

01

Chapter

Operational Governance



CLEVO is committed to delivering high-quality products and services while continuously strengthening the trust of its customers and stakeholders. With a vision to lead the industry, the Company pursues innovation under sound corporate governance, with its foremost goal being the ongoing creation of greater value for its customers.

Since its establishment in 1983, CLEVO has remained firmly committed to the development of high-tech products. The Company has achieved remarkable success in the global gaming laptop market, accumulating extensive experience and an impressive record of performance. CLEVO has received numerous accolades and has earned strong recognition from customers around the world.

CLEVO marked its 40th anniversary through the continued support and collaboration of employees, customers, suppliers, and partners, who have all played a role in the Company's journey of growth and development. Upholding a commitment to integrity, CLEVO fosters a positive, ethical, and trustworthy corporate culture among all employees. In an ever-changing global environment, the Company continues to evolve with the times, maintaining flexibility and adaptability. With a proactive attitude toward challenges and adversity, CLEVO is determined to rise above obstacles and reach new heights in its growth journey.

Performance Highlights

In 2024, CLEVO received a Corporate Governance Evaluation score of 97.04. The Company's scores have shown steady improvement in recent years, consistently ranking within the top 6% to 20% of all listed companies.

CLEVO has been continuously included as a constituent stock in the MSCI (Morgan Stanley Capital International) Taiwan Index.

For the internal board performance self-assessment, the seven directors received an average score of 4.82 out of 5, indicating strong overall board effectiveness and sound operational performance.

CLEVO has also been awarded an A-level certification under the Taiwan Intellectual Property Management System (TIPS).

Association with SDGs



Note: SDGs refer to the United Nations Sustainable Development Goals.

1.1 About CLEVO

CLEVO is primarily engaged in the research, development, manufacturing, and sales of notebook computers, and holds a leading position in the global notebook OEM industry. The business scopes range from R&D, design, and production of portable computers and related products to B2B and post-sales services. The Company focuses on developing a diverse range of notebook computer products. Its product strategy centers on mainstream laptops, commercial laptops, gaming laptops, studio laptops, energy-saving, long-lasting, and environmentally friendly laptops, as well as the recently introduced AI-powered laptops.

In recent years, the widespread adoption of hybrid work models, the rise of edge computing, and the impact of environmental sustainability and geopolitical factors on global supply chains have brought ongoing challenges and transformation to the notebook computer industry. In response to these changes, in addition to continuously expanding the competitive product deployment in different regions and countries, the Company also actively cooperates with large international manufacturers to develop new products meeting market needs. At the same time, CLEVO remains focused on niche machine models, adopting a product strategy that balances quality and volume. By promoting high value and high margin models such as business, gaming, studio, and AI-powered laptops, CLEVO aims to optimize its product mix and enhance overall revenue and profitability. CLEVO, with its professionalism and technical expertise, continues to expand into new markets and grow its customer base. In a highly competitive landscape, the Company stands out by leading the future development of the notebook industry and positioning itself as a trusted long-term partner for its clients. According to the report "2025 Global Notebooks Market Overview and Prospects" published by Market Intelligence & Consulting Institute (MIC) in March 2025, the global shipment of notebooks in 2024 was about 172 million units, growing by 2.2% from 2023. In 2024, the Company shipped a total of 1.896 million units of notebook computers, accounting for approximately 1.09% of the global market. The e-sports notebook segment performed well, with shipments reaching 1.16 million units, accounting for more than 60% of the Company's total shipments, and demonstrating the results of the Company's in-depth cultivation of the high-end market.

Since 1998, the CLEVO Group has expanded beyond its core business into real estate development, including the establishment of the Buynow malls in China for 26 years. The Group currently owns 29 commercial real properties in the Chinese market. Over the years, Buynow has been actively creating an innovative shopping mall environment and atmosphere by adjusting its business operations, emphasizing the supply of content and services, increasing entertainment and catering industries, cooperating with e-commerce businesses, integrating online and offline business, to create more online business opportunities and increase revenue. Currently, 18 Buynow malls integrate six core elements: technology, intelligence, fashion, creativity, entertainment, and experience. By incorporating 5G applications and big data, Buynow has built a consumer-centered ecosystem that connects people, products, and spaces, creating an omnichannel,

experiential, and one-stop professional technology retail environment that seamlessly integrates online and offline services. Buynow continues to strengthen its discovery-based consumption model by collaborating with internationally recognized brands and utilizing tools such as short videos and live streaming to drive engagement. This approach effectively guides consumers from interest to need to purchase, increasing foot traffic and improving sales conversion rates. Meanwhile, each branch has also continued to optimize the business space and business operations, strengthen the experience atmosphere, and improve customer satisfaction and loyalty. All 18 malls also actively collaborate with tenants to promote diverse marketing campaigns, co-branded initiatives, and promotional projects, creating a mutually beneficial business model. These efforts further strengthen the foundation of mall operations and reinforce Buynow's position as a leading brand in tech and smart retail plazas in the Chinese market.

To support Taiwan's 2050 net-zero emissions roadmap, CLEVO actively engages in green energy initiatives promoted by its banking consortium. Sustainability indicators have been incorporated into credit conditions, alongside compliance with corporate governance evaluations and social impact metrics. Preferential interest rates are granted based on the Company's performance in environmental indicators such as greenhouse gas emissions and renewable energy generation, reflecting CLEVO's commitment to sustainable finance. CLEVO continues to provide open and transparent information, strictly adhere to the laws of honest management and the laws and regulations of each operating base, shoulder corporate social responsibility, and contribute to Taiwan's long-term development.



Profile of CLEVO Group

Company name	CLEVO CO.
Chairman	Hsu, Kun-Tai
President	Tsai, Ming-Hsien
Paid-in capital	NT\$6.323 billion
Revenues in 2024	NT\$26.58 billion
Total number of employees	2,366
Headquarter address	35 F., No. 555, Siyuan Rd, Xinzhuang District, New Taipei City

Note: The CLEVO Group includes the Notebook Business Unit (Taipei Headquarters and Kapok Computer (Kunshan)) and the Buynow Business Unit.

1.1.1 Corporate History

1983

- CLEVO CO. was incorporated on Section 3, Zhongxiao East Road, to sell computer power supply and keyboards.

1987

- Changed organization to company limited by shares.

1989

- Established the personal computer business division, and built up a personal computer factory in Xizhi.
- Successfully developed keyboards for notebook computers; completed the design and commenced mass production of VGA laptops. The Company was also successful in the development of 386SX notebook computers.

1991

- Founded CLEVO CO. (USA) in the U.S. and Europe Office in Germany to create a worldwide distribution network.

1994

- Founded CLEVO CO. (France) in France to further expand the overseas distribution network.
- Passed the certification of ISO 9002 international quality.

1996

- The Company's shares were listed for trading on Taipei Exchange on March 4.

1998

- Passed the ISO 9001 Quality Management System certification, and adopted more rigorous control over product quality starting from the R&D stage.

