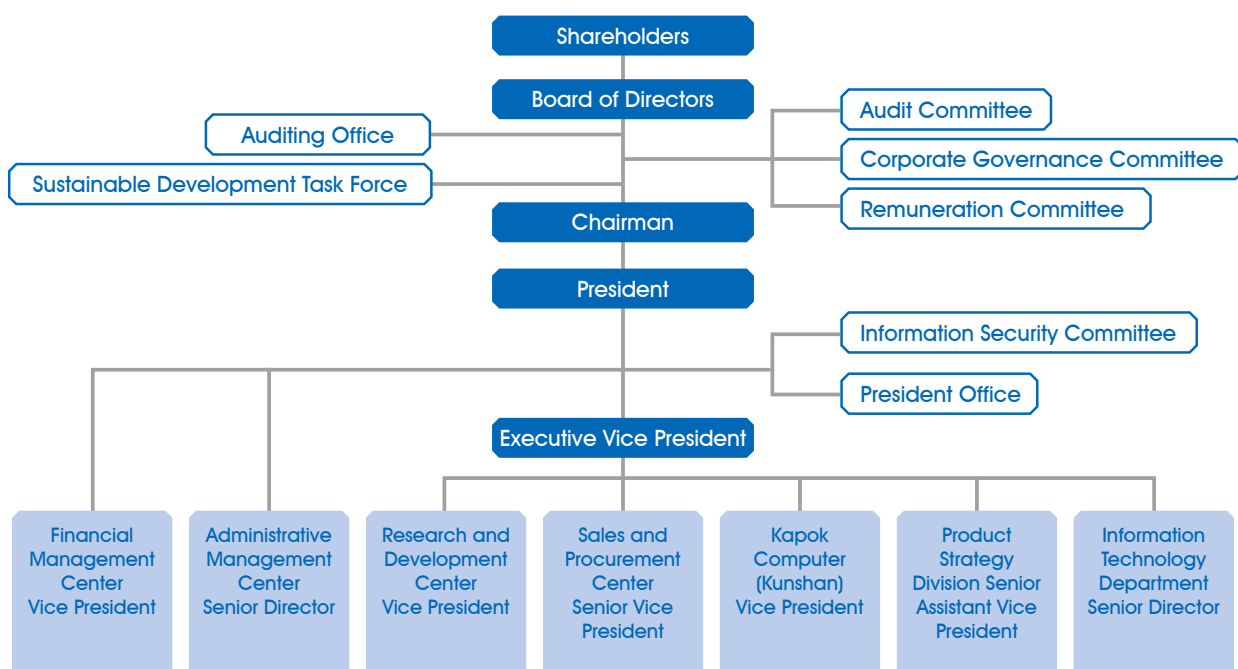


1.3.1 Robust Governance Framework

Clevo recognizes corporate social responsibility as an integral part of sustainable management, and therefore corporate governance is an important issue for the Company. As a listed Company on the Taiwan Stock Exchange, the Company strictly adheres to a well-established corporate governance structure. In accordance with the Securities and Exchange Act, the shareholders' meeting serves as the highest decision-making body of the Company and is responsible for making resolutions on important matters. The board of directors, as the highest business executive body, is responsible for supervising the Company's operations and the implementation of major decisions. The Company's top management is the President, who is responsible for formulating the Company's goals and policies, supervising the implementation, and proposing effective improvement plans. The president regularly reports the Company's operations to the board of directors. In order to effectively manage the Company's business, Clevo has set up a number of core centers under the governance structure, including the financial management center, administrative management center, R&D center, Sales and Procurement Center, Kapok Computer (Kunshan), product strategy department, and Information Technology Department to undertake day-to-day operational affairs.

In order to achieve sustainable operation, corporate governance is the basic principle that Clevo has always adhered to. All members of the Board and the management uphold integrity and honesty, and emphasize the improvement of corporate management operations, information transparency and supervision mechanisms in order to practice sound corporate governance. In order to encourage self-improvement, the Company has adopted the "Board of Directors Performance Evaluation Regulations." Through internal and external appraisals and reviews, the Company can continuously improve and reach a higher level of performance. According to the results of the 2023 corporate governance evaluation, the Company maintains a position in the top 6%–20% of listed companies, which is the result of Clevo's persistence and efforts in investing in corporate governance. In the future, we will continue to review and revise our corporate governance on a rolling basis in order to fulfill our commitment to sustainable corporate governance.