2001

- 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.

2006

- 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.

1986

- 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.

1988

- Completed development and design of 286-based notebook computers ahead of peers.

1990

- Completed development and design of Taiwan's first 286 and 386SX notebook computers ahead of peers and was the first manufacturer in Taiwan to pass FCC certification.

1992

- The Company's shares were approved for public offering by the Securities Commission, Ministry of Finance.

1995

- The Company's shares were approved for trading on Taipei Exchange.

1997

- The stock was listed and traded on the Taiwan Stock Exchange on April 2.

1999

- Developed 5101 series, the world's largest 3-SPINDLE notebook computer

2005

- Moved all production lines of Sanchong Plant to Kunshan.
- Kapok Computer (Kunshan) Co., Ltd. passed the ISO 14001 certification.

2007

- 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.

2024

CLEVO ESG REPORT

Environment / Social / Governance

2008

- 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.
- NB sales reached a record-high level at NT\$1.76 billion.

2015

- CLEVO's NB 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.

2017

- Published the first sustainability report.
- Chicony Square Xian Branch opened for business.

2019

- 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.

2021

- 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.

2023

- On March 30, 2023, the Company entered into a five-year syndicated loan agreement totaling NT\$7.2 billion.
- In the 2023 Corporate Governance Evaluation, the Company remained in the second tier, ranking within the top 6% to 20% of all listed companies for the fourth consecutive year.
- In 2023, the Company developed a new line of AI-integrated laptops capable of running generative AI directly on the device.
- The Company also obtained A-level certification under the Taiwan Intellectual Property Management System (TIPS).

2012

- A memorandum of understanding for industry-academia collaboration was signed with the National Taipei University of Technology.

2016

- 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.

2018

- 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.

2020

- In the 2020 Corporate Governance Evaluation, the Company significantly improved its performance, advancing from the third tier to the top two tiers in both the overall ranking of listed companies and the category of electronics companies with a market capitalization exceeding NT\$10 billion.
- Chicony and CLEVO Group ranked 44th in CommonWealth Magazine's Top-50 Groups 2020.

2022

- 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 has maintained at the top 6%-20% of listed companies, reaching the top level for two 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.

2024

- In the 2024 Corporate Governance Evaluation, the Company remained in the second tier, ranking within the top 6% to 20% of all listed companies for the fifth consecutive year.
- CLEVO was also named to Forbes' list of "2024 Best Employers."
- The Company also obtained A-level certification under the Taiwan Intellectual Property Management System (TIPS).

1.1.2 Reinvestment Businesses

Product research, development, and manufacturing have always been the core drivers behind CLEVO's continuous innovation and enhancement in the notebook sector. In addition to its focus on the notebook market, the Company has actively expanded its presence in the Chinese market. Leveraging years of experience in IT manufacturing and distribution, CLEVO has extended the Buynow IT retail network to strengthen local integration of production and sales, and to deepen market penetration. These efforts aim to improve overall operational efficiency, advance business diversification, and expand the upstream and downstream value chain – delivering on the expectations of shareholders and other stakeholders for sustained growth and long-term development. CLEVO Group, through its strategic real estate investment vehicles, Taipei Twin Towers Limited and Tua Tiann Co., Ltd., which are jointly invested with its partners, has initiated capital increase plans in alignment with project timelines. These efforts support major urban development initiatives, including the Taipei Main Station West District Gateway Project (specifically the C1/D1 Taipei Twin Towers project) and the government-led E1/E2 Taipei Railway Station Designated Area Urban Renewal Project. By strategically participating in these landmark developments, CLEVO aims to enhance the efficiency of long-term asset utilization and broaden its business portfolio through real estate involvement, thereby reinforcing its foundation in sustainable enterprise operations.



1.1.3 External Participation

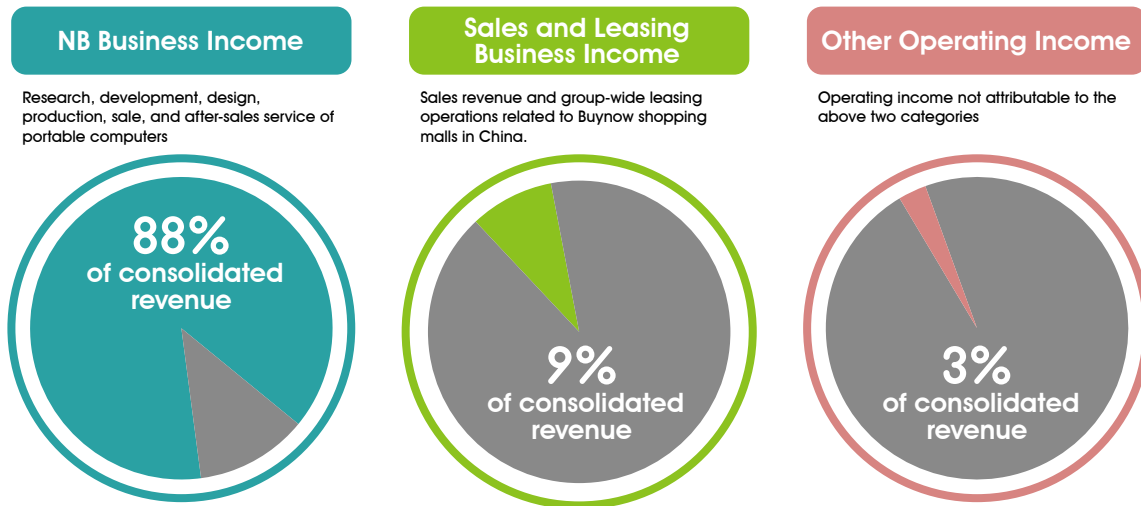
CLEVO actively engages in industry-related associations to promote the exchange of trends and developments within the sector. Through participation in professional forums and market information sharing, the Company fosters a collaborative and mutually beneficial relationship with industry peers. These efforts help CLEVO stay abreast of industry trends and continuously enhance its expertise and competitiveness.

External Organizations that CLEVO Had Taken Part in 2024



1.2 Economic Performance

CLEVO's Main Operating Income



CLEVO's Operating Performance in the Last 3 Years

(Unit: NTD Thousand)

Item	2022	2023	2024
Operating revenue	22,196,860	24,379,753	26,582,643
Operating costs	(17,257,626)	(19,494,238)	(21,309,231)
Operating margin	4,939,234	4,885,515	5,273,412
Operating expenses	(3,020,427)	(3,151,809)	(3,090,716)
Interest revenue	67,691	238,056	340,954
Other income	219,210	137,044	215,956
Financial cost	(741,236)	(833,885)	(939,439)
Other gain (loss)	(288,498)	(132,847)	18,206
Share of profit or loss of associates and joint ventures accounted for using the equity method	(284,436)	(39,972)	4,647
Income tax expenses	(67,012)	(42,012)	(55,199)
Net profit for the period	824,526	1,060,090	1,767,821
Earnings per share (NTD)	1.41	1.81	3.02
Supplementary Information			
Cash dividend distribution	1,228,952	877,824	936,346
Payments to the government	378,898	482,042	327,441
Community investment	2,020	2,120	2,030
Employee benefit expenses	2,045,363	2,082,266	2,107,752

Note 1: In 2024, the Company applied to the Labor Insurance Bureau for a NT\$25 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\$52,882 thousand was declared.

CLEVO upholds the core principle of responsible governance, viewing integrity and value sharing as fundamental pillars of its business operations. The Company is committed not only to reasonably sharing operating results with employees and shareholders, but also to actively contributing to community development and public welfare. It fulfills its corporate citizenship responsibilities by truthfully reporting and paying taxes in accordance with the law. By proactively addressing the needs of all stakeholders, CLEVO continues to strengthen trust-based relationships and fulfill its responsibilities and commitments to society, employees, and shareholders. These efforts reflect the Company's determination and capacity to pursue sustainable development.

According to the World Economic Outlook released by the International Monetary Fund (IMF) in October 2024, global economic growth is projected to remain steady over the next two years, with a growth rate of approximately 3.2 percent. While the global economy has shown resilience in its post-pandemic recovery, it continues to face significant challenges, including geopolitical tensions, climate change, and slowing productivity growth. Despite the impact of high inflation on the global notebook industry, shipment volumes in 2024 increased by over 3 percent compared to the previous year, indicating a gradual recovery in demand. Under the challenging backdrop of global economic recovery, the Group recorded consolidated annual revenue of NT\$26.58 billion, the second highest in its history. Operating profit grew by 26% year over year, while net income after tax increased by 67%. CLEVO conducts annual assessments of its economic performance and sets operational targets accordingly to support the Company's long-term sustainable development.

1.3 Sustainable Governance

CLEVO regards sustainable development as a core principle of corporate governance and actively seeks feedback and suggestions from its stakeholders. The Company is committed to maintaining open and effective communication with all stakeholders and sharing its sustainability achievements, embedding a strong sense of corporate responsibility throughout the organization. By establishing a solid foundation of corporate governance, CLEVO is dedicated to fostering a transparent, ethical, and responsible corporate culture. To strengthen this foundation, the Company actively promotes an operating environment rooted in integrity, transparency, and inclusiveness. It fully integrates the six principles of corporate sustainability into its strategic planning and management processes to ensure that business practices align with long-term, stable growth objectives, while continuously generating a positive impact across economic, social, and environmental dimensions.

Six Principles of CLEVO Sustainable Management



Material topic

Corporate Governance

Impact

- CLEVO complies with the relevant government regulations concerning corporate governance policies and practices. CLEVO also continues to strengthen the functions of its Board of Directors. Both board members and management uphold the highest standards of integrity, self-discipline, and professionalism, ensuring the protection of shareholder rights, enhancing the effectiveness of management, improving information transparency, and reinforcing sound corporate governance.

Policy Commitment

- CLEVO has established its Board of Directors according to the "Company Act," "Securities and Exchange Act," and other relevant regulations and governance principles. Functional committees are also established under the Board of Directors. They include the "Audit Committee," "Remuneration Committee," and "Corporate Governance Committee" designed to strengthen the operational efficiency of the Board of Directors and submit proposals to the Board of Directors for resolution. To strengthen corporate governance and improve the Board of Directors' performance, a Corporate Governance Committee was established in 2020 in accordance with Paragraph 3, Article 27 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. The Board of Directors is composed of three directors by resolution. More than half of the directors must be independent directors, and the members shall elect one director or independent director to serve as the convener and chairman of the meeting. Its operations shall be handled according to the Company's "Corporate Governance Committee Organization Regulations." Its main responsibilities include formulating the Company's corporate governance code of practice, reviewing the corporate governance system implementation performance and the annual implementation plan and progress, and formulating and regularly reviewing the training plan for directors.
- The Company's relevant codes of conduct and operating procedures are also disclosed on its website for reference.

Goals

- Short-term goals:** Comply with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and maintain the corporate governance evaluation results at 6%-20%.
- Mid-to-long-term goals:** Continue to follow the Sustainable Action Plans for TWSE/TPEx Listed Companies, strengthen the functions of the Board of Directors, disclose information, and focus on sustainable development to improve ESG performance.

Responsible Unit

- Board of Directors and Management Team
- Financial Management Center

Resources Invested

- The Company currently has a Vice President of Financial Management Center concurrently serving as corporate governance supervisor. A dedicated supervisor may be appointed for the role in the future, subject to compliance with the law.

Grievance System

- English Mailbox:** P.O.BOX 3-96, Sanchong, New Taipei City 24199 Taiwan (R.O.C.)
- Email address:** public@clevo.com.tw
- Special line:** +886-2-29950299

Action Plans

Positive Impact Management

- Formulate a "Code of Practice for Corporate Governance" according to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to create a solid and effective Board of Directors.
- Establish a Corporate Governance Committee according to Paragraph 3, Article 27 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Negative Impact Management

- A whistleblower and complaint channel has been established for stakeholders, with strict confidentiality maintained regarding the identity of the whistleblower and the content of the report. The channel is open to all individuals to submit complaints or reports.
- Conduct internal and external performance evaluations for the Board of Directors and functional committees.

Evaluation Mechanism

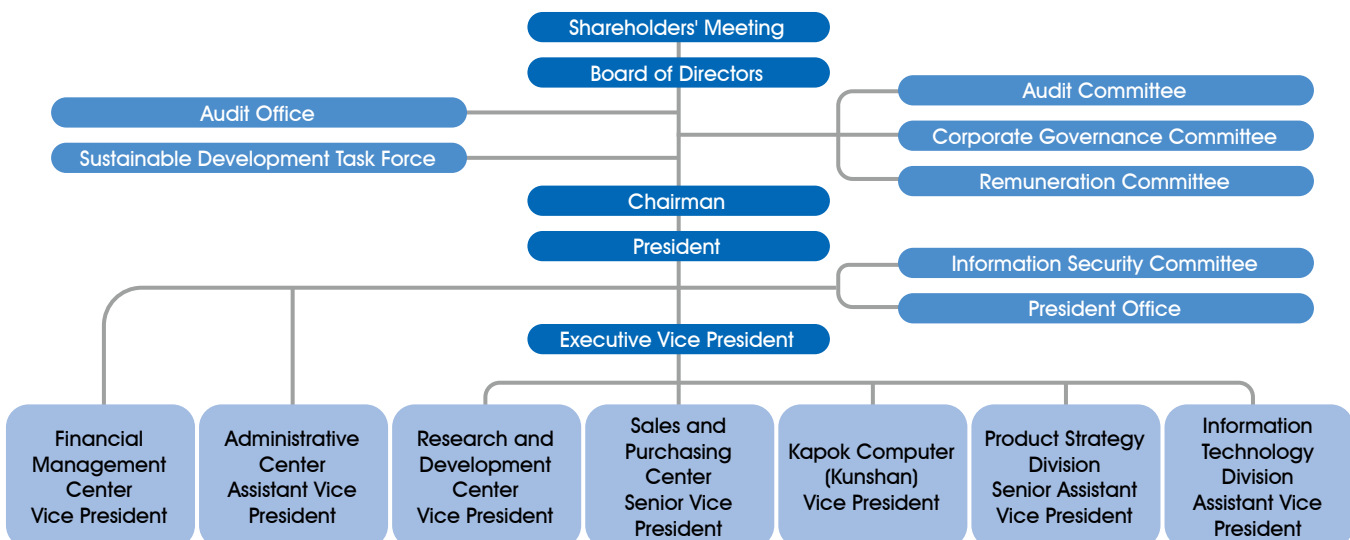
- Implement the "Rule for Performance Evaluation of Board of Directors" and announce the directors' annual performance evaluation results on the corporate website.
- An annual audit plan is formulated, and internal auditors conduct regular audits of business activities. The results are reported to both the Audit Committee and the Board of Directors. In 2024, no incidents of dishonest conduct were identified.
- The 2024 Corporate Governance Evaluation results indicated that we have maintained the top 6%-20% among the listed companies.