Clevo's Corporate Governance Framework and Department Responsibilities



Department	Responsibilities
Auditing Office	Examine and review the internal control system of the Company and the subsidiaries, and audit all rules and systems.
President Office	Establish the Company's business targets and policies, operate each business and supervise/execute the affiliates' management.
Administrative Management Center	<ol style="list-style-type: none"> 1. Responsible for the whole enterprise's human resources management and general administrative management. 2. Be responsible for the legal and intellectual property management for the entire enterprise.
Financial Management Center	<ol style="list-style-type: none"> 1. Engage in the accounting and tax affairs, set up the budget, analyze the business, and prepare the financial statement. 2. Fund planning, long-term and short-term investment, foreign exchange hedging, and interbank transactions. 3. Services of stock affairs, investor and media relations management, and corporate governance operations.
Research and Development Center	Be responsible for product's research, development, design and technological application.
Sales and Procurement Center	<ol style="list-style-type: none"> 1. Global marketing planning, business promotion and sales; promote global layout and deeply cultivate regional and marketing channels. 2. Strengthen the after-sales services, meet the customers' demand, intensify the relationships with customers, reduce the risk of the bad debt and take charge of materials' support. 3. Strategic purchase, price negotiation and enquiry for the market price of the components of electrons and mechanisms. 4. Enhance the Company's image, participate in exhibition, advertise, plan and implement.
Kapok Computer (Kunshan)	<ol style="list-style-type: none"> 1. Be responsible for planning and coordination of orders received from Taiwan as well as production and manufacture in China. 2. Analyze the production capacity and set up the plans of production and manpower according to the plans of production and sales. 3. Prepare the material plans according to production plans, and control the issuance of material orders to maintain the lowest inventory volume. 4. Establish the production system with high-flexibility, high-efficiency, high-quality and low-cost to meet the customers' demand. 5. Implement the on-site real time service to enhance the service quality for the customers.
Product Strategy Division	Be responsible for new products' development and market development's planning.
Information Technology	<ol style="list-style-type: none"> 1. Plan and Implement the IT operation and e-operation, integrate the IT and communication. 2. Planning and design of applications and systems and information security management.

1.3.2 Board of Directors and Functional Committees

In order to establish a rigorous corporate governance system, Clevo has complied with the Company Act, the Securities and Exchange Act, and related regulations. In the spirit of respecting regulations and corporate governance principles, Clevo has established a Board of Directors to maintain the healthy operation of the Company. The Company has established functional committees under the Board of Directors, including the "Audit Committee," "Remuneration Committee," and "Corporate Governance Committee" to strengthen the operational efficiency of the Board of Directors. Dedicated functional committees helps to supervise the relevant operational activities and give more professional and independent advices to the Company.

Board of Directors

The election process for members of the Company's Board of Directors complies with relevant laws and regulations and adheres to the three principles of fairness, impartiality, and openness. Clevo's directors have diverse professional backgrounds to ensure the effective functioning of the Board of Directors.

The nomination and selection of members of the Board of Directors follow the provisions of the Company's articles of association and the candidate nomination system. In addition to assessing each candidate's academic qualifications and referring to stakeholders' opinions,



we also abide by the "Rules for Election of Director" and "Corporate Governance Code of Practice" to ensure the diversity and independence of the Board of Directors. The Company pays attention to gender equality in the composition of the Board of Directors. Currently, the Board of Directors consists of 4 directors and 2 independent directors, making up a total of 6 directors. In 2023, 33% of directors are employees, and 33% are independent directors. Independent Director Lai, Li-Min resigned on May 31, 2023, resulting in the change of the number of directors from 7 to 6. New directors will be elected in at the shareholders' meeting of 2024. We have planned to recruit two outstanding female professionals to serve as directors of the Company and will continue to recruit outstanding female professionals to serve as directors of the Company in the future as appropriate.



In 2023, the Board of Directors held a total of 6 meetings, and the average attendance rate was as high as 100%, which is a significant improvement compared to last year. If the proposal discussed by the Board of Directors has a conflict of interest with the directors themselves, it shall be explained during the meeting. If the preceding conflict of interest harms the Company, the director shall not participate in the discussion and vote and shall be recused from the discussion and vote or exercising the voting rights on behalf of other directors. Proposals requiring recusal due to conflict of interest in the decision-making process were implemented according to the recusal policies specified in the "Code of Ethical Conduct", "Code of Integrity Management", "Regulations Governing Procedure for Board of Directors Meetings" and "Ethical Corporate Management Best Practice Procedures for Ethical Management and Guidelines for Conduct" and no conflicts of interest occurred. Relevant regulations are actually complied with. At the same time, the functions of the Board of Directors are strengthened according to the "Board of Directors Performance Evaluation Regulations". An internal performance evaluation of the Board of Directors is conducted at least once a year. The evaluation covers five aspects: (1) Participation in the Company's operations, (2) Quality of the board's decisions, (3) The board's composition and structure, (4) Election and ongoing education of board members, and (5) Internal control. In addition, it is evaluated by an external professional independent organization or an external team of experts and scholars every three years. The external evaluation focuses on four main aspects: (1) Professional capacity, (2) Decision-making skills, (3) Attention and supervision over internal control, and (4) Perspective towards corporate social responsibilities. In 2023, the internal performance evaluation of the Board of Directors was evaluated as sound. All members of the board have a clear understanding of the Company and the industry to which it belongs, and they accurately assess and supervise the Company's operations and oversee corporate governance, interact well with the management team, fully utilize their expertise and operate in a sound manner.