1.3.1 Robust Governance Structure

CLEVO regards corporate social responsibility as an integral part of sustainable development, and corporate governance is a matter of great importance to the Company. As a listed company on the Taiwan Stock Exchange, CLEVO strictly adheres to a comprehensive corporate governance framework. The Shareholders' Meeting serves as the highest decision-making body of the Company, responsible for major resolutions. The Board of Directors, as the highest executive body, oversees the Company's operations and the execution of key decisions. The President is the highest-ranking executive, responsible for setting corporate goals and policies, monitoring implementation, and proposing effective improvement measures. The President regularly reports on the company's operations to the Board of Directors. We have established several core departments under the governance structure to efficiently manage the Company's operations, including the financial management center, administrative management center, R&D center, business and procurement center, Kapok Computer (Kunshan), product strategy department, and information department, all of which are responsible for daily operations.

To achieve sustainable development, sound corporate governance remains a fundamental principle consistently upheld by CLEVO. All members of the Board of Directors and management maintain a commitment to integrity and honesty, placing great emphasis on operational efficiency, information transparency, and comprehensive oversight mechanisms to uphold good corporate governance. To encourage continuous improvement, CLEVO follows the "Rule for Performance Evaluation of Board of Directors" and conducts both internal and external reviews and assessments to consistently raise governance standards. According to the 2024 Corporate Governance Evaluation, the Company maintained its position within the top 6%–20% of listed companies. This ranking reflects CLEVO's resilient and disciplined efforts in enhancing corporate governance. The Company will continue self-assessment and dynamically refine its governance approach to fulfill its commitment and vision for sustainable corporate governance.

CLEVO's Corporate Governance Framework and Department Responsibilities



Department	Responsibilities
Audit 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 Center	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	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 Purchasing Center	1. Plan the global marketing strategy, promote the business and sales, and drive global deployment while deepening regional and channel markets. 2. Strengthen after-sales services, meet customer demands, intensify relationships with customers, reduce the risk of bad debt, and ensure material support. 3. Strategic purchase, price negotiation and inquiry 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)	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 Division	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

To establish a robust corporate governance framework, CLEVO strictly complies with the "Company Act", the "Securities and Exchange Act", and other relevant regulations. The Company upholds the principles of legal compliance and sound corporate governance, and it has established a Board of Directors to ensure the proper functioning of corporate operations. Under the Board of Directors, CLEVO has established functional committees, including the Audit Committee, the Remuneration Committee, and the Corporate Governance Committee, to enhance the effectiveness of the Board. These specialized functional committees are responsible for overseeing related business activities and providing the Company with professional and independent advice.

Board of Directors

The procedures for selection and appointment of the Company's Board members is carried out in accordance with all applicable laws and regulations, following the principles of fairness, transparency, and impartiality. To ensure effective governance, the Board is composed of directors with diverse and complementary professional backgrounds.

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 Best Practice Principles” to ensure the diversity and independence of the Board of Directors. In 2024, CLEVO completed a re-election of its Board of Directors. The current Board consists of seven members, including four directors and three independent directors. As of 2024, employee directors account for 29% of the Board, while independent directors make up 43%. CLEVO also places strong emphasis on gender equality within its governance structure. Currently, two of the Board members are female, representing 29% of the Board.

In 2024, the Board of Directors convened seven meetings, with an average attendance rate of 100 percent. All Board members actively participated in the discussions of agenda items. 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 during the decision-making process are handled according to the conflict of interest recusal provisions specified in the “Codes of Ethical Conduct”, “Ethical Corporate Management Best-Practice Principles”, “Rules of Procedure for Board of Directors Meetings”, and “Procedures for Ethical Corporate Management Best-Practice Principles and Guidelines for Conduct”. The recusal policy was followed, and the relevant regulations were not violated. The functions of the Board of Directors are strengthened according to the “Rule for Performance Evaluation of Board of Directors”, and an internal board performance evaluation is conducted at least once a year. The evaluation content includes five major aspects: (1) Participation in the Company’s operations, (2) Quality of the Board’s decisions, (3) The Board’s composition, (4) Election and ongoing education of Board members, and (5) Enforcement of internal control. In addition, it is evaluated by an independent external organization or a 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 toward corporate social responsibilities. The 2024 internal performance evaluation of the Board of Directors concluded that the Board had performed well. All directors demonstrated a clear understanding of the Company and its industry, effectively assessed and oversaw operations, and provided sound supervision of corporate governance. They maintained strong engagement with the management team, applied their expertise effectively, and ensured that the Board operated smoothly in alignment with corporate governance standards.

Compensations for board members are paid according to the Articles of Association. Please refer to Articles 23 and 26 of the Articles of Association for more details. CLEVO conducts an internal board performance evaluation annually to ensure the Board effectively supervises the Company’s management of economic, environmental, and social impacts. At least once every three years, the evaluation is carried out by an independent external institution or a team of external experts and scholars. The most recent external evaluation was conducted in 2022, covering the performance of the Board and its functional committees in areas such as professional duties, decision-making effectiveness, internal controls, and sustainability. The seven directors received an average score of 4.82 out of 5, with results indicating a clear strategic direction and sound management of financial and audit functions.



Articles of Association

Audit Committee

The CLEVO's Audit Committee focuses on the oversight and management of three key areas: the Company's financial statements, internal controls, and risk management. It operates in accordance with the Company's "Audit Committee Charter", with the aim of supporting the Board of Directors in enhancing corporate governance through professional division of responsibilities and an independent, objective perspective. The Audit Committee is composed of three independent directors, one of whom serves as the convener and chair of the meetings. Its responsibilities include supervising the integrity of the Company's financial statements, overseeing the appointment and dismissal of the external auditor, and ensuring the auditor's independence and performance. The committee also oversees the effectiveness of the Company's internal control systems, compliance with applicable laws and regulations, and the management of existing or potential risks. In 2024, the Audit Committee convened a total of five meetings, achieving a 100 percent attendance rate. Each independent director actively participated in the discussions. Key resolutions included the review of financial statements, evaluation of the effectiveness of the internal control system, assessment of the independence and competence of the external auditor in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", and the approval of revisions to CLEVO's "Internal Audit Implementation Rules".

Remuneration Committee

CLEVO's Remuneration Committee operates from an independent and objective standpoint, aiming to establish a performance-based compensation system that attracts top talent and enhances the Company's competitiveness in the job market. In accordance with Article 3 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee", CLEVO has established a Remuneration Committee. Its key responsibilities include reviewing and recommending amendments to the "Remuneration Committee Charter", periodically examining the Company's annual and long-term performance goals for directors and managers, and assessing relevant remuneration policies, systems, and structures. The Committee also evaluates the achievement of performance targets by directors and managers to determine the content and amount of individual compensation packages. The Remuneration Committee is composed of three independent directors. It held four meetings in 2024, with an attendance rate of 100%. During the meeting, the main discussion agenda included reviewing the year-end bonus plan for managers in 2023 and the amount of remuneration allocation for directors and employees.

Corporate Governance Committee

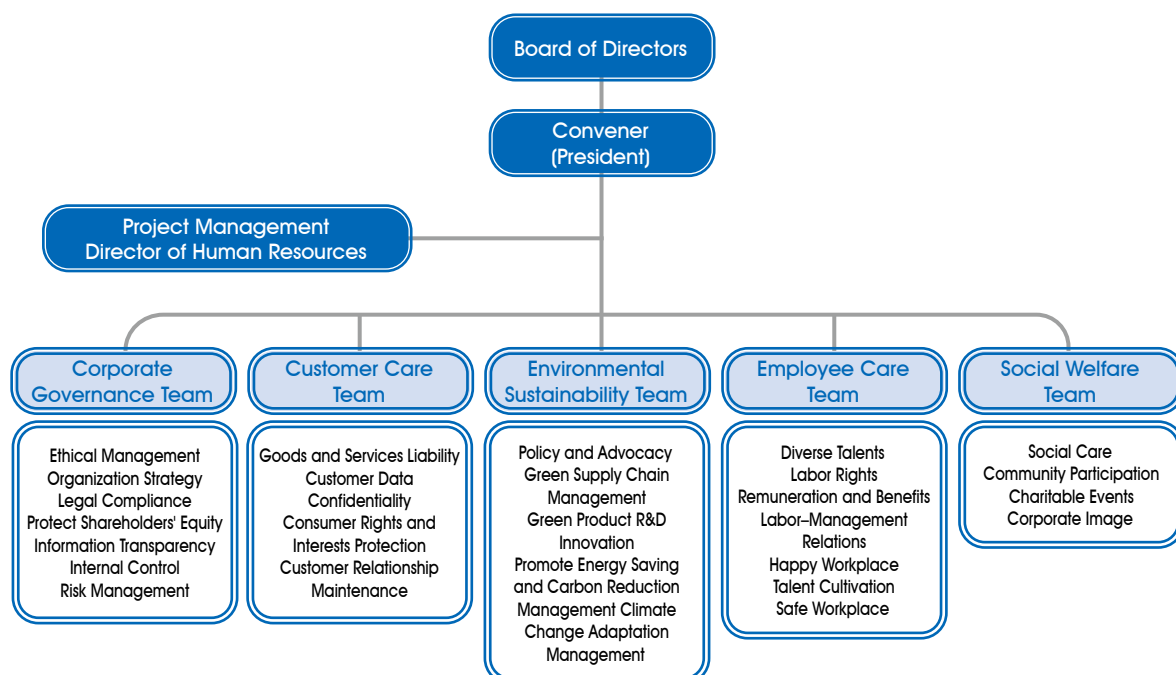
To enhance the effectiveness of the Board and strengthen the Company's governance mechanisms, CLEVO established the Corporate Governance Committee in 2020 in accordance with Article 27, Paragraph 3 of the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies". The Committee is composed of three or more directors, with a majority being independent directors. One director or independent director is elected by the Committee members to serve as the convener and chair of the meetings. The Corporate Governance Committee operates according to the "Corporate Governance Committee Charter". 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 three meetings were held in 2024, with

an attendance rate of 100%. The main agenda items discussed during the meetings included the approval of the annual implementation plan of the Corporate Governance Committee, the review of the corporate governance implementation report for the previous year, the report on the internal audit plan for the upcoming year, and the proposed amendments to relevant company procedures in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies"

1.3.3 Sustainable Development Task Force

The Sustainability Development Task Force serves as CLEVO's dedicated unit for sustainability management. Chaired by the President, it was established in 2016 and renamed the Sustainability Development Task Force in 2022. The Task Force is primarily responsible for the preparation and publication of the annual sustainability report. It formulates sustainability strategies and policies, establishes related systems and issue management guidelines, and supports all departments in integrating sustainability principles into their operational processes.

The Sustainability Task Force is divided into five subgroups based on the responsible departments for each sustainability topic: Corporate Governance, Customer Care, Environmental Sustainability, Employee Well-Being, and Social Engagement. Each subgroup is composed of employees with relevant expertise from corresponding departments. Senior executives serve as team leaders, responsible for overseeing and reporting the positive and negative impacts of the sustainability issues under their purview. The Sustainability Task Force reports to the Board of Directors at least once a year on the implementation of sustainability initiatives. Through these regular annual updates, the Board reviews the progress of sustainability strategies and, when necessary, urges the management team to make appropriate adjustments.



ESG Education and Training

In response to the global momentum toward sustainability, companies must identify key issues closely linked to their business operations and integrate them into strategic plans and actionable initiatives. Establishing quantifiable performance indicators serves as an essential management tool for evaluation, improvement, and ongoing tracking. At the same time, businesses are expected to maintain transparent communication and disclosure with stakeholders such as customers, suppliers, and employees.

To stay aligned with evolving international ESG trends and regulatory frameworks, all members of CLEVO's Board of Directors have participated in ESG-related training courses organized by institutions such as the Corporate Operating and Sustainable Development Association (COSDA) and the Taiwan Stock Exchange. These include the 2024 Cathay Sustainable Finance and Climate Change Summit and other forums and courses on economic trends. Such training equips the Company's senior leadership with the knowledge and insight needed to steer CLEVO along a path of sustainable development. In addition, CLEVO's Sustainability Task Force collaborates with external consultants to conduct in-depth corporate sustainability education and training. Through continuous learning and benchmarking, the Task Force enhances the Company's ESG knowledge and capabilities.

Looking ahead, CLEVO is committed to embedding sustainability into the core of its corporate culture, making it a central value and guiding principle for all actions. The Company will continue to advance with determination, striving to fulfill its sustainability vision and contribute to a better future for society and the environment.