The remuneration of the Board of Directors is paid in accordance with the Company's Articles of Association, please refer to Article 23 and Article 26 of the Articles of Association

for details. Clevo conducts an internal board of directors' performance evaluation every year to supervise the board's effective supervision of the impact of internal management on the economy, the environment, and the population. The evaluation is conducted by an external professional independent institution or a team of external experts and scholars at least once every three years. The most recent external evaluation was in 2022. The Company conducts external evaluations on the performance of professional functions, effectiveness of decision-making, internal controls and sustainable development of the Board of Directors and Functional Committees. The average rating of the 7 directors is 4.95 out of 5, and the evaluation results show that the Company's operation direction is clear and its finance and auditing are well managed.

Audit Committee

Clevo's Audit Committee is mainly responsible for the supervision and management of the Company's financial statements, internal control, and risk control, and the committee operates in accordance with the Company's "Audit Committee Charter". The aim is to assist the Board of Directors to enhance the effectiveness of corporate governance through professional division of labor and an independent stance. The Audit Committee consists of three independent directors, of whom one independent director serves as the convener and chairperson of the meeting. The responsibilities of the Audit Committee cover many aspects, including supervision of the fair presentation of the Company's financial statements, the selection (dismissal), independence and performance of the CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the control of the Company's existing or potential risks. During 2023, the Audit Committee held a total of 4 meetings with 100% attendance and each independent director actively participated in the discussions. Important resolution items include reviewing the financial statements, assessing the effectiveness of the internal control system, assessing the independence and suitability of replacement CPAs in line with the CPAs rotation policy, passing the capital increase of invested companies, and passing the 2024 audit plans.

Remuneration Committee

From the perspective of an independent and objective committee, Clevo's Remuneration Committee aims to ensure that the Company's remuneration system attracts excellent talents and enhances Clevo's competitiveness in the employment market by utilizing performance as the basis for remuneration. In accordance with Article 3 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" the Company established the Remuneration Committee, and its main duties include examining and reviewing the "Remuneration Committee charter" and proposing amendments thereto; regular reviews of the Company's annual and long-term performance targets for directors and managers and related remuneration policies, systems and structures; and evaluating the achievement of performance targets for the Company's directors and managers, and determining the content and amount of individual remuneration packages. The Remuneration Committee is composed of three independent directors, and held a total of three meetings in 2023, with an attendance rate of 100%. During the meeting, the main discussion agenda included the review of the 2022 year-end bonus plan for managers and the amount of remuneration for directors and employees.