1.4 Business Integrity

Compliance and integrity are fundamental principles of CLEVO's business operations. To ensure that all activities adhere to legal regulations and ethical standards, the Company has established a strict Ethical Corporate Management Best Practice Principles and maintains a zero-tolerance policy toward any unlawful behavior. CLEVO encourages all employees to uphold the values of honesty and integrity while working together to support the Company's long-term sustainability. As of 2024, CLEVO has not experienced any major legal violations (defined as incidents resulting in fines exceeding NT\$1 million), nor has it been involved in any cases of corruption or anti-competitive conduct. This reflects the Company's strong commitment to lawful and ethical business practices. To further enhance the standardization of the Company's operational procedures, CLEVO's Audit Committee approved a proposal in 2023 to revise the company's "Procedures for Handling Material Internal Information and Prevention and Management of Insider Trading". These revisions have broadened the scope of applicable operating procedures, ensuring that all business activities are conducted in accordance with applicable laws and regulations, while reinforcing the transparency and legality of transactions.

Below are CLEVO's ultimate guiding principles regarding compliance:



1.4.1 Integrity within CLEVO

CLEVO's Robust Internal Control System

CLEVO's Administration Management Center and Audit Office are jointly responsible for formulating regulations related to ethical conduct and management. Relevant codes of conduct and ethical policies are regularly published on the Company's internal website to ensure thorough communication with employees and foster a culture of integrity.

The Company has adopted a "Codes of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and a "Whistleblower System". A designated reporting channel is publicly available on the official website. If any internal or external party discovers or receives information regarding misconduct or violations of laws or CLEVO's ethical policies, they may report the incident through a dedicated whistleblower email or hotline. Once a reporting case is verified, the Company will take immediate

action to stop the misconduct and impose appropriate disciplinary measures. If necessary, CLEVO will pursue legal remedies to protect its reputation and rights. CLEVO also encourages both internal employees and external stakeholders to report unethical or unlawful activities. Whistleblowers may be rewarded based on the severity and significance of the reported case. To prevent retaliation from the accused, the identity and content of the report are kept strictly confidential. In 2024, there were no case of unethical conduct or corruption in violation of business ethics.

According to the annual audit plan, CLEVO continued to implement its internal control audit operations in compliance with applicable laws and regulations. A total of 44 audit reports and 4 follow-up reports were completed, all of which met the Company's internal control requirements without any material deficiencies. Some minor deficiencies were identified and improvement recommendations were provided. Follow-up action will continue until the improvement is completed. By the end of 2024, all seven improvement recommendations identified through the audit process had been fully implemented.

In addition, to ensure that the principles of ethical business conduct are effectively internalized among all employees during daily operations, CLEVO provides integrity-related training through an E-Learning platform. All new employees are required to attend the integrity-related training course titled "Not Treasuring Gold and Jade, but Upholding Loyalty and Integrity – An Introduction to Ethical Corporate Management Best Practices" upon onboarding, in order to instill and uphold the Company's commitment to ethical business conduct. Furthermore, each new employee must sign documents including the Confidentiality Agreement, Commitment to Integrity and Self-Discipline, Employee Code of Conduct, Employee Declaration, and Statement of Intellectual Property Rights, to affirm their understanding of and commitment to ethical and responsible behavior. In 2024, a total of 58 new employees at CLEVO signed documents related to the company's ethical business conduct, achieving a 100% signing rate.

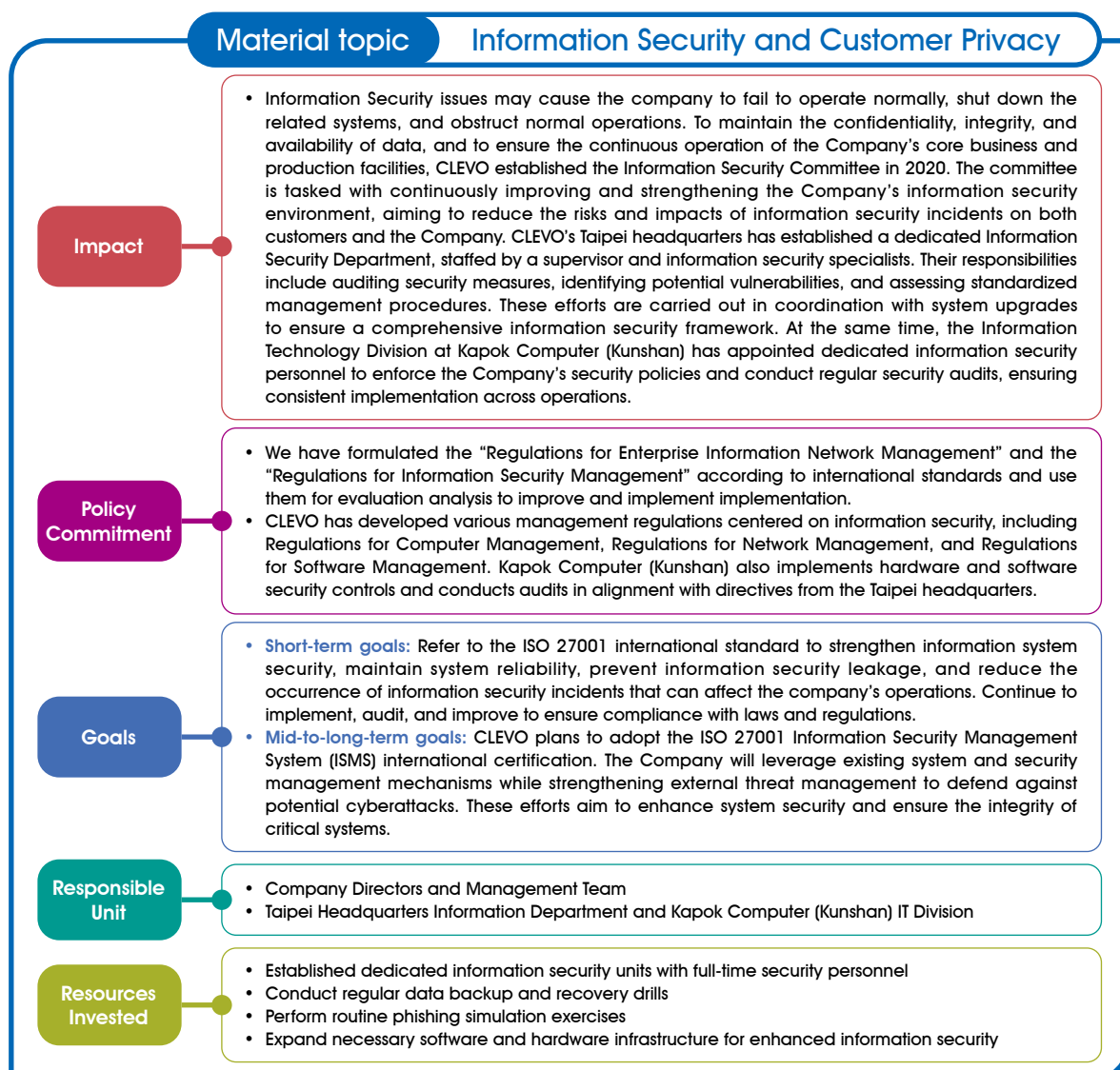
CLEVO also conducts regular legal compliance training sessions. By the 5th of each month, the Company provides at least one educational session for current directors, internal managers, and other employees who have access to material non-public information, emphasizing key points and areas requiring special attention. Education and publicity will be given within one month of taking office for new directors and internal managers. In 2024, the company conducted 12 educational promotions for current directors, internal managers, and other employees with access to the company's important internal information, with a total of 235 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". Relevant data and 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.

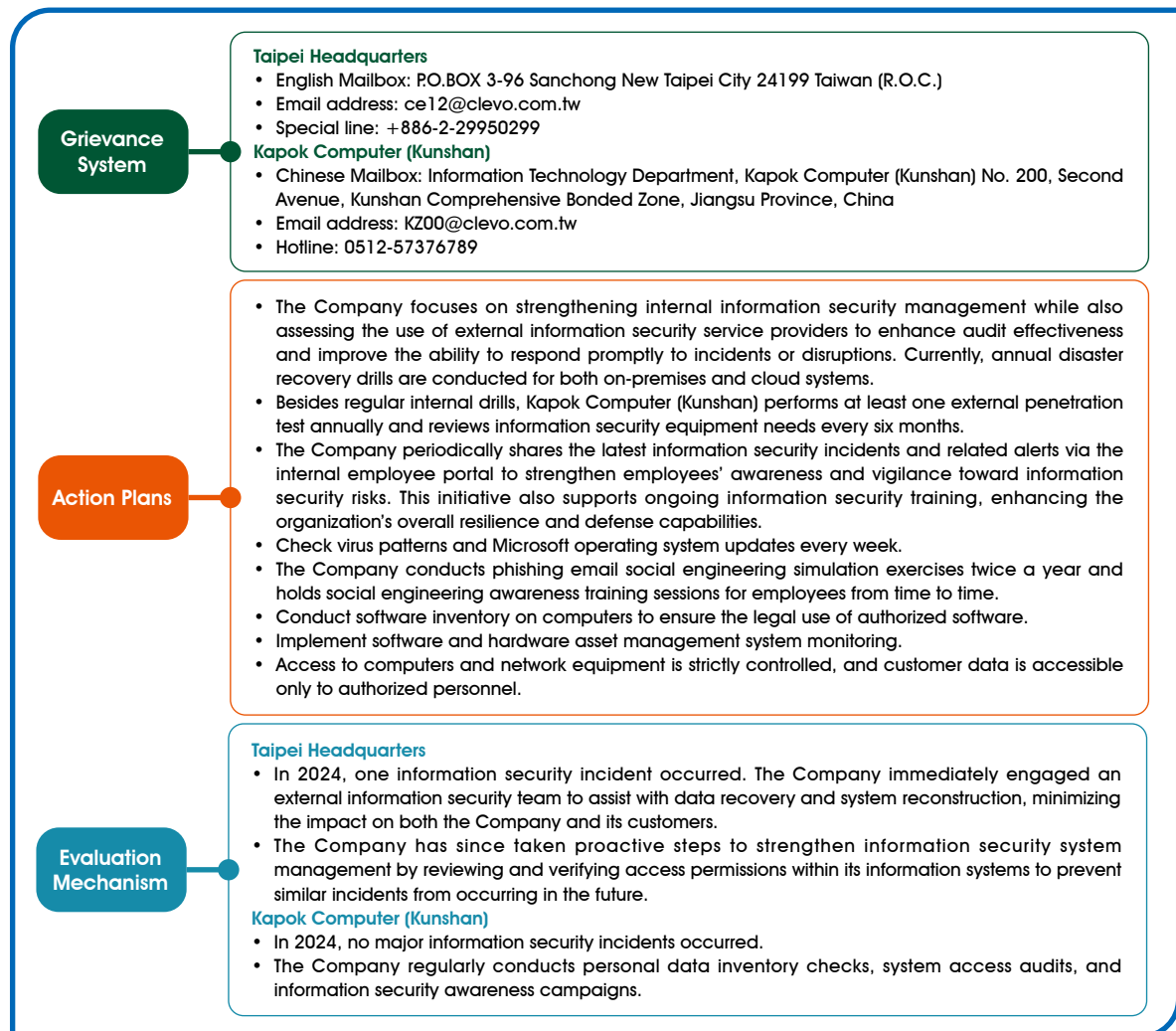
The Company notifies all directors as soon as the annual board meeting schedule is finalized. Prior to the start of each financial reporting blackout period, internal personnel are also reminded to avoid trading company shares during the restricted window, thereby ensuring full compliance with relevant regulations.

1.4.2 Legal Compliance

CLEVO strictly complies with the policies and legal requirements in all of its operating locations to ensure the compliance of its products and services. Upholding integrity and ethical standards, the Company mandates that all new employees sign documents related to ethical conduct and integrity in business operations. The Company adopts a zero-tolerance policy toward any form of unethical behavior. Through regular reminders and internal awareness campaigns led by the audit team, CLEVO reinforces employees' awareness of integrity and legal compliance to prevent misconduct. The Company is committed to regularly collecting and updating legal developments in key domestic and international markets and proposing responsive measures to ensure full compliance with laws and regulatory changes.

1.4.3 Information Security and Customer Privacy





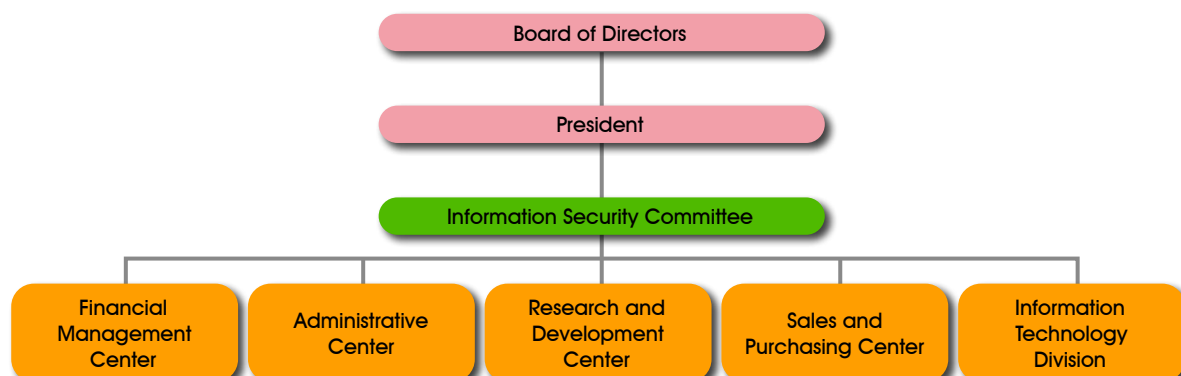
According to Trend Micro's Mid-Year 2024 Information Security Threat Report, the technology industry ranked as the second most targeted industry by ransomware attacks in the first half of 2024, highlighting its heightened exposure to cyber threats. "Access to high-risk cloud applications" was identified as the top information security risk in this reporting period. Unmanaged endpoints lacking real-time protection significantly elevate the organization's exposure to information security threats. As IT environments grow increasingly complex, the risks faced by enterprises have also intensified. CLEVO fully recognizes that information security has become a critical line of defense for stable and sustainable operations. To strengthen its information security governance, the Company has established a comprehensive set of internal control mechanisms and management procedures covering audit, control, incident response, and prevention, while referencing both domestic and international information security regulations and standards. CLEVO continues to implement robust information security governance by promoting institutionalized management processes and conducting regular internal and external audits. These efforts ensure the effective operation of systems and procedures, safeguard the information assets of all employees and customers, and establish a trustworthy digital operating environment.