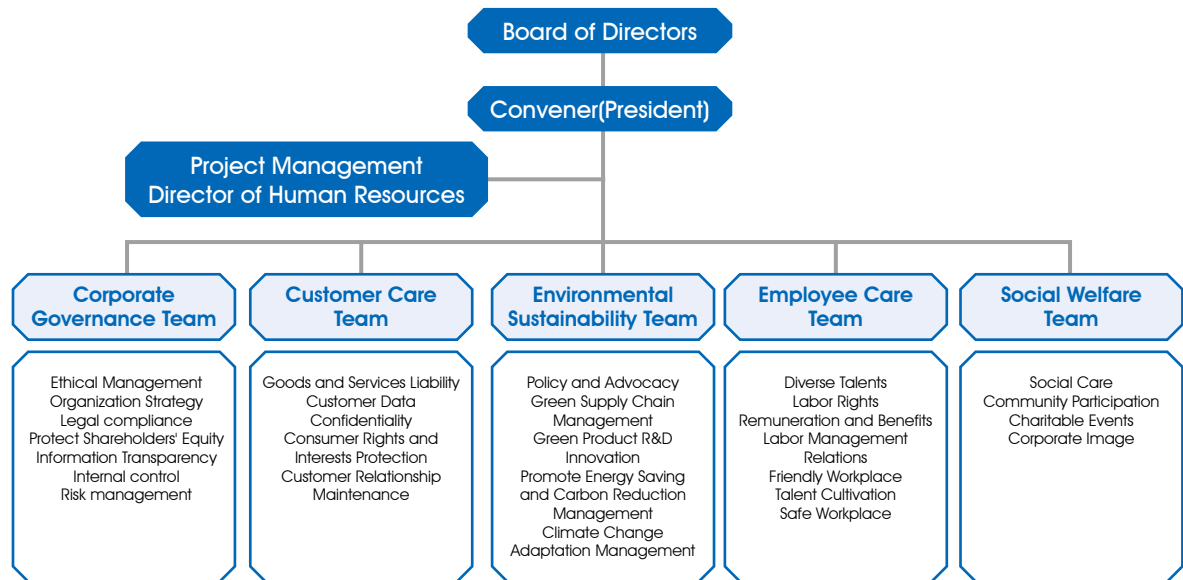
Corporate Governance Committee

To improve the functions of the board of directors and strengthen the management mechanism, the Company established a Corporate Governance Committee in accordance with Paragraph 3, Article 27 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies in 2020. The Board of Directors has resolved that the Board of Directors shall consist of 5 directors, at least half of whom shall be independent directors, and the members shall elect from among themselves 1 director or independent director to be the convenor and the chairperson of the meeting. The corporate governance committee operates according to the "Corporate Governance Committee Organization Regulations". The purpose is to formulate the code of practice for corporate governance and related regulations, review the effectiveness of the implementation of the corporate governance system and the annual implementation plan and progress, and formulate and regularly review the training plan for directors. A total of 2 meetings were held in 2023, with an attendance rate of 100%. During the meeting, the main agenda for discussion included the approval of the annual implementation plan of the Corporate Governance Committee, the review of the report on the implementation of corporate governance for the previous year, the report on the audit plan for the next year, and the intention to revise the Company's relevant operating procedures in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies".

1.3.3 Sustainable Development Task Force

The Sustainable Development Task Force is the dedicated sustainable development management unit of Clevo. Convened by the President, it was established in 2016 and renamed as the Sustainable Development Task Force in 2022. The task force is responsible for the compilation and publication of the annual sustainability report, the development of sustainability strategy and policy, the establishment of systems and issue management guidelines, and assisting the Company's departments in integrating sustainability concepts into their operational processes.

The sustainable development task force is divided into five groups according to the division of responsibilities for different issues, namely corporate governance, customer care, environmental sustainability, employee care, and social welfare. Each group is composed of appropriate functional employees selected by the relevant units in the Company. The group leader is a senior executive responsible for supervising and reporting the positive and negative impacts of sustainability issues. The Sustainable Development Task Force reports to the Board of Directors at least once a year on the implementation of sustainability. The Board of Directors can review the progress of the strategy through regular annual performance reports and urge the management team to make adjustments where necessary.



ESG Education and Training

As the global ESG trend continues to advance, enterprises must identify key issues closely related to their business and align with operational strategies and action plans, establish quantitative performance indicators as management tools for evaluation, improvement, and tracking, and consider how to interact with customers, suppliers, employees, and other stakeholders for information disclosure and communication.

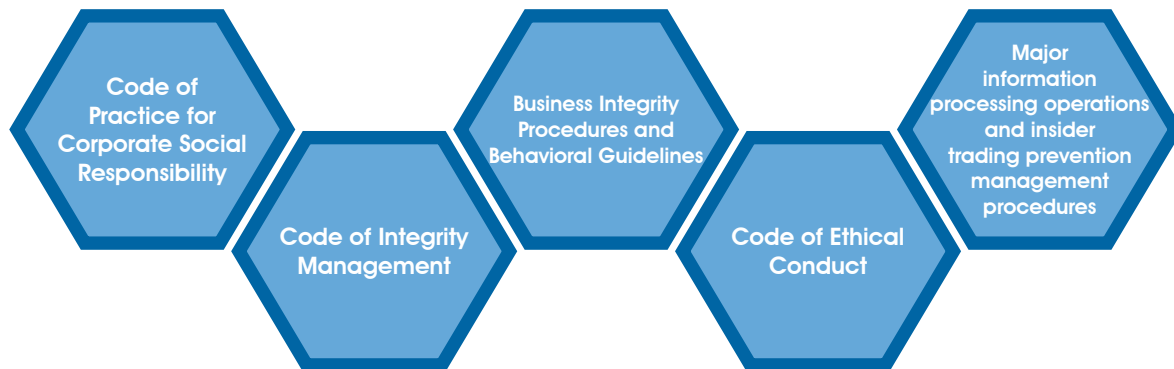
In order to keep up with international ESG trends and changes in regulations, all Clevo directors have received relevant training from the Corporate Operating and Sustainable Development Association or the Stock Exchange, including the 2023 Cathay Sustainable Finance and Climate Change Summit, the "Sustainable Development Action Plan for TWSE/TPEX listed companies" etc. We believe that the highest decision-making body of the Company could lead the Company toward the correct direction of ESG sustainable development. Clevo's Sustainable Development Task Force also collaborates with external consultants to conduct more detailed corporate sustainability education training. Through continuous learning and observation, we hope to enhance the Company's ESG momentum and knowledge.

In the future, Clevo will endeavor to truly incorporate the concept of corporate sustainability into the Group's blood so that it will become our core value and guide to action. Moreover, we will continue to work hard with a positive attitude to realize Clevo's sustainability vision and create a better society and environment for the future.

1.4 Business Integrity

Integrity and law-abiding is a business principle of Clevo. To ensure that all business activities are conducted in accordance with legal regulations and ethical standards, the Company has established a strict Ethical Corporate Management Best Practice Principles and adopts a zero-tolerance attitude towards any violation of laws and regulations. We hope that all employees can uphold the principle of ethical corporate management and jointly promote the sustainable operation of Clevo. As of 2023, Clevo has not had any major violations (referring to incidents with fines exceeding NT\$ 1 million), nor any corruption or anti-competitive behavior, which demonstrates Clevo's firm belief in legal business operations. In 2023, the Audit Committee approved the proposal to amend the Company's "Material Internal Information Handling and Insider Trading Prevention Management Procedures" to further strengthen the specification of the Company's operating procedures. These amendments make the scope of the relevant operating procedures more comprehensive, ensure that the Company can comply with laws and regulations in all aspects of business, and enhance the transparency and legitimacy of transactions.

The overriding guiding principles of Clevo's regulatory compliance include the following actions:



Material topic: Business Integrity and Anti-corruption



1.4.1 Integrity within Clevo

Clevo's Robust Internal Control System

Administrative Management Center is dedicated unit for integrity management is responsible for formulating relevant regulations in collaboration with the audit unit. Regularly, the Company places the relevant regulations on ethical behavior and ethical management on the Company's internal webpage and actually disseminates them to its employees. In 2023, a total of 186 people clicked on the relevant codes of conduct and regulations.

The Company has established the "Code of Ethical Conduct" "Code of Integrity Management" "Ethical Corporate Management Best Practice Procedures for Ethical Management and Guidelines for Conduct" and the "reporting System" and has set up and announced a reporting channel on its official website. In the event that dishonesty or illegal conduct is discovered or reported to internal or external personnel, any dishonest or illegal conduct can be reported to the Company directly through the public reporting mailbox or the reporting hotline. If it is confirmed that the relevant laws and regulations or the Company's ethical corporate management policy is violated, the perpetrator will be requested to stop the relevant behavior immediately, and appropriate punishment and disciplinary actions will be taken. Moreover, if necessary, we will protect the reputation and interests of the Company through legal proceedings. At the same time, internal employees and external stakeholders are encouraged to report unethical behavior or any illegal behavior, and bonuses will be awarded according to the severity of the report. To prevent retaliation from the accused, the identity and content of the report are kept strictly confidential. In 2023, there were no incidents of dishonest conduct and corruption that violated business ethics.

In 2023, we continued to perform internal control audits in accordance with our annual audit plan. A total of 40 audit reports and 4 follow-up reports covering items required by governmental laws and regulations were conducted, and all of them complied with the requirements of the Company's internal control system without any significant deficiencies. However, some minor imperfections were suggested for improvement, and the follow-up track was implemented until the improvement was completed. In 2023, a total of 6 improvement items were suggested after the review, and all improvements were completed.

We also use E-Learning to provide education and training related to honest management for employees to ensure that all colleagues in Clevo clearly understand the importance of honest management during the Company operation. In 2023, 66 new employees attended the ethical management-related course "Gold and jade are not precious, but loyalty and trust are - A brief introduction to ethical management" to implement the concept of ethical management. Every new employee who joins Clevo must sign relevant documents, such as the "Confidentiality Agreement" "Integrity and Self-discipline Commitment," "Employee Self-Discipline Convention" "Employee Closing Letter" "Intellectual Property Declaration" and other relevant documents to ensure that employees understand and promise to abide by integrity and ethical behavior requirements. In 2023, a total of 71 people signed the preceding documents, reaching a 100% signing rate.