In 2024, CLEVO detected a hacking incident. The Company's information security team identified abnormal network activity at an early stage and promptly activated existing information security protection and incident response mechanisms to manage the situation and mitigate risks. A preliminary assessment confirmed that the incident did not have any significant impact on business operations, nor did it compromise customer data or rights. Subsequently, CLEVO engaged an external information security consulting team to assist in investigation and analysis, perform backups, and restore or rebuild the affected servers. The Company has since continued to strengthen its network architecture and IT infrastructure defenses to enhance overall information security resilience and reduce potential future risks.

Information Security Governance

To enhance governance mechanisms, strengthen defensive capabilities, and improve the overall information security management level, the Company established the Information Security Committee in December 2020 to bolster CLEVO Group's information security controls. In December 2022, the Committee underwent organizational restructuring to include Kapok Computer (Kunshan) and Buynow. The Committee is chaired by the Company's President, with department heads from various centers appointed by Vice Presidents serving as committee members. The Committee operates through semi-annual routine meetings and ad hoc cross-departmental meetings in response to dynamic events. Meeting records are submitted to the President for approval and reported to the Board of Directors for discussion and decision-making. In January 2023, the Company further established the Information Security Department as a dedicated unit to effectively implement and enforce all information security-related policies.

The Information Security Committee is responsible for the formulation, implementation, risk management, and compliance audit of information security-related policies and systems. The top executive of the Information Security Division reports to the Board of Directors every six months on the results of information security management, information security-related issues, and future directions. In addition, the Information Department will regularly announce and promote information security awareness to colleagues to help them develop good data backup and access habits, correct software and hardware access procedures, and use the uniformly authorized legal operating systems. The Information Department also provides a list of legal authorized software on the Company's homepage for employees to inquire from time to time to avoid employees from violating intellectual property rights-related laws and regulations.



Information Security Policies

In order to strengthen the management of information security, CLEVO applied to join the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) in 2023. With the guidance of the Ministry of Digital Affairs, TWCERT/CC promotes key tasks such as incident notification, product information security vulnerability notifications, malicious file testing services, and information security promotion activities. Through regular seminars and case sharing, the Company is better able to understand the importance and details of information security and support its information unit in strengthening the necessary aspects.

2024 Information Security Policy and Goals

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: two simulations of phishing emails are conducted every year.

Organize social engineering employee education and training.

Two regular system backup and restore drills are conducted each year.

Conduct software inventory on computers to ensure the legal use of authorized software.

Software and hardware asset management system monitoring.

Access to computers and network equipment is strictly controlled, and customer data is accessible only to authorized personnel.

Information Security Actions

To effectively implement information security management, regular meetings and security audits will be held in 2024 by the Information Department at CLEVO's Taipei Headquarters and the information unit of the group's subsidiary. The goal is to review the applicability and protection measures of the information security policy according to the Plan-Do-Check-Act (PDCA) management cycle mechanism and to report the implementation results to the Information Security Committee twice a year.

Every year, CLEVO implements a series of strict monitoring and inspections of equipment security in the computer room to more effectively prevent information security attacks. The efforts include regular vulnerability scanning and penetration testing of critical service servers in the computer room, establishing Security Information and Event Management (SIEM) for essential services, collecting system records in a centralized manner, and assisting in the analysis of early indications of abnormal occurrences.

2024 Information Security Management Operations

System usability

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

External threat

- Virus protection and malware detection
- Computer server vulnerability scanning and system update
- Server host vulnerability scanning

Privilege management

- Computer room personnel access privilege control
- Personnel account and privilege management
- Computer host 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 2024, the Taipei headquarters held 1 information security training, with 80 participants in total, reinforcing information security awareness among employees. In addition, Kapok Computer

(Kunshan) conducted two information security-related training sessions, both achieving a 100% participation rate, reflecting employees' strong emphasis on information security practices.

2024 Information Security Education and Training Topic	Number of Participants
Understanding and Response to Social Engineering Attacks for Organizations and Individuals	80

Intellectual Property Management

In the rapidly evolving technology industry, CLEVO fully recognizes the importance of intellectual property rights. To this end, the Company has established a comprehensive and well-defined policy to effectively manage and safeguard its intellectual property. These policies not only cover the development and utilization of innovative technologies, but also include protective measures to ensure that the results of innovation are properly secured. The Company is committed to ensuring that every employee adheres to these guidelines in order to protect CLEVO's intellectual property, promote fair competition, and drive continuous innovation. CLEVO firmly believes that these efforts not only safeguard the Company's technological advantages but also contribute to the healthy development of the entire industry.

2024 Intellectual Property Management Policy

- Flexibly apply the Company's intellectual property to maintain operational agility.
- Continuously create, maintain, and utilize the Company's intellectual property to safeguard corporate interests and preserve competitive advantage.
- Enhance employees' awareness of intellectual property protection to prevent and mitigate intellectual property risks.

In July 2021, the Company established the Intellectual Property Management Task Force to strengthen its intellectual property protection capabilities and enhance risk control related to intellectual property. The Company subsequently revised its IP management procedures to align with the Taiwan Intellectual Property Management System (TIPS). In 2023, it obtained TIPS Class A certification. In August 2024, the Company applied for third-party verification and successfully completed the review within the same year, once again obtaining TIPS Class A certification.

In addition, to cultivate and reinforce employees' awareness of intellectual property protection, the Company provides internal training for both intellectual property management personnel and all employees. These sessions promote the concept of intellectual property protection through in-person classes or e-learning modules. In the current year, the Company conducted three intellectual property-related training programs: "Practical Training on Software Copyright Infringement", "TIPS Audit Training", and "Practical Intellectual Property Rights and Trademark Management". All employees who registered for these courses completed the post-training assessments, achieving a 100% completion rate and demonstrating the effectiveness of the training.



Taiwan Intellectual Property Management System (TIPS) Certification