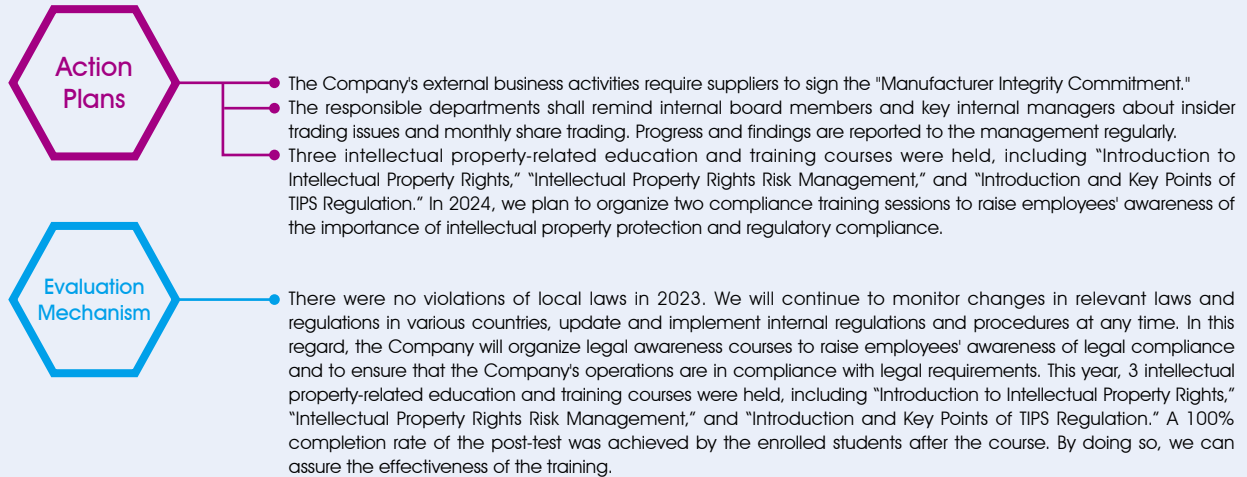
Clevo regularly educates and informs current directors and internal managers or other employees who are aware of material information within the Company at least once a month before the fifth day of each month about relevant laws and regulations, and highlights points to note. Education and publicity will be given within one month of taking office for new directors and internal managers. In 2023, the Company conducted 12 educational promotions for current directors, internal managers, or other employees with access to the Company's important internal information, with 233 participants. The education, training, and publicity content includes "common irregularities in the declaration of insider equity" "laws related to insider equity changes"

"laws related to ownership rights" "regulations of directors and supervisors in the Securities Exchange Law," and related data files. Relevant information files are delivered to all directors, internal managers, or other employees with access to the Company's important internal information for reference before the 5th of each month.

The Company will notify all directors immediately after the scheduled board of director meeting date every year to prevent directors from illicitly violating the stock trading norms during the closure period before the financial report announcement.

Material topics: Legal Compliance



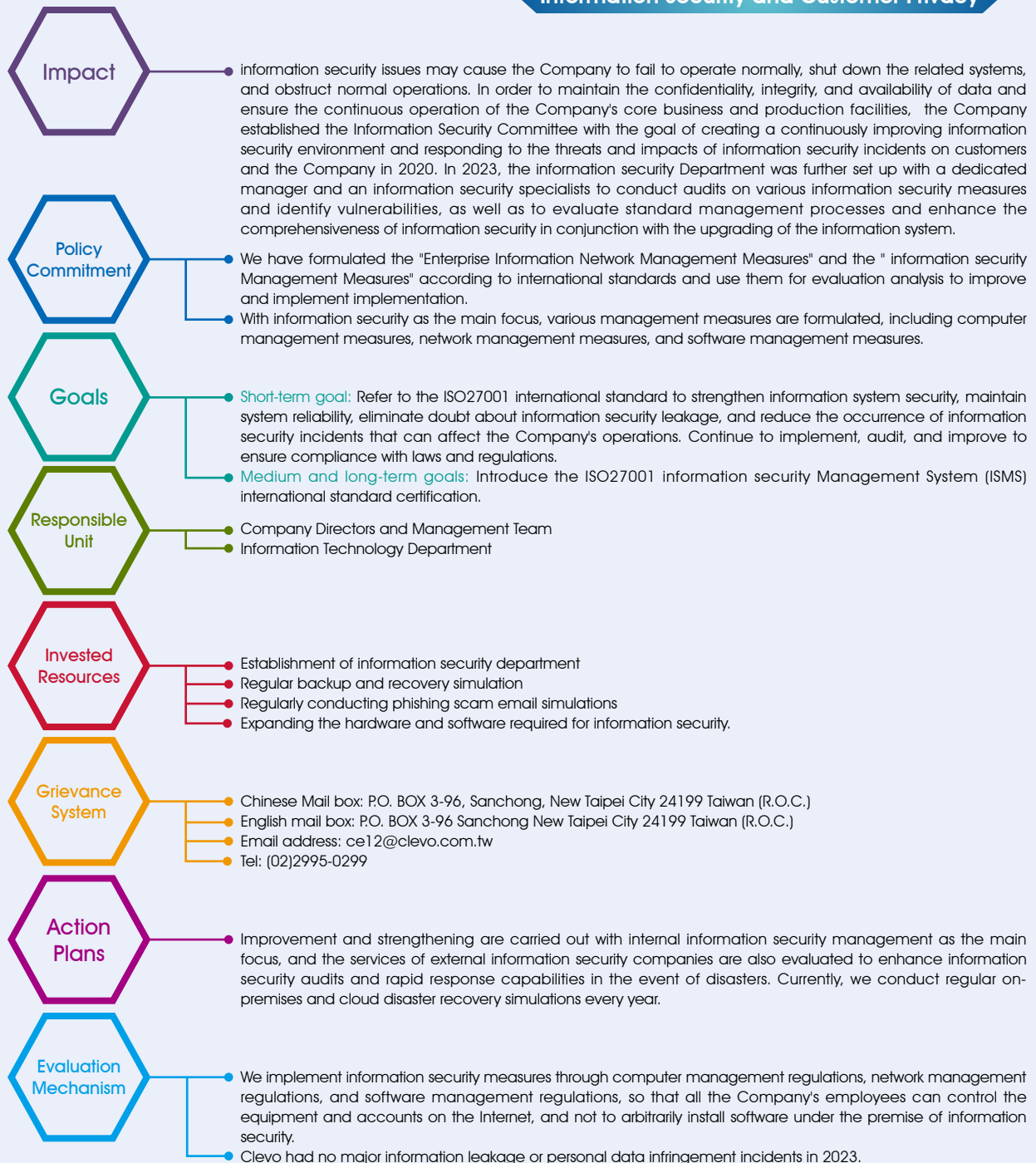


1.4.2 Legal Compliance

Clevo strictly adheres to the laws and relevant regulations or policies of each operating site that govern the organization's products or services. The Company upholds the principle of integrity and the highest ethical standards to ensure that all business activities are legal and compliant. New employees are required to sign the Code of Integrity Management and the Code of Ethical Conduct related documents. We adopt a zero-tolerance policy for any misconduct that violates business ethics. With the regular reminders and internal propaganda by the auditing unit, we are committed to reinforcing our employees' concept of ethical management and legal compliance, to prevent misconduct. The Company is committed to regularly collecting and updating legal changes in important domestic and foreign markets and proposing countermeasures to cope with the changes in various laws and regulations.



Material topic: Information Security and Customer Privacy



1.4.3 Information Security and Customer Privacy

According to the 2023 Information Security Overall Evaluation Report released by Trend Micro, Taiwan ranks third in the world in term of information security threats. About 44 million malicious links were detected in the first half of 2020, second only to Japan and the United States. As the complexity of information increases, so does the risk to the organization. Clevo understands that information security is the digital fortress of business operation. In accordance with domestic and international information security standards, Clevo has formulated a number

of internal management practices for internal auditing and control of the Company. We have effectively implemented information security management, planning, supervision, promotion, and regular internal and external audits through our rigorous management program to ensure normal operating operations and truly protect the information security of employees and customers.

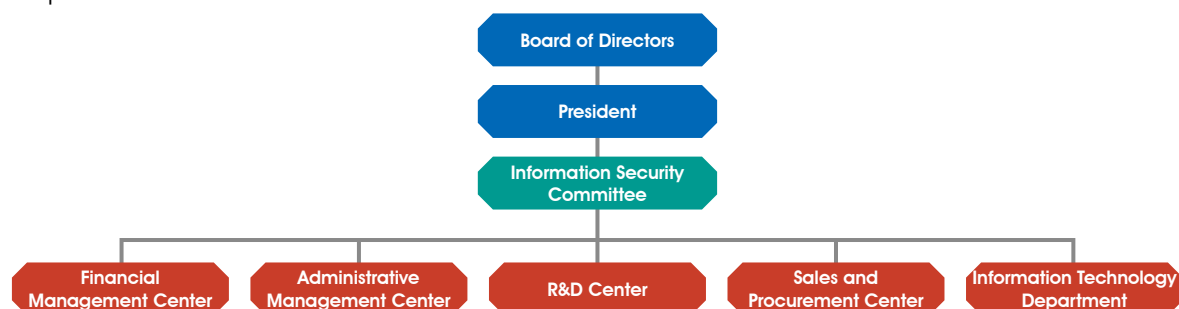
Information Security Governance

In order to improve the governance mechanism, strengthen defense capabilities, and elevate the overall information security level, the Company established an Information Security Committee in December 2020 to strengthen the information security control of the Clevo Group. In December 2022, the Information Security Committee underwent an organizational change to include KAPOK COMPUTER and Buynow. The President serves as the Director and the heads of Centers serve as the members. It operates through a cross-departmental Information Security Committee that meets once a year on a routine basis and for trending events, and in January 2023, the Information Security Department was established as a stand-alone unit.

The Information Security Committee is responsible for the formulation, implementation, risk management, and compliance audit of information security-related policies. The information security management effectiveness, information security-related issues, and directions are reported by the top executive of the Information Security Department to the Board of Directors every six months. In addition, the Information Technology Department continues to make regular announcements and disseminate information security awareness to all employees, helping them to develop good habits of data backup and access, correct software and hardware operation, and uniformly authorize the use of legal operating systems. From time to time, the Information Technology Department will also provide a list of legal software on the Company's corporate homepage for employees to consult in order to prevent employees from violating laws and regulations related to intellectual property rights.

Information Security Committee

With the wave of global digital transformation in recent years, the applications of emerging digital technologies not only brings convenience, but also increases the risk of information security for enterprises. In order to effectively control the risk of information security, Clevo has strengthened the organizational structure of information security in accordance with the requirements of the governance regulations for listed companies. The Company established the Information Security Committee in December 2020, with the Company's President as the chairperson and the heads of each center as members to ensure the accuracy, integrity, security, and long-term availability of relevant information. Through the Company's overall cross-center management hierarchy, meetings are held on a regular yearly basis and based on dynamic events to understand, prevent, and handle various information security needs. We also submit minutes of meetings to the President for approval and submit reports on relevant issues and decisions to the Board of Directors, to implement and more effectively carry out various information security-related policies, thereby internalizing information security awareness and concepts as part of the Company's corporate culture.



Information Security Policy

In order to strengthen the management of information security, Clevo applied to become the Taiwan Computer Emergency Response Team and Coordination Center (TWCERT/CC) in 2023. Under the guidance of the Ministry of Digital Affairs, TWCERT/CC promotes enterprise security incident notification and coordination, product security vulnerability notification, malicious file detection services and organizes security promotion activities. Through regular seminars and case studies, we have gained a better understanding of the importance and details of information security, and have given support to the parts of our information unit that need to be strengthened.

2023 Information Security Policy and Objectives

- Announce the latest information security matters on the enterprise employee portal website to remind and educate employees to be cautious.
- Check virus patterns and Microsoft operating system updates every week.
- Social engineering: phishing email simulations are conducted twice a year.
- Organize social engineering employee education and training
- Conduct routine system backup and restoration simulations twice a year
- Conduct software inventory on computers to ensure the legal use of authorized software.
- Software and hardware asset management system monitoring.
- Computer and network device privilege control

Information Security Operations

In order to effectively implement information security management, the Information Security Department of parent Company, Clevo, and the information units of Clevo Group's subsidiaries will conduct routine meetings and information security audits in 2023. Act, PDCA), review the applicability of the information security policy and protection measures, and report the implementation results to the Information Security Committee twice a year.

In order to avoid security attacks more effectively, Clevo also implements a series of stringent monitoring and inspection for server room equipment security every year, including regular vulnerability scanning and penetration testing of important service mainframes in the server room. Moreover, a security information and event management (SIEM) system has been established to collect system records centrally for important services in the server room to assist in analyzing the precursor signs of anomalies.

2023 Information Security Management Operations

System Usability

- System/network usability status monitoring
- Remote backup mechanism, data backup, and backup measures
- Regular disaster recovery simulations (twice a year)

External Threat

- Virus protection and malware detection
- Computer server vulnerability scanning and system update
- Vulnerability scanning of servers

Access Privilege Management

- Computer room personnel access privilege control
- Personnel account and privilege management
- Computer software installation permission control

Data Access Management

- Control information data access privilege
- Confidential information access is subject to approval

Information Security Education and Training

In 2023, we organized 2 information security education and training sessions with a total of 341 participants to deeply root the knowledge of information security management in the hearts of our employees. The participation rate of "Trend of Information Security Industry Development under Digital Enablement" was close to 90%, showing that the Company's employees attach importance to information security management.

Topics of Information Security Education and Training in 2023	Number of Participants
Whether it is a scam or a drill. Don't fail to notice social engineering emails	294
Information security transformation—development trend of information security industry under digital empowerment	47

Intellectual Property Management Plan

The wave of digital transformation in recent years has given rise to new business models and a large number of internal and external intellectual property rights-related issues. In July 2021, the Company established an intellectual property management task force to enhance the Company's ability to protect intellectual property and strengthen the risk control of intellectual property. The content of the procedural documents related to intellectual property management has been adjusted successively to comply with the Taiwan Intellectual Property Management System (TIPS). The Company applied for third-party verification in August 2023, completed the review in the same year, and has obtained the TIPS certificate.

In addition, in order to establish and strengthen employees' awareness of the importance of intellectual property protection, the Company conducts in-house education and training programs for the personnel in charge of intellectual property management as well as all employees of the Company to disseminate the concept of intellectual property. We provide employees with training on intellectual property rights through physical courses or E-Learning approach. This year, the Company also organized three training courses on intellectual property, including "Introduction to Intellectual Property Rights" "Intellectual Property Rights Risk Management" and "Introduction and Key Points of TIPS Regulation" A 100% completion rate of the post-test was achieved by the enrolled students after the course. By doing so, we can assure the effectiveness of the training.



Certificate of Taiwan Intellectual Property Management